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KCC CORPORATION

US$650,000,000 1.75% Exchangeable Bonds due 2030

(a corporation incorporated under the laws of the Republic of Korea)

exchangeable into common shares of HD Korea Shipbuilding & Offshore Engineering Co., Ltd.

Issue Price: 100.00%

The US$650,000,000 1.75% Exchangeable Bonds due 2030 (the "**Bonds**," which term shall include, unless the context requires otherwise, any further bonds issued in accordance with the terms and conditions of the Bonds set out in "*Terms and Conditions of the Bonds*" (the "**Conditions**")) are being issued by KCC Corporation, a corporation incorporated under the laws of the Republic of Korea (the "**Company**"). The Bonds will bear interest at the rate of 1.75% per annum and interest on the Bonds will be payable semi-annually in arrear on 10 January and 10 July of each year commencing on 10 January 2026.

The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 4) unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4, at all times rank at least equally with all of its other present and future direct, unconditional, unsubordinated and unsecured obligations.

Subject as provided in the Conditions, each Bond shall entitle the holder to exchange such Bond into common shares of par value Won 5,000 each of HD Korea Shipbuilding & Offshore Engineering Co., Ltd. (such common shares, the "**Shares**") credited as fully paid or Exchange Property at any time during the Exchange Period (the "**Exchange Right**"). The price at which the Shares will be delivered upon exercise of an Exchange Right will initially be Won 429,650 per Share (the "**Exchange Price**"). The Exchange Price is subject to adjustment in the circumstances described under "*Terms and Conditions of the Bonds—Exchange—Adjustments to Exchange Price*." The Shares are listed and admitted for trading on the KRX KOSPI Market. The closing price of the Shares on the KRX KOSPI Market was Won 330,500 per Share on 3 July 2025.

Unless previously redeemed, exchanged or purchased and cancelled as provided in the Conditions, the Company will redeem each Bond at its principal amount together with accrued but unpaid interest thereon on 10 July 2030. The Bonds may be redeemed, at the option of the Company, in whole, but not in part, at any time, subject to the notice requirements provided in, and in accordance with the Conditions, on the date specified in the Tax Redemption Notice for redemption at their principal amount together with interest accrued but unpaid to (but excluding) the date fixed for redemption (if any), upon the occurrence of certain tax events. The Bonds may also be redeemed by the Company, in whole, but not in part, on the date specified in the Optional Redemption Notice at their principal amount together with interest accrued but unpaid to (but excluding) the date fixed for redemption (if any), subject to the notice requirements provided in, and in accordance with the Conditions, (i) at any time on or after 24 July 2028, provided that the Closing Price of a Share (translated into U.S. dollars at the Prevailing Rate applicable to the relevant Trading Day) for each of any 20 Trading Days within the period of 30 consecutive Trading Days immediately prior to the date upon which the Optional Redemption Notice is given was at least 130% of the then applicable Exchange Price on such Trading Day (translated into U.S. dollars at the Fixed Exchange Rate); or (ii) at any time if, immediately prior to the date the relevant Optional Redemption Notice is given, Exchange Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90% or more in principal amount of the Bonds originally issued.

Following the occurrence of a Change of Control Event, the holder of each Bond will have the right at such holder's option, to require the Company to redeem all or some only of such holder's Bonds on the Change of Control Event Put Date at the Early Redemption Amount together with interest accrued but unpaid to (but excluding) the date fixed for redemption (if any). Following the occurrence of a Delisting Event, the holder of each Bond will have the right at such holder's option, to require the Company to redeem all or some only of such holder's Bonds on the Delisting Event Put Date at their principal amount together with interest accrued but unpaid to (but excluding) the date fixed for redemption (if any). On 10 July 2028 (the "**Optional Put Date**"), the holder of each Bond will have the right at such holder's option, to require the Company to redeem all of such holder's Bonds on the Optional Put Date at their principal amount together with interest accrued but unpaid to (but excluding) such date (if any). All capitalised terms not defined on this page have the meanings assigned to them in the "*Terms and Conditions of the Bonds*."

Investing in the Bonds involves risks. See "*Risk Factors*" beginning on page 13.

The Bonds and the Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Application will be made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing and quotation of the Bonds on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Approval in-principle from, admission to the Official List of, and listing and quotation of the Bonds on, the SGX-ST are not to be taken as an indication of the merits of the Company or the Bonds. There can be no assurance that such listing will be granted or, if granted, that such listing will be maintained.

The Bonds will initially be represented by beneficial interests in a global certificate (the "**Global Certificate**") in registered form which will be registered in the name of a nominee of, and shall be deposited on or about 10 July 2025 (the "**Closing Date**") with a common depositary for, Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

Joint Global Coordinators, Managers and Bookrunners
(in alphabetical order)

Citigroup **Morgan Stanley**

Offering Circular dated 3 July 2025

TABLE OF CONTENTS

	Page
THE OFFERING	5
RISK FACTORS	13
USE OF PROCEEDS	33
CAPITALISATION	34
EXCHANGE RATES	35
SELECTED CONSOLIDATED FINANCIAL DATA	36
TERMS AND CONDITIONS OF THE BONDS	40
FORM OF THE BONDS	70
THE GLOBAL CERTIFICATE	72
BUSINESS	74
MANAGEMENT	106
PRINCIPAL SHAREHOLDERS	109
GENERAL DESCRIPTION OF KSOE	110
CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS	111
KOREAN FOREIGN EXCHANGE AND SECURITIES REGULATIONS	112
KOREAN SECURITIES MARKET	118
TAXATION	123
SUBSCRIPTION AND SALE	128
LEGAL MATTERS	134
INDEPENDENT ACCOUNTANTS	134
INDEX TO FINANCIAL STATEMENTS	F-1

NOTICE TO INVESTORS

We have not authorised anyone to provide you with information that is different from the information contained in this offering circular. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may provide you. This offering circular may only be used where it is legal to sell the Bonds. You should not assume that the information in this offering circular is accurate as of any date other than the date at the front of this offering circular. You are authorised to use this offering circular solely for the purpose of considering the purchase of the Bonds described in this offering circular. You may not reproduce or distribute this offering circular in whole or in part, and you may not disclose any of the contents of this offering circular or use any information herein for any purpose other than considering a purchase of the Bonds.

The offer and sale of the Bonds have not been, and the Bonds and the Shares will not be, registered under the Securities Act or the securities laws of any other jurisdiction. We are offering the Bonds in reliance on an exemption from registration under the Securities Act for offers and sales of securities that do not involve a public offering. We are not, and the Managers (as defined herein) are not, making an offer to sell the Bonds in any jurisdiction except where an offer or sale is permitted.

In making an investment decision, prospective investors must rely on their own examination of us and the terms of the offering of the Bonds, including the merits and risks involved. We are not making any representation to any purchaser of the Bonds regarding the legality of an investment in the Bonds by such purchaser under any legal investment or similar laws or regulations. Neither this offering circular nor any information supplied in connection with the issue of the Bonds should be considered as a recommendation or constituting an invitation or offer by us that any recipient of this offering circular should purchase any Bonds. The contents of this offering circular should not be construed as providing legal, business, accounting or tax advice.

No person is authorised in connection with any offering of the Bonds to give any information or make any representation other than as contained in this offering circular in connection with the offering of the Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by us, the Managers, the Trustee or the Agents, or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates or any person who controls any of them. Neither the delivery of this offering circular nor any sale made hereunder shall, under any circumstances, constitute a representation or create any implication that there have been no changes in our affairs since the date hereof. This offering circular does not constitute an offer to sell or a solicitation of an offer to buy any Bonds by any person except in compliance with all applicable laws and regulations. No representation, undertaking or warranty, express or implied, is made by the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates or any person who controls any of them as to the accuracy or completeness of the information contained herein, and nothing contained in this offering circular is, or shall be relied upon as a promise or representation by the Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates or any person who controls any of them. The Managers, the Trustee and the Agents, and any of their respective directors, officers, employees, agents, representatives, advisers and affiliates and each person who controls any of them assume no responsibility or liability for the accuracy or completeness of any such information or any other information (financial, legal or otherwise) provided by us in connection with the issue of the Bonds or their distribution.

Each person receiving this offering circular acknowledges that such person has not relied on the Managers, the Trustee or the Agents, or any of their respective directors, officers, employees, agents, representatives, advisers or affiliates or any person who controls any of them in connection with investigation of the accuracy of such information or its investment decisions.

The distribution of this offering circular and the sale or offering of the Bonds in certain jurisdictions may be restricted by law. It may not be used for or in connection with any offer to, or solicitation by, anyone in any jurisdiction in which it is unlawful to make such an offer or solicitation. Persons into whose possession this document may come are required by us, the Managers, the Trustee and the Agents, and any of their respective directors, officers, employees, agents, representatives, advisers and affiliates and each person who controls any of them to inform themselves about and to observe such restrictions, and are deemed to have knowledge of and to have represented and warranted to us,

the Managers, the Trustee and the Agents, and any of their respective directors, officers, employees, agents, representatives, advisers and affiliates and each person who controls any of them that they have observed and complied with such restrictions. No action is being taken in any jurisdiction to permit an offering to the general public of the Bonds or the distribution of this document in any jurisdiction where action would be required for such purposes. For a description of certain further restrictions on offers and resales of the Bonds and the Shares and distribution of this offering circular, see "*Subscription and Sale*."

We reserve the right to withdraw this offering of the Bonds at any time. We and the Managers also reserve the right to reject any offer to purchase the Bonds in whole or in part and to allocate to any prospective investor less than the full amount of Bonds sought by such investor.

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE FINANCIAL SERVICES COMMISSION OF KOREA UNDER THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT OF KOREA (THE "FSCMA"). ACCORDINGLY, THE BONDS HAVE NOT BEEN AND WILL NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, IN THE REPUBLIC OF KOREA ("KOREA") OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY RESIDENT OF KOREA (AS SUCH TERM IS DEFINED UNDER THE FOREIGN EXCHANGE TRANSACTION ACT OF KOREA AND THE DECREE, RULES AND REGULATIONS PROMULGATED THEREUNDER) EXCEPT AS OTHERWISE PERMITTED UNDER APPLICABLE KOREAN LAWS AND REGULATIONS. IN ADDITION, UNTIL THE EXPIRATION OF ONE YEAR AFTER THE ISSUANCE OF THE BONDS, THE BONDS MAY NOT BE TRANSFERRED TO ANY RESIDENT OF KOREA EXCEPT AS OTHERWISE PERMITTED UNDER APPLICABLE KOREAN LAWS AND REGULATIONS.

Any purchase or acquisition of the Bonds is in all respects conditional on the satisfaction of certain conditions set out in the Subscription Agreement (as defined herein) and the issue of the Bonds by us to the Managers pursuant to the Subscription Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Bonds pursuant to this offering circular shall (without liability or responsibility on the part of us or the Managers) lapse and cease to have any effect if (for any other reason whatsoever) the Bonds are not issued by us to the Managers pursuant to the Subscription Agreement.

PROHIBITION OF SALES TO EUROPEAN ECONOMIC AREA RETAIL INVESTORS

The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS

The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

This offering circular is for distribution only to, and is only directed at, persons who (i) are outside of the United Kingdom, (ii) have professional experience in matters relating to investments and who qualify as investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "**Financial Promotion Order**"), (iii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, or (iv) are persons to whom, in connection with the issue or sale of any securities, an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). The Bonds are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Bonds will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this offering circular or any of its contents.

NOTICE TO CAPITAL MARKET INTERMEDIARIES AND PROSPECTIVE INVESTORS PURSUANT TO PARAGRAPH 21 OF THE HONG KONG SFC CODE OF CONDUCT

Prospective investors should be aware that certain intermediaries in the context of this offering of the Bonds, including all of the Managers, are "capital market intermediaries" (together, the "**CMIs**") subject to Paragraph 21 of the Code of Conduct for Persons Licenced by or Registered with the Securities and Futures Commission (the "**SFC Code**"). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as "overall coordinators" (together, the "**OCs**") for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Company, a CMI or its group companies would be considered under the SFC Code as having an association (an "**Association**") with the Company, the CMI or the relevant group company (as the case may be). Prospective investors associated with the Company or any CMI (including its group companies) should specifically disclose this when placing an order for the Bonds and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order, prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e., two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with the Managers, such prospective investor should so indicate when placing an order if it is for a fund or portfolio where the Managers or its group company has more than 50% interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such "proprietary order" may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order." If a prospective investor is otherwise affiliated with the Managers, such that its order may be considered to be a "proprietary order" (pursuant to the SFC Code), such prospective investor should so indicate to the Managers when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order." Where prospective investors disclose such information but do not disclose that such "proprietary order" may negatively impact the price discovery process in relation to this offering, such "proprietary order" is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Managers and/or any other third parties as may be required by the SFC Code, including to the Company, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

CERTAIN DEFINED TERMS AND CONVENTIONS

In this offering circular, unless otherwise specified or the context otherwise requires:

- the "Company," "we," "us" or "our" refers to KCC Corporation and, unless the context otherwise requires, our consolidated subsidiaries;
- "KSOE" refers to HD Korea Shipbuilding & Offshore Engineering Co., Ltd. and, unless the context otherwise requires, its consolidated subsidiaries;
- "Government" refers to the government of the Republic of Korea;
- "Korea" refers to the Republic of Korea;
- "U.S." or the "United States" refers to the United States of America;
- "Euro," "EUR" or "€" refers to the currency of the participating member states of the European Union;
- "U.S. dollars," "US$" or "$" refers to the lawful currency of the United States of America;
- "S$" refers to the lawful currency of Singapore; and
- "Won" or "₩" refers to the lawful currency of the Republic of Korea.

Any discrepancies in any table between the totals and sums of the amounts listed are due to rounding.

PRESENTATION OF FINANCIAL INFORMATION

Our audited consolidated financial statements as of and for the years ended 31 December 2024 and 2023 and our unaudited interim consolidated and separate financial statements as of 31 March 2025 and for the three months ended 31 March 2025 and 2024 included in this offering circular have been prepared in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("**KIFRS**") and, in the case of the interim financial statements, KIFRS 1034, "Interim Financial Reporting," which differ in certain significant respects from generally accepted accounting principles in other countries, including the United States, as well as International Financial Reporting Standards as issued by the International Accounting Standards Board. We have made no attempt to identify or quantify the impact of these differences. The consolidated financial statements are presented in Won ("₩") and all values are rounded to the nearest thousands, except when otherwise indicated.

On 1 January 2025, we changed our subsequent measurement method for land classified as property, plant and equipment and the related right-of-use assets from the cost model to the revaluation model, under which, after initial recognition of the assets classified as property, plant and equipment and the related right-of-use assets, they are measured at fair value. We applied the revaluation model prospectively and for the three months ended 31 March 2025, the carrying amounts of the property, plant and equipment and right-of-use assets related to land were measured at their fair values as of 31 March 2025, the revaluation date. In accordance with paragraph 17 of KIFRS 1008 Accounting Policies, Changes in Accounting Estimates and Errors, the change was not applied retrospectively to the consolidated financial statements for the years ended 31 December 2024 or 31 December 2023. We previously measured all property, plant and equipment using the cost model in

accordance with paragraph 30 of KIFRS 1016 Property, Plant and Equipment whereby, after initial recognition of the asset classified as property, plant and equipment, the asset was carried at cost less accumulated depreciation and accumulated impairment losses. Similarly, we previously measured all right-of-use assets using the cost model in accordance with paragraph 30 of KIFRS 1116 Leases whereby, after initial recognition of the asset classified as right-of-use assets, the asset was carried at cost less accumulated depreciation and accumulated impairment losses. We believe that the revaluation model provides more relevant information to the readers of our financial statements as it is aligned to practices adopted by our competitors. In addition, we believe available valuation techniques provide reliable estimates of the land's fair value.

On 1 January 2025, we also changed the subsequent measurement method for investment properties from the cost model to the fair value model, under which, after initial recognition, investment property is measured at fair value at the date of revaluation. This fair value model was applied retrospectively, resulting in the consolidated financial statements for the year ended 31 December 2024 to be restated accordingly for comparative purposes for the interim consolidated financial statements for the three months ended 31 March 2025. We previously measured all investment property using the cost model in accordance with paragraph 56 of KIFRS 1040 Investment property whereby, under which after initial recognition of the investment property, the asset was carried at cost less accumulated depreciation and accumulated impairment losses. We believe that the fair value model provides more relevant information to the readers of our financial statements as it is aligned to practices adopted by our competitors. In addition, we believe available valuation techniques provide reliable estimates of the land and buildings' fair value.

The effects of these changes in accounting policy were reflected in the unaudited interim consolidated and separate financial statements for the three months ended 31 March 2025 included elsewhere in this offering circular. See also Note 3 to our unaudited interim consolidated and separate financial statements included elsewhere in this offering circular. However, our audited consolidated financial statements for the years ended 31 December 2024 and 2023, included elsewhere in this offering circular, do not reflect the effects of these changes in accounting policy. As a result, our audited consolidated financial statements for the years ended 31 December 2024 and 2023 are not comparable with our unaudited interim consolidated or separate financial statements for the three months ended 31 March 2025 included elsewhere in this offering circular. Similarly, our past results may not necessarily be indicative of future performance subsequent to the adoption of these accounting policy changes. See "*Risk Factors—Risks relating to our business and the industry—Changes to accounting policies or standards and our assumptions, estimates and judgements may adversely affect the reporting of our business, financial condition and results of operations*."

ENFORCEABILITY OF CIVIL LIABILITIES

We are a corporation with limited liability organised under the laws of Korea. Most of our directors, executive officers and certain other persons named in this offering circular are non-U.S. residents, and all or a significant portion of the assets of our directors, executive officers and certain other persons named in this offering circular and most of our assets are located or registered outside the United States. As a result, when compared to a U.S. company, it may be more difficult for investors to effect service of process in the United States upon or to enforce against us, our directors or executive officers judgements obtained in United States courts predicated upon civil liability provisions of the federal or state securities laws of the U.S. or similar judgements obtained in other courts outside Korea. There is doubt as to the enforceability in Korean courts, in original actions or in actions for enforcement of judgements of U.S. courts, of civil liabilities predicated solely upon the federal and state securities laws of the United States.

FORWARD-LOOKING STATEMENTS

This offering circular includes forward-looking statements. All statements other than statements of historical facts included in this offering circular regarding, among other things, our future financial position and results of operations, business, strategy, plans, developments and prospects, the condition and prospects of our industry, and Korean (or other countries') economy, fiscal condition,

debt or prospects may constitute forward-looking statements. Forward-looking statements can generally be identified by the use of forward-looking terminology such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “continue” or similar terminology. Specifically, statements under the captions “Summary,” “Risk Factors,” and “Business,” relating to the following matters may include forward-looking statements:

- the expected results of our business and operations and related capital expenditures and investments;
- our strategic, business and financial plans and objectives, including budgeted and future capital expenditures, acquisitions and investments;
- the anticipated demand and selling prices for our products;
- sales to existing and potential customers, whether under sales contract or not, and generation of future receivables;
- our ability to be and remain competitive in each of our main operating segments;
- our financial position, business strategy and budget, including projected financial and operating data;
- existing and future regulatory requirements applicable to us and our businesses; and
- existing and future obligations in respect of environmental compliance and remediation.

These forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Forward-looking statements should therefore be considered in light of various important factors, including those set out in this offering circular. Factors that could cause actual results to differ include, but are not limited to, the following:

- economic, social and political conditions in Korea and other countries in which we operate;
- changes and volatility in market prices of or demand for key commodities produced or consumed by us as a result of competitive actions, economic factors such as inflation, exchange rate fluctuations, or otherwise;
- performance of our key customer end-markets, such as automotive, consumer goods, personal care, construction, electronics, oil and gas, and healthcare;
- changes in our relationship with government or regulatory authorities in Korea and other countries in which we operate, our joint venture partners, our shareholder and other counterparties, in Korea and other countries in which we operate;
- our funding mix and working capital to meet our cash and operational requirements, including through external financing;
- operational risks and hazards, such as accidents, natural disasters and other catastrophes;
- increases or other changes in regulatory burdens and obligations in Korea and other countries, including environmental, tax, and other regulations and compliance costs;
- our ability to implement our growth strategy and development plans, including our ability to integrate our acquired businesses, and to consummate future acquisitions, joint ventures or investments;
- changes in terms and conditions of the agreements under which we operate our businesses and the ability of third parties (including our suppliers) to perform in accordance with contractual terms and specifications;
- changes in import or export controls, duties, levies or taxes, either in international markets or in Korea;
- changes in laws and regulations and their interpretation, applicable taxes and tax rates, and accounting standards or practices; and
- our ability to manage the risks described above and in “*Risk Factors*” in this offering circular.

Although we believe that the expectations of our management as reflected by such forward-looking statements are reasonable based on information currently available to us, no assurances can

be given that such expectations will prove to be correct. Should one or more of uncertainties or risks materialise, our actual results may vary materially from those estimated, anticipated or projected. Specifically, but without limitation, costs could increase, demand for our products decrease or fluctuate, and anticipated improvements in production, capacity or performance might not be fully realised or realised at all. Accordingly, prospective purchasers are cautioned not to place undue reliance on forward-looking statements. In any event, these statements speak only as of their dates, and we undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

GLOSSARY

Definitions of certain abbreviations used in this offering circular that relate to our business and the industries in which we operate are as follows:

AREC	Act on the Registration and Evaluation of Chemicals
CACA	Clean Air Conservation Act
CTL	Corporation Tax Law
Emission Permits Act	Act on the Allocation and Trading of Greenhouse Gas Emission Permits
FETL	The Foreign Exchange Transaction Act and Presidential Decree and Regulations
FSS	Financial Supervisory Service
ICPDF Act	Act on the Integrated Control of Pollutant Discharging Facilities
KIFRS	International Financial Reporting Standards as adopted by the Republic of Korea
LED	light emitting diodes
LSR	liquid silicone rubber
MOEF	Ministry of Economy and Finance
REACH	Registration, Evaluation, Authorisation and Restriction of Chemicals
SECA	Soil Environment Conservation Act
STTCL	Special Tax Treatment Control Law
VOC	volatile organic compounds
WECA	Water Environment Conservation Act of Korea

SUMMARY

The following summary highlights information appearing elsewhere in this offering circular and does not contain all of the information you should consider in making your investment decision. You should read this summary together with the more detailed information, including the financial statements and related notes, appearing elsewhere in this offering circular. You should carefully consider, among other things, the matters discussed in "Risk Factors."

Overview

We are a global advanced materials company that manufactures silicone, construction materials, coating products and other inorganic, organic and composite materials. With the acquisition of U.S.-based Momentive Performance Materials Inc. ("**Momentive**") in 2019, our silicone business has grown into one of the world's largest producers of specialty silicones and silanes. In 2024, we were the largest manufacturer of coating products in Korea by revenue.

We were formed on 31 March 2000 through the merger of Korea Chemical and Keumgang (previously known as Keumgang Slate Industries, which was established in 1958 and whose common stock was listed on the KRX in 1973). Prior to the merger, Keumgang was primarily engaged in the manufacture of glass, construction materials and PVC window frames, and Korea Chemical was primarily engaged in the manufacture of paint and PVC flooring. Our business activities are organised under the following four operating segments:

- *Silicone*. The silicone segment manufactures specialty silicones and silicone-based products. Our indirectly wholly-owned subsidiary, Momentive, supplies over 100,000 product types globally to aerospace/aviation, agriculture, automotive, construction, consumer products, electronics, industrial and renewable energy sectors. We have strategically located production facilities that span across eight countries – Korea, the U.S., Japan, China, Thailand, Germany, the U.K. and Italy. Our key customers include Itochu, Continental, P&G and L'Oréal. Revenue distribution from sales of silicone products is likewise diversified globally across North America, Europe, Asia and others. In 2024, the silicone segment had external revenue of ₩3.00 trillion, representing 45.0% of consolidated sales for the year.
- *Construction materials*. The construction materials segment manufactures high performance and specialty materials for residential and commercial construction: gypsum board, ceiling board, PVC windows and insulation products (glass wool, mineral wool, and cerak wool). The construction materials segment derives substantially all of its sales from Korea. In 2024, according to an internal survey that we conducted based on publicly available information, we had the second largest market share generally, and the largest market share of 58.0% for gypsum board, gypsum tex, mitone, glass wool and mineral wool in Korea and the largest and equal market share with another company of 37.0% for PVC windows in Korea in terms of sales. We have five production bases in Korea and sell our products through multiple distribution channels with a strong presence in the wholesale, retail, manufactured housing and other distribution channels. We have a diversified customer base, and our key customers include Byucksan Corporation, KCC Glass Corporation ("**KCC Glass**") and INUS Co., Ltd. ("**Inus**"). In 2024, the construction materials segment had external revenue of ₩1.10 trillion, representing 16.5% of consolidated sales for the year.
- *Coatings*. The coatings segment manufactures four primary coating products: heavy-duty coatings (which are used primarily for ships, shipping containers, steel bridges and industrial plants), industrial coatings (which are used in a wide range of manufacturing industries including automotives) and decorative coatings including silicone monomer (which are primarily used in construction and home remodelling industries). The coatings segment derives a substantial amount of its sales from Korea.

  This leading market position is attributable primarily to the Company's business ties with some of the largest corporations in Korea, including Hyundai Motor Group, HD Hyundai Samho Co., Ltd. ("**HD Hyundai Samho**") and HD Hyundai Heavy Industries Co., Ltd. ("**HD**

Hyundai Heavy Industries"). Another significant factor contributing to our leading market position is that we are a major manufacturer of paints for containers for both domestic and international markets. In 2024, the coatings segment had external revenue of ₩1.94 trillion, representing 29.1% of consolidated sales for the year.

- *Others*. The others segment manufactures organic (epoxy moulding compound) and inorganic materials (alumina metallising and ceramic substrates (direct copper bonded and active metal brazing)) and composite materials (glass fibre), which are supplied to automotive, aerospace, construction, defence industries, home appliances, semiconductors and other industries. We have four production bases in Korea. Our key customers include Fairchild Semiconductor Suzhou Co., Ltd., Shanghai A&Q Electronics Co., Ltd., Eaton Electrical Inc., Ascend Performance Materials LLC, Hyundai Engineering and Construction Co., Ltd. and Hyundai Engineering Co., Ltd. In 2024, the others segment had external revenue of ₩0.63 trillion, representing 9.5% of consolidated sales for the year.

By contracting with our associate KCC Engineering & Construction Co., Ltd. ("**KCC E&C**"), in which we owned 38.7% of the total number of issued and outstanding shares with voting rights as of 31 December 2024, we also engage in civil engineering and construction activities in Korea.

We maintain a central research institute in Yongin, Korea that conducts most of our research and development ("**R&D**") activities. The institute is a comprehensive chemical R&D centre equipped with cutting-edge equipment covering research on inorganic materials, construction materials system and composite materials. Our executive and registered office is located at 344, Sapyeong-daero, Seocho-gu, Seoul 06608, Korea.

For the year ended 31 December 2024, our sales amounted to ₩6.66 trillion and net profit for the year amounted to ₩0.29 trillion, compared to sales of ₩6.29 trillion and net profit for the year of ₩0.09 trillion for the year ended 31 December 2023. For the three months ended 31 March 2025, our sales amounted to ₩1.60 trillion and net profit for the period amounted to ₩44.05 billion, compared to sales of ₩1.59 trillion and net profit for the period of ₩458.24 billion for the three months ended 31 March 2024. As of 31 March 2025, we had total assets of ₩15.07 trillion and total equity of ₩6.26 trillion. Our market capitalisation on 31 March 2025 was ₩2,243.83 billion.

Business operations

Products

The following table sets out a breakdown of our sales by operating segment for the periods indicated.

	Years ended 31 December				Three months ended 31 March			
Segment	**2024**	**% of total sales**	**2023**	**% of total sales**	**2025**	**% of total sales**	**2024**	**% of total sales**
	(billions of Won, except percentages)							
Construction materials	₩1,097.1	16.5%	₩1,117.7	17.8%	₩ 232.3	14.5%	₩ 264.5	16.7%
Coatings	1,935.8	29.1%	1,657.0	26.3%	457.6	28.6%	419.1	26.4%
Silicone	2,995.3	45.0%	2,952.4	46.9%	774.1	48.4%	738.5	46.5%
Others	630.6	9.5%	561.3	8.9%	135.4	8.5%	166.3	10.5%
Total sales	**₩6,658.8**	**100.0%**	**₩6,288.4**	**100.0%**	**₩1,599.3**	**100.0%**	**₩1,588.4**	**100.0%**

Silicone segment

We conduct our silicone manufacturing primarily through our wholly-owned subsidiary Momentive and KCC Silicone Corporation ("**KCC Silicone**"). See "*—Acquisition of Momentive*." Momentive's value-added business model focuses on technical service, and combined with our global footprint and long-term customer relationships, this uniquely positions us as a key innovation partner to our customers. The silicone segment consists of three lines: Performance Additives, Formulated Specialties and Core Silicones and Intermediates.

Performance Additives lines comprise three product lines:

- Urethane additives product lines
- Specialty fluids product lines
- Silanes product lines

Formulated Specialties lines comprise four product lines:

- Coatings product lines
- Electronic materials product lines
- Elastomers product lines
- Sealants product lines

Core Silicones and Intermediates lines comprise one product lines:

- Basic lines

Construction materials segment

The following are the key products in the construction materials segment: Gypsum Board, Ceiling Board, Insulation, Glass Wool, Mineral Wool, Cerak Wool, PVC Window and others.

Coatings segment

The coatings segment focuses on industrial coating (automotive, general and pre-coated metal, powder coating), heavy-duty coating, and architectural coating. We also make colourants for our own use and for sale to other paint and coatings manufacturers.

Others segment

The following are the key products in the others segment.

Category		Features	Main Products
Inorganic Materials	Alumina Metalizing	High thermal conductivity, electrical insulation, corrosion resistance	• VI Ceramic • Power Tube • Brazed Ceramic
	Ceramic Substrates (DCB, AMB)	Excellent heat dissipation, reliability in high-voltage applications	• Automotive Power Modules • Industrial Power Modules • Home Appliance Power Modules
Organic Materials	Epoxy Moulding Compound	Excellent workability, formability, reliability required for stable semiconductor performance	• Automotive Semiconductors • Industrial Semiconductors • Home Appliance Semiconductors
Composite Materials	Glass Fibre	Enhance the plastic's features and provides key properties like dimensional stability and insulation for automotive parts	• Automotive electronics components • Electrical & electronic components • Construction interior & exterior materials

Business strategy

To become one of Korea's leading companies in our core coatings and construction materials businesses, we have leveraged our competitive advantages in our low-cost structure, diverse and high-quality products, high-quality customer service and relationships, brand recognition, R&D and sales and distribution networks. Our business strategy is to strengthen our position in our core businesses by:

- pursuing stable growth through promotion of high value-added products and stabilisation of our financial position;

- establishing an advanced management system through continuous and efficient improvement and management of the organisation;
- improving our human capital through ongoing education and training;
- incorporating technological improvements in production and products through continuous R&D efforts;
- reducing our fixed costs by replacing existing production lines with more flexible production lines with cross-production capabilities; and
- further developing environmentally friendly products to generate higher profit margins and diversify our revenue sources.

As part of our global strategy, we have expanded our manufacturing and marketing operations into markets outside of Korea. The following is a geographical breakdown of sales for the years indicated.

	Years ended 31 December			
Region	**2024**	**% of total sales**	**2023**	**% of total sales**
	(billions of Won, except percentages)			
Korea	₩2,940.1	44.2%	₩2,867.9	45.6%
Europe	862.5	13.0%	870.6	13.8%
North America	769.4	11.6%	803.6	12.8%
Other Asia	759.7	11.4%	647.6	10.3%
China	738.4	11.1%	565.8	9.0%
Japan	262.5	3.9%	248.8	4.0%
Central and South America	165.9	2.5%	147.9	2.4%
Others	160.4	2.4%	136.2	2.2%
Total Sales	**₩6,658.8**	**100.0%**	**₩6,288.4**	**100.0%**

In relation to our silicone business, with the acquisition of Momentive, our growth strategy is focused on the following:

- increase shift to high-margin specialty products (e.g., high-margin specialty silicones and specialty silanes) and optimise production to accommodate strategic investments in specialty growth products as we rationalise exposure to lower margin products. Simultaneously, we continue to expand our IP-protected leadership position in next generation silanes for low-roll resistance tyres. With these actions, we are continuing to invest strategically in our specialty growth platforms while optimising our siloxane capacity;
- expand our global reach in faster growing regions and markets. We intend to continue to grow by expanding our sales presence and application support around the world. We are focused on growing our business by making targeted investments in emerging markets, specifically certain areas of Asia Pacific, India and Latin America;
- develop new applications and market new products and continue to invest in R&D capabilities by upgrading our technology facilities and expanding our new product offerings;
- invest in high-return capital projects. We have a history of investing capital in high-return-on-investment growth projects (such as by establishing overseas local plants in Vietnam) to expand product sets, customer penetration and increase capacity to service rapidly expanding sales. We have established overseas local plants for high-return growth projects and have invested a total of US$144.4 million to date;
- continue portfolio optimisation, targeted add-on acquisitions and joint ventures; and
- identify and implement strategic cost reduction initiatives throughout our global manufacturing footprint.

THE OFFERING

The following contains summary information about the Bonds. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in "Terms and Conditions of the Bonds" and "The Global Certificate" shall have the same meanings in this summary. For a more complete description of the terms of the Bonds, see "Terms and Conditions of the Bonds" in this offering circular.

Offering	The Bonds are being offered by the Managers in reliance on Regulation S.
Company	KCC Corporation
Maturity Date	10 July 2030.
Offering Price	100.00% of the principal amount of the Bonds.
Size of Offering	The aggregate principal amount of the Bonds to be issued in this offering is US$650,000,000.
Denomination	The Bonds will be issued in denominations of US$200,000 and integral multiples of US$100,000 in excess thereof.
Interest	The Bonds will bear interest at the rate of 1.75% per annum from, and including, 10 July 2025 to, but excluding, the Maturity Date. Interest on the Bonds will be payable semi-annually in arrear in equal instalments of US$875 per Calculation Amount on 10 January and 10 July in each year commencing on 10 January 2026. See "*Terms and Conditions of the Bonds—Interest*."
Additional Amounts	All payments made by or on behalf of the Company in respect of the Bonds shall be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law. In such event, the Company shall pay such additional amounts as will result in the receipt by the Bondholders of such amounts as would have been received by them had no such deduction or withholding been required, except for certain exceptions, as set out in the Conditions. See "*Terms and Conditions of the Bonds—Taxation*."
Redemption on Maturity	Unless previously redeemed, exchanged or purchased and cancelled as provided in the Conditions, the Company will redeem each Bond at its principal amount together with accrued but unpaid interest thereon on 10 July 2030.
Exchange Right	Subject as provided in the Conditions, each Bond shall entitle the holder to exchange such Bond into common shares of par value Won 5,000 each of the Shares (as defined in the Conditions) credited as fully paid or Exchange Property at any time during the Exchange Period.
Exchange Period	Subject to and upon compliance with the Conditions, the Exchange Right in respect of a Bond may be exercised, at the option of the holder thereof, at any time (subject to any

	applicable fiscal or other laws or regulations and as hereinafter provided) on or after 20 August 2025 up to the close of business (being 3:00 p.m.) (at the place where the Certificate evidencing such Bond is deposited for exchange) on the date which falls ten days prior to the relevant Maturity Date (or if such day is not a business day, then up to the close of business (being 3:00 p.m.) on the immediately preceding business day) (both days inclusive) (but, except as provided in the Conditions, in no event thereafter) or, if such Bond shall have been called for redemption by the Company before the relevant Maturity Date, then up to and including the close of business (being 3:00 p.m.) (at the place aforesaid) on a date no later than ten days (in the place aforesaid) prior to the date fixed for redemption thereof. See "*Terms and Conditions of the Bonds—Exchange Right*."
Exchange Price and Exchange Price Adjustments	The price at which the Shares will be delivered upon exercise of an Exchange Right (the "**Exchange Price**") will initially be Won 429,650 per Share. The Exchange Price will be subject to adjustment in the circumstances described under "*Terms and Conditions of the Bonds—Exchange—Adjustments to Exchange Price*."
Redemption for Taxation Reasons	The Bonds may be redeemed, at the option of the Company, in whole, but not in part, at any time, on the date specified in the Tax Redemption Notice for redemption at their principal amount together with interest accrued but unpaid to (but excluding) the date fixed for redemption (if any) on giving not less than 30 nor more than 60 days' notice to the Bondholders and in writing to the Trustee and Principal Agent, upon the occurrence of certain tax events. See "*Terms and Conditions of the Bonds—Redemption, Purchase and Cancellation—Redemption for Taxation Reasons.*"
Redemption at the Option of the Company	The Bonds may be redeemed by the Company, in whole, but not in part, on the Optional Redemption Date (as defined in the Conditions) specified in the Optional Redemption Notice at their principal amount together with interest accrued but unpaid to (but excluding) the date fixed for redemption (if any) on giving not less than 30 nor more than 60 days' notice to the Bondholders and in writing to the Trustee and Principal Agent (i) at any time on or after 24 July 2028, provided that the Closing Price of a Share (translated into U.S. dollars at the Prevailing Rate applicable to the relevant Trading Day) for each of any 20 Trading Days within the period of 30 consecutive Trading Days immediately prior to the date upon which the Optional Redemption Notice is given was at least 130% of the then applicable Exchange Price on such Trading Day (translated into U.S. dollars at the Fixed Exchange Rate); or (ii) at any time if, immediately prior to the date the relevant Optional Redemption Notice is given, Exchange Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90% or more in principal amount of the Bonds originally issued. See "*Terms and Conditions of the Bonds—Redemption, Purchase and Cancellation—Redemption at the Option of the Issuer*."

Redemption for Change of Control Event	Following the occurrence of a Change of Control Event, the holder of each Bond will have the right at such holder's option, to require the Company to redeem all or some only of such holder's Bonds on the Change of Control Event Put Date at the Early Redemption Amount together with interest accrued but unpaid to (but excluding) the date fixed for redemption (if any). See "*Terms and Conditions of the Bonds—Redemption, Purchase and Cancellation—Redemption for Change of Control Event.*"
Redemption for Delisting Event	Following the occurrence of a Delisting Event, the holder of each Bond will have the right at such holder's option, to require the Company to redeem all or some only of such holder's Bonds on the Delisting Event Put Date at their principal amount together with interest accrued but unpaid to (but excluding) the date fixed for redemption (if any). See "*Terms and Conditions of the Bonds—Redemption, Purchase and Cancellation—Redemption for Delisting Event.*"
Redemption at the Option of the Bondholders	On 10 July 2028 (the "**Optional Put Date**"), the holder of each Bond will have the right at such holder's option, to require the Company to redeem all of such holder's Bonds on the Optional Put Date at their principal amount together with interest accrued but unpaid to (but excluding) such date (if any). See "*Terms and Conditions of the Bonds—Redemption, Purchase and Cancellation—Redemption at the Option of the Bondholders.*"
Negative Pledge	The Bonds will contain certain limitations on the ability of the Company to create any mortgage, charge, lien, pledge or other security interest upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure certain types of indebtedness or any guarantee or indemnity in respect of any such indebtedness. See "*Terms and Conditions of the Bonds—Negative Pledge.*"
Form of the Bonds	The Bonds will be issued in registered form only in denominations of US$200,000 each and integral multiples of US$100,000 in excess thereof. A Certificate will be issued to each Bondholder in respect of its registered holding of Bonds. See "*Terms and Conditions of the Bonds—Form, Denomination and Title.*"
Governing Law	The Bonds, the Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.
Trustee	Citicorp International Limited
Principal Agent	Citibank, N.A., London Branch
Registrar	Citicorp International Limited
Transfer Agent	Citibank, N.A., London Branch

Listing/Application	Application will be made to the SGX-ST for the listing and quotation of the Bonds on the SGX-ST. There can be no assurance that a listing of the Bonds on the SGX-ST will be obtained and the offering and settlement of the Bonds are not conditioned on obtaining this listing. The Shares are currently listed on the KRX KOSPI Market. For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Bonds, if traded on the SGX-ST, will be traded in a minimum board lot size of S$200,000 (or its equivalent in foreign currencies). Accordingly, the Bonds, if traded on the SGX-ST, will be traded in a minimum board lot size of US$200,000. For so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Global Certificates are exchanged for the Definitive Certificates, the Company shall appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered for payment or redemption. In addition, in the event that the Global Certificates are exchanged for the Definitive Certificates, announcement of such exchange shall be made by or on behalf of the Company through the SGX-ST and such announcement will include all material information with respect to the delivery of the Definitive Certificates, including details of the paying agent in Singapore.
Use of Proceeds	The net proceeds from the sale of the Bonds, which are estimated to amount to approximately US$644,800,000 after deducting fees to the Managers but prior to deducting other expenses related to the offering of the Bonds, will be used by the Company primarily for general corporate purposes, including additional capital contribution to our overseas subsidiaries for repayment of consolidated long-term indebtedness. See "*Use of Proceeds*."
Lock up Agreement	Subject to certain exceptions, the Company has undertaken to the Managers that neither it nor any person acting on its behalf will, beginning from the date of the Subscription Agreement up to 90 days after the Closing Date, without the prior written consent of the Managers, (i) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe for or purchase any interest in, or any securities convertible into, exchangeable for or which carry rights to subscribe for or purchase, the Shares or securities of the same class as the Shares or other instruments representing interests in the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, whether any such transaction of the kind described in (a) or (b) is to be settled by delivery of Shares or other securities, in cash or otherwise or (c) announce or otherwise make public an intention to do any of the foregoing.
Security Identification	ISIN: XS3111001650 Common Code: 311100165
Legal Entity Identifier	988400BF3M5UFPF3PH17

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

*The selected financial information set out below should be read in conjunction with our audited consolidated financial statements and unaudited interim consolidated and separate financial statements of the Company and the notes thereto appearing elsewhere in this offering circular. Our audited consolidated financial statements as of and for the years ended 31 December 2024 and 2023 have been audited, and our unaudited interim consolidated and separate financial statements as of 31 March 2025 and for the three months ended 31 March 2025 and 2024 have been reviewed, in each case by Ernst & Young Han Young, our independent auditors, whose reports thereon are included elsewhere in this offering circular. The foregoing financial statements have been prepared in accordance with KIFRS. KIFRS differs in certain material respects from the U.S. Generally Accepted Accounting Principles ("**U.S. GAAP**").*

On 1 January 2025, we changed our subsequent measurement method for land classified as property, plant and equipment and the related right-of-use assets from the cost model to the revaluation model, under which, after initial recognition of the assets classified as property, plant and equipment and the related right-of-use assets, they are measured at fair value. We applied the revaluation model prospectively and for the three months ended 31 March 2025, the carrying amounts of the property, plant and equipment and right-of-use assets related to land were measured at their fair values as of 31 March 2025, the revaluation date. In accordance with paragraph 17 of KIFRS 1008 Accounting Policies, Changes in Accounting Estimates and Errors, the change was not applied retrospectively to the consolidated financial statements for the years ended 31 December 2024 or 31 December 2023. We previously measured all property, plant and equipment using the cost model in accordance with paragraph 30 of KIFRS 1016 Property, Plant and Equipment whereby, after initial recognition of the asset classified as property, plant and equipment, the asset was carried at cost less accumulated depreciation and accumulated impairment losses. Similarly, we previously measured all right-of-use assets using the cost model in accordance with paragraph 30 of KIFRS 1116 Leases whereby, after initial recognition of the asset classified as right-of-use assets, the asset was carried at cost less accumulated depreciation and accumulated impairment losses.

On 1 January 2025, we also changed the subsequent measurement method for investment properties from the cost model to the fair value model, under which, after initial recognition, investment property is measured at fair value at the date of revaluation. This fair value model was applied retrospectively, resulting in the consolidated financial statements for the year ended 31 December 2024 to be restated accordingly for comparative purposes for the consolidated financial statements for the three months ended 31 March 2025. We previously measured all investment property using the cost model in accordance with paragraph 56 of KIFRS 1040 Investment property whereby, under which after initial recognition of the investment property, the asset was carried at cost less accumulated depreciation and accumulated impairment losses.

The effects of these changes in accounting policy were reflected in the unaudited interim consolidated and separate financial statements for the three months ended 31 March 2025 included elsewhere in this offering circular. See also Note 3 to our unaudited interim consolidated and separate financial statements included elsewhere in this offering circular. However, our audited consolidated financial statements for the years ended 31 December 2024 and 2023, included elsewhere in this offering circular, do not reflect the effects of these changes in accounting policy. As a result, our audited consolidated financial statements for the years ended 31 December 2024 and 2023 are not comparable with our unaudited interim consolidated or separate financial statements for the three months ended 31 March 2025 included elsewhere in this offering circular. Similarly, our past results may not necessarily be indicative of future performance subsequent to the adoption of these accounting policy changes.

Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Years ended 31 December (As previously reported)		Three months ended 31 March	
	2024	2023	2025	2024
	(billions of Won except per share information)			
	₩	₩	₩	(restated) ₩
Sales	6,658.76	6,288.44	1,599.31	1,588.37
Cost of sales	5,028.04	4,959.94	1,204.40	1,228.58
Gross profit	**1,630.72**	**1,328.50**	**394.91**	**359.80**
Selling and administrative expenses	1,159.60	1,015.97	291.47	252.89
Operating profit	**471.12**	**312.53**	**103.44**	**106.91**
Share of profit (loss) of associates and joint ventures	72.33	(200.30)	6.10	(2.63)
Net finance income (costs):				
Finance income	709.37	723.34	179.44	656.80
Finance costs	(769.83)	(554.25)	(230.11)	(133.76)
Other non-operating income (expenses):				
Other non-operating income	42.80	63.48	44.44	13.18
Other non-operating expenses	(55.93)	(100.36)	(27.92)	(9.50)
Profit before tax	**469.87**	**244.44**	**75.40**	**631.00**
Income tax expense	176.57	151.93	31.35	172.76
Net profit for the year/period	**293.29**	**92.50**	**44.05**	**458.24**
Other comprehensive income (loss)				
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods				
Share of other comprehensive income (loss) of associates and joint ventures	(50.99)	6.56	3.69	(3.92)
Effective portion of changes in fair value of cash flow hedges	(23.14)	(87.40)	—	(23.14)
Exchange differences on translation of foreign operations, etc	55.65	1.07	61.22	19.84
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods	**(18.47)**	**(79.77)**	**64.91**	**(7.21)**
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods				
Share of other comprehensive income (loss) of associates and joint ventures	—	—	45.32	—
Gain on revaluation	—	—	907.42	—
Re-measurement of defined benefit plans	16.71	(61.14)	—	(1.72)
Share of retained earnings of associates and joint ventures	(0.14)	1.85	1.03	(0.34)
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	(1.77)	1.78	(2.27)	(0.51)
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods (net of tax)	**14.80**	**(57.51)**	**951.50**	**(2.57)**
Total comprehensive income (loss) for the period, net of tax	**289.62**	**(44.78)**	**1,060.46**	**448.46**
Profit (loss) for the period attributable to				
Equity holders of the parent	310.57	212.66	44.05	475.51
Non-controlling interests	(17.27)	(120.16)	—	(17.27)
	293.29	92.50	44.05	458.24
Total comprehensive income (loss) attributable to				
Equity holders of the parent	323.44	118.41	1,060.46	482.29
Non-controlling interests	(33.82)	(163.19)	—	(33.82)
	289.62	(44.78)	1,060.46	448.46
Earnings per share attributable to equity holders of the parent company				
Basic earnings per share	42,230	28,917	5,990	64,659
Diluted earnings per share	42,230	28,917	5,990	64,659

Consolidated Statements of Financial Position

	As of 31 December (As previously reported)		As of 31 March
	2024	2023	2025
		(billions of Won)	
Assets			
Current assets	₩	₩	₩
Cash and cash equivalents	501.33	1,045.14	906.55
Short-term financial instruments	510.15	509.87	531.21
Short-term trade receivables	1,213.49	1,039.82	1,215.69
Other short-term receivables	95.25	89.23	179.97
Advanced payments	16.91	16.70	15.38
Prepaid expenses	50.56	45.25	40.34
Other current financial assets	21.69	32.22	3.31
Income tax refund	1.87	0.96	1.93
Inventories	1,583.24	1,399.00	1,601.32
	3,994.49	4,178.19	4,495.68
Non-current assets			
Long-term trade receivables	0.49	1.66	0.46
Other long-term receivables	84.82	80.74	85.03
Long-term advanced payments	2.19	—	2.21
Long-term prepaid expenses	7.16	8.47	6.42
Other non-current financial assets	2,767.07	2,723.87	2,735.75
Investment accounted for using equity method	335.79	704.81	400.44
Right-of-use assets	204.20	199.18	294.43
Property, plant and equipment	3,525.48	3,447.11	4,564.88
Intangible assets	394.70	393.39	391.67
Goodwill	1,012.56	888.47	1,010.85
Investment property	751.49	705.09	1,047.44
Deferred tax assets	18.34	15.74	27.24
Net defined benefit assets	9.76	6.76	3.67
	9,114.06	9,175.28	10,570.49
Total assets	**13,108.55**	**13,353.47**	**15,066.17**
Liabilities			
Current liabilities			
Trade payables	770.28	647.42	726.30
Short-term borrowings	910.08	1,217.35	1,008.54
Current portion of long-term borrowings	150.08	553.48	12.47
Current bonds	319.91	369.81	464.80
Short-term other payables	817.91	756.53	845.88
Other current financial liabilities	—	164.37	—
Current provisions	32.74	21.08	32.72
Current tax liabilities	229.86	106.39	196.85
	3,230.86	3,836.44	3,287.56
Non-current liabilities			
Long-term borrowings	2,499.42	2,261.57	2,594.51
Non-current bonds	1,307.47	748.64	1,561.83
Long-term other payables	210.02	184.05	227.64
Net defined benefit liabilities	305.00	300.68	310.64
Long-term employee benefit liabilities	61.28	55.86	60.65
Non-current provisions	24.33	21.64	25.67
Deferred tax liabilities	430.85	497.06	737.44
	4,838.38	4,069.50	5,518.38
Total liabilities	**8,069.23**	**7,905.94**	**8,805.93**

	As of 31 December (As previously reported)		As of 31 March
	2024	2023	2025
		(billions of Won)	
Equity			
Issued capital	48.08	48.08	48.08
Capital surplus	349.76	552.91	349.76
Capital adjustments	(504.35)	(304.85)	(504.35)
Accumulated other comprehensive income (loss)	(20.21)	(21.23)	995.12
Retained earnings	5,166.04	4,902.44	5,371.63
Equity attributable to equity holders of the parent company	**5,039.32**	**5,177.36**	**6,260.24**
Non-controlling interests	—	270.17	—
Total equity	**5,039.32**	**5,447.53**	**6,260.24**
Total equity and liabilities	**13,108.55**	**13,353.47**	**15,066.17**

Other Financial Data

	Years ended 31 December (As previously reported)		Three months ended 31 March	
	2024	2023	2025	2024
		(billions of Won)		
	₩	₩	₩	(restated) ₩
Capital expenditures[1]	257.72	379.01	91.18	55.86
Depreciation and amortisation[2]	442.26	444.12	115.86	109.96
Net cash flows provided by operating activities	596.80	788.27	109.14	113.74
Net cash flows provided by (used in) investing activities	281.54	(355.34)	(89.29)	(72.83)
Net cash flows provided by (used in) financing activities	(1,454.06)	(161.74)	383.43	(19.79)

Notes:

(1) Capital expenditures represent cash used in the acquisition of property, plant and equipment.
(2) Comprises depreciation, depreciation expenses on right-of-use assets, amortisation of intangible assets, and depreciation expenses on assets not in use.

RISK FACTORS

Prospective investors should carefully review all of the risks described below, together with the other information contained elsewhere in this offering circular before making any investment decision in the Bonds. The risk factors described below do not purport to be complete or comprehensive of all the risks that we face or may face. Additional risks and uncertainties not currently known or which we currently deem immaterial may also materially and adversely impair our businesses, financial conditions, performance or prospects.

Risks relating to our business and the industry

Global economic, political, and social conditions and financial markets, such as geopolitical conflict or the imposition of tariffs by the U.S., may impact our ability to do business and adversely affect our liquidity, financial condition, and results of operations.

Our industry is cyclical and highly sensitive to macroeconomic conditions. Overall declines or reductions in manufacturing, construction and renovation due to economic downturns or difficulties in the financial and credit markets can all impact the demand for our products. Global economic and financial market conditions have impacted or could negatively and materially impact our business operations in a number of ways, including, but not limited to, the following:

- reduced demand in key customer end-markets, such as automotive, including EVs, consumer goods, personal care, construction, electronics, oil and gas, and healthcare;
- payment delays by customers and reduced demand for our products caused by customer insolvencies and/or the inability of customers to obtain adequate financing to maintain operations. This situation could cause customers to terminate existing purchase orders and reduce the volume of products they purchase from us and further impact our customers' ability to pay our receivables, requiring us to assume additional credit risk related to these receivables or limit our ability to collect receivables from that customer;
- inflationary pressures, a higher-for-longer interest rate environment, interest rate fluctuations, an increase in the cost of raw materials, and price pressure stemming from an increase in overall global supply;
- insolvency of suppliers or the failure of suppliers to meet their commitments, resulting in product delays;
- more onerous credit and commercial terms from our suppliers, such as shortening the required payment period for outstanding accounts receivable or reducing or eliminating the amount of trade credit available to us; and
- potential delays in accessing our existing financing facilities or obtaining new credit facilities on terms we deem commercially reasonable or at all.

We rely heavily on the Korean market for our revenues and any downturn in the Korean economy and any future regulatory changes in Korea would have a material adverse effect on our business.

A significant portion of our sales are generated from Korea. In 2023 and 2024, 45.6% and 44.2% of our consolidated sales, respectively, were generated from Korea. As a result, our results of operations are susceptible to the performance and condition of the Korean economy and changes in the Korean regulatory environment.

For example, the overall shipping and shipbuilding industries in Korea faced challenges in the past due to fluctuations in orders and global trade volumes following the COVID-19 pandemic, coupled with increased competition from their Chinese and Japanese counterparts, resulting in a decline in market share. Any downturn in Korea's shipbuilding industry that results in a decrease in supply orders would negatively affect the performance of our heavy-duty coatings. The Korean construction industry also has a significant impact on our business and operations; the construction industry contracted and continued to decline in 2025 due to high interest rates, rising construction costs and delays in projects, dampened infrastructure budgets by the Government, increasing number of construction companies that file bankruptcy which has had a ripple effect on real estate trust companies that provide

completion-guarantee trusts, and as such, the Korean real estate market has shown signs of a slowdown. This slowdown also follows enhanced regulations of the housing market and financing thereof by the Government, as well as an increase in the price of raw materials. Our coatings, construction materials and others segments are expected to be negatively impacted by this downturn in the construction industry. Any continued or future downturn in the real estate market or the domestic construction industry may continue to have an adverse effect on our sales of certain building materials and other products.

In addition, the Korean economy is closely integrated with, and is significantly affected by, developments in the global economy and financial markets. In light of the ongoing general uncertainty about economic and political conditions in Europe and the Middle East, hostilities, political and social tensions involving Russia (including the invasion of Ukraine by Russia and ensuing actions that other countries have taken, or may take in the future, such as the imposition of sanctions against Russia), signs of a cooling economy for China and the continuing geopolitical and social instability in various parts of the Middle East, including the Israel/Palestine and Israel/Iran conflict, among others, significant uncertainty remains as to global economic prospects in general and has adversely affected, and may continue to adversely affect, the Korean economy. Although in the past the diversification of our products and the introduction of value-added products helped us partially offset the effect of economic downturns, there can be no assurance that a future or continued downturn in the Korean economy or any future regulatory changes in Korea will not have an adverse effect on our overall business, financial condition and results of operations.

New and existing trade policies, tariffs or import/export regulations imposed by the U.S., Canada or other foreign governments may adversely affect our ability to source and sell our products profitability or at all.

On 1 February 2025, the U.S. government announced a 25% tariff on product imports from certain countries, including Mexico and Canada, and 10% tariffs on product imports from certain other countries, including China. On 9 April 2025, the U.S. announced that a significant portion of its new retaliatory tariffs for most countries, with the exception of China, would be paused and most other tariffs lowered to 10% for 90 days. These actions are impacting bilateral trade relations, with many U.S. trading partners imposing or publicly considering retaliatory tariffs on U.S. imports. Global trade policies are rapidly evolving, with frequent changes to the planned effective dates of announced tariffs and uncertainty regarding their enforcement and duration, resulting in global financial market volatility. In addition, the U.S. has initiated federal investigations on certain materials and logistics of trade, which could impact supply chain operations, availability of materials and other costs. The U.S. is also considering sector-specific safeguard investigations, which could further disrupt supply chain operations. Tariffs, trade policies and other government actions, including retaliatory measures, could have a negative impact on our results of operations. Momentive imports raw materials from China and has manufacturing facilities in, the U.S. While the extent and duration of any tariffs imposed by the U.S. and the resulting impact on our business are difficult to predict at this time, such tariffs may affect our ability to import raw materials and sell our products profitably.

The imposition of trade barriers, including tariffs, quotas, embargoes, safeguards, and customs restrictions between the U.S. and other countries, may increase the cost or reduce the supply of materials and products available to us, increase shipping times, affect our customers' construction needs or budgets, affect the demand for our products or our product mix, or require us to modify our supply chain organisation, manufacturing facilities, or other current business practices, any of which could harm our business, financial condition, and results of operations.

Servicing our indebtedness requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial debt.

We are leveraged and have significant debt service obligations. Our significant debt and debt service requirements could adversely affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities and reduce our options for capital allocation. As of 31 March 2025, we had ₩8.8 trillion in total liabilities, including ₩5.6 trillion borrowings (a sum of short-term borrowings, long-term borrowings including current portion, and current and non-current bonds) that include ₩1.87 trillion of acquisition funds for Momentive. See "*Business—Acquisition of Momentive*." For additional detail regarding our indebtedness, see Note 15 to our interim consolidated financial statements included elsewhere in this offering circular.

We may not generate sufficient cash flow from operations or other sources, to obtain future borrowings under our credit facilities or otherwise, in an amount sufficient to enable us to pay our debt or to fund our other liquidity needs. If we do not have sufficient liquidity, we may need to refinance or restructure all or a portion of our debt on or before maturity, sell assets, including equity investments, or borrow more money, which we may not be able to do on terms satisfactory to us or at all. If prevailing interest rates or other factors result in higher interest rates upon refinancing, then the interest expense relating to the refinanced debt would increase. Furthermore, if any rating agency changes our credit rating or outlook, our debt and equity securities could be negatively affected, which could adversely affect our ability to refinance existing debt or raise additional capital.

In addition, our business may not generate cash flow in an amount sufficient to enable us to fund our other liquidity needs, including working capital, capital expenditures, product development efforts, strategic acquisitions, investments and alliances and other general corporate requirements. For example, we provided payment guarantees in the past in connection with the borrowings of our joint venture, Polysilicon Technology Company ("**PTC**") (together with the other joint venture partners), for the construction of the polysilicon production plant project. The polysilicon production plant project was subsequently terminated, and we recognised the entire carrying amount of long-term loans and other receivables of PTC as allowance for doubtful accounts because we determined that the foregoing receivables of PTC are unlikely to be recovered. See Note 31 to our interim consolidated financial statements included elsewhere in this offering circular for more information. If we cannot fund our liquidity needs, we will have to take actions such as reducing or delaying capital expenditures, product development efforts, strategic acquisitions, investments and alliances, and other general corporate requirements.

In addition, the agreements governing our existing indebtedness contain customary restrictions on us and/or our subsidiaries, including covenants that restrict us or our subsidiaries from incurring additional indebtedness, making investments, granting encumbrances on assets, selling or disposing of assets, paying dividends and making other distribution to shareholders, entering into transactions with affiliates and incurring capital expenditures in excess of limitations set within the agreements. Our ability to comply with these covenants and other provisions of our debt agreements may be affected by changes in our operating and financial performance, changes in general business and economic conditions, adverse regulatory developments or other events beyond our control. The breach of any of these covenants could result in a default under our debt obligations, which could cause those and other obligations to become due and payable subject to defined rights to cure. A default on any of our debt obligations could trigger certain cross-acceleration clauses and cause those and other obligations to become due and payable subject to defined rights to cure. Upon an acceleration of any of our debt, we may not be able to make payments under other outstanding debt.

In addition, the size of our current indebtedness, and the restrictions imposed under our current debt documents, may increase our vulnerability to general adverse economic and industry conditions, and limit our flexibility in planning for and reacting to changes in our business and industry.

The markets for our products are competitive.

We face significant competition in our businesses, which could lead to downward pricing pressure and, in turn, a reduction in profit margins. For example, China has become a leader in silicone production and supply capabilities globally; Chinese firms have made significant investments in raw material refining and wafer fabrication plants over the years and have increasingly dictated supply volumes and pricing in the supply chain. The commodity siloxane market will remain challenged in 2025 as the industry struggles to absorb sizable capacity additions in China. Although specialty demand improved in 2024, oversupply continues to pressure the silicones market, which has negatively affected our profit margins. While it is expected that new capacity additions will slow in coming years given current oversupply, we expect siloxane pricing will remain depressed even as demand rebounds further up the value chain, similar to 2024 when significant portion of our silicone business growth came from improved specialty demand. While we continue to optimise our sourcing of siloxane from suppliers (which are generally on the bottom half of the global cost curve) to right-size our offtake of commodity material, basic silicones still represent a large portion of our silicone business. We forecast higher specialty demand, improved plant utilisation, and higher fixed-cost absorption will improve margins in 2025 as we upgrade a higher percentage of base material to specialty products and sell less commodity siloxane on the spot market.

In our construction and coating business, we face strong volume and price competition, with pricing impacted by macroeconomic conditions, the competitive environment, the degree of utilisation of production capacity and the specifics of product demand, among other factors. In addition, our local competitors are increasingly innovative and cost-competitive, and our products may also face competition from substitute products, including new products, that we do not produce. Any significant shift in demand preference to these alternate products could adversely impact market share and results of operations. We may experience downward pricing pressure from time to time across different markets and may not always be able to raise prices to offset increased operating expenses and inflationary pressures.

Our profits are particularly sensitive to changes in volume, since our businesses are capital-intensive and thus have significant fixed and semi-fixed costs. Certain of our competitors may also have greater financial, sales and marketing, manufacturing, R&D or technological resources, as well as broader and more diversified customer bases than us, and may be able to manufacture products on a larger scale with greater cost efficiencies. They may also be able to devote greater resources to R&D and marketing of their products than we do, as well as respond more quickly to evolving industry standards and changes in market conditions. Industry consolidation and strategic alliances among our competitors in the future may also result in increased competition. We cannot assure you that we will be able to effectively adapt to changing marketing conditions and continue to compete successfully with existing or new competitors, and our failure to do so may materially and adversely affect our business, financial condition and results of operations.

Fluctuations in energy costs could have an adverse impact on our profitability and negatively affect our financial condition.

Oil and natural gas prices have fluctuated greatly over the past several years and we anticipate that they will continue to do so. Natural gas and electricity are essential to our manufacturing processes, which are energy-intensive. Our electricity and fuel expenses represented 6.1% of our total cost of sales for the year ended 31 December 2024. Our operating expenses will increase if our energy prices increase. Increased energy prices may also result in greater raw materials costs. If we cannot pass these costs through to our customers, our profitability may decline. In addition, increased energy costs may also negatively affect our customers and the demand for our products. If our energy prices decrease, we expect benefits in the short-term with decreased operating expenses and increased operating income, but may face increased pricing pressure from competitors that are similarly impacted by energy prices and could see reduced demand for certain of our products that are sold to participants in the energy sector. As a result, profitability may decrease over an extended period of time of lower energy prices. Moreover, any future increases in energy prices after a period of lower energy prices may have an adverse impact on our profitability for the reasons described above.

Our business and prospects may be adversely affected if we fail to efficiently operate our overseas operations.

As part of our growth strategy, we expanded our manufacturing and marketing operations into markets outside of Korea. We have factories in China (Kunshan, Beijing, Guangzhou, Chongqing and Tianjin), which produce heavy-duty paint for shipping containers, marine coatings, pre-coated metal paint and automotive paint, and factories in Vietnam, Turkey and India, which produce automotive paint. In addition, we operate a powder coating plant in Saudi Arabia and a decorative coatings plant in Malaysia. We also have a significant presence in the U.S., following our acquisition of Momentive. See "*Business—Subsidiaries, associates and joint ventures*." We may pursue further overseas expansion opportunities should they arise in the future. There are certain risks inherent in doing business in international markets. We may face difficulties in establishing effective distribution operations and networks, as well as difficulties in staffing and managing foreign operations and currency fluctuations. Any one or more of such factors may have a material adverse effect on our business, financial condition and results of operations.

Product liability laws in the countries where we operate may expose us to additional litigation risk.

We may face tort claims, claims for breach of warranty or similar claims in countries where we operate, because certain of our products, particularly construction materials, are flammable, combustible or otherwise dangerous to manufacture, instal or use.

For example, under the product liability laws of Korea, claims may be brought against manufacturers for damages and losses suffered as a result of product defects. The aggregate coverage amount of our product liability insurance is ₩14.5 billion on a separate basis. See "*Business—Legal and Regulatory Proceedings*." There can be no assurance that our insurance coverage will adequately and fully protect us against any potential product liability claim. Litigation can be time consuming and expensive to resolve and can divert management time and attention from our business. Increased product liability risk and negative publicity surrounding potential product liability claims could have a material adverse effect on our business, financial condition and results of operations.

Damage to our image and reputation could have a material adverse effect on our results of operations.

Our business depends to a significant extent on our customers' trust in our reputation as a reliable manufacturer and supplier. The maintenance, protection and ongoing customer perception of our products as reliable are, therefore, critical to our future success. Actual or alleged instances of inferior product quality, health concerns, or damage caused or allegedly caused by our products could adversely impact our reputation and brand, which could have an adverse effect on our operations and business. In addition, incidents or allegations of faulty products or products with negative health effects could lead to legal claims against us, which could lead us to incur substantial legal fees and other costs in defending such legal claims. If any risks posed to our image and reputation materialise, alone or in combination, this could have a material adverse effect on our business, financial condition and results of operations.

We are subject to stringent environmental regulations, compliance with which could give rise to significant expenditures or liabilities.

Our operations and properties are subject to a wide variety of environmental laws and regulations, including those governing the use, storage, handling, generation, treatment, emission, release, discharge and disposal of certain materials, substances and wastes and the remediation of contaminated soil and groundwater (collectively, "Environmental Laws"). As Environmental Laws are periodically revised and supplemented, with a trend toward greater stringency, our expenditures for compliance with and from liabilities under Environmental Laws are difficult to estimate and may exceed anticipated costs.

Our products are also subject to a variety of international, national, regional, state, local and provincial requirements and restrictions applicable to the manufacture, import, export, registration, labelling or subsequent use of such products. In addition, we are required to maintain, and may be required to obtain in the future, environmental, health and safety permits or licences or government approvals to continue current operations at most of our manufacturing and research facilities throughout the world.

Compliance with environmental, health and safety laws and regulations and maintenance of permits can be costly and complex, and we have incurred and will continue to incur costs, including capital expenditures and costs associated with the issuance and maintenance of letters of credit, to comply with these requirements. If we do not comply with environmental, health and safety laws and regulations or maintain our permits we could incur substantial costs, including fines and civil or criminal sanctions, third party property or natural resource damage or personal injury claims or costs associated with upgrades to our facilities or changes in our manufacturing processes in order to achieve and maintain compliance, and may also be required to halt permitted activities or operations until any necessary permits can be obtained or complied with.

We were in the past involved in investigations and/or cleanup of known or potential contamination at certain of our facilities in the U.S. See "*Business—Legal and Regulatory Proceedings*." In addition, we are, subject to liability, associated with releases of hazardous substances into soil, groundwater and elsewhere at a number of sites. These include sites that we formerly owned, leased or operated and sites where hazardous wastes and other substances from our current and former facilities and operations have been sent, treated, stored or disposed of, as well as sites that we currently own, lease or operate. Depending on the circumstances, our liability may be strict, joint and several, meaning that we may be held responsible for more than our proportionate share or even all of the liability involved, regardless of our fault or whether we were aware of the conditions giving rise to the liability.

Environmental conditions at these sites can lead to environmental cleanup liability and claims against us for personal injury or wrongful death, property and natural resource damages, as well as to claims and obligations for the investigation and cleanup of environmental conditions. The extent of any of these liabilities is difficult to predict, but in the aggregate such liabilities could be material. As the result of our former, current or future operations or properties, there may be additional environmental remediation or restoration liabilities or claims of personal injury by employees or members of the public due to exposure or alleged exposure to hazardous materials in connection with our operations, properties or products. Sites sold by us in past years may have significant site closure or remediation costs and our share, if any, may be unknown to us at this time. These environmental liabilities or obligations, or any that may arise or become known to us in the future, could have a material adverse effect on our financial condition, results of operations, cash flows and profitability. While we do not anticipate material costs in excess of current reserves and/or available indemnification relating to known or potential environmental contamination, the discovery of additional contamination or the imposition of more stringent cleanup requirements could require us to make significant expenditures in excess of such reserves and/or indemnification.

Environmental, health and safety requirements change frequently and have tended to become more stringent over time. We cannot predict what environmental, health and safety laws and regulations or permit requirements will be enacted or amended in the future, how existing or future laws or regulations will be interpreted or enforced, or the impact of such laws, regulations or permits on future production expenditures, operations, supply chain or sales. Our costs of compliance with current and future environmental, health and safety requirements could be material. Such future requirements include legislation designed to reduce emissions of carbon dioxide and other substances associated with climate change ("greenhouse gases"). The European Union has enacted greenhouse gas emissions legislation and continues to expand the scope of such legislation. The U.S. Environmental Protection Agency has promulgated regulations applicable to projects involving greenhouse gas emissions above a certain threshold, and the U.S. and certain states within the United States have enacted, or are considering, limitations on greenhouse gas emissions. These requirements to limit greenhouse gas emissions could significantly increase our energy costs and may also require us to incur material capital costs to modify our manufacturing facilities.

Future chemical regulatory actions may decrease our profitability.

Several governmental entities have enacted, or are considering or may consider in the future, regulations that may impact our ability to sell certain chemical products in certain geographic areas. In December 2006, the European Union enacted a regulation known as Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH"). This regulation requires manufacturers, importers and consumers of certain chemicals manufactured in, or imported into, the European Union to register such chemicals and evaluate their potential impacts on human health and the environment. The implementing agency is currently in the process of determining if any chemicals should be further tested, regulated, restricted or banned from use in the European Union. Other countries have implemented, or are considering implementation of, similar chemical regulatory programmes. When fully implemented, REACH and other similar regulatory programmes may result in significant adverse market impacts on the affected chemical products. If we fail to comply with REACH or other similar laws and regulations, we may be subject to bans, sanctions, penalties or other enforcement actions, including fines, injunctions, recalls or seizures, which would have a material adverse effect on our financial condition, cash flows and profitability.

We participate with other companies in trade associations and regularly contribute to the research and study of the safety and environmental impact of our products and raw materials. These programmes are part of a programme to review the environmental impacts, safety and efficacy of our products. In addition, government and academic institutions periodically conduct research on potential environmental and health concerns posed by various chemical substances, including substances we manufacture and sell. These research results are periodically reviewed by state, national and international regulatory agencies and potential customers. Such research could result in future regulations restricting the manufacture or use of our products, liability for adverse environmental or health effects linked to our products and/or de-selection of our products for specific applications. These restrictions, liabilities and product deselections could have a material adverse effect on our business, financial condition, results of operations and/or liquidity. Scientists periodically conduct studies on the potential human health and environmental impacts of chemicals, including products we manufacture

and sell. Also, nongovernmental advocacy organisations and individuals periodically issue public statements alleging human health and environmental impacts of chemicals, including products we manufacture and sell. Based upon such studies or public statements, our customers may elect to discontinue the purchase and use of our products, even in the absence of any government regulation. Such actions could significantly decrease the demand for our products and, accordingly, have a material adverse effect on our business, financial condition, cash flows and profitability.

An inadequate supply of direct or indirect raw materials and intermediate products could have a material adverse effect on our business.

Our manufacturing operations require adequate supplies of raw materials and intermediate products on a timely basis. The loss of a key source or a delay in shipments could have a material adverse effect on our business. Raw material availability may be subject to curtailment or change due to, among other things, new or existing laws or regulations, suppliers' allocations to other purchasers, interruptions in production by suppliers, and natural disasters. Many of our raw materials and intermediate products are available in the quantities we require from a limited number of suppliers.

For example, our Performance Additives and Formulated Specialties businesses highly depend on access to silicon metal, a key raw material, and siloxane, an intermediate product that is derived from silicon metal. Silicon metal producers face a number of regulations that affect the supply or price of silicon metal in some or all of the jurisdictions in which we operate. For example, significant anti-dumping duties of up to 139.5% imposed by the U.S. Department of Commerce and the International Trade Commission against producers of silicon metal in China effectively block the sale by all or most producers in China to U.S. purchasers, which restricts the supply of silicon metal and results in increased prices. We currently purchase silicon metal under multi-year, one-year or short-term contracts and in the spot market. We typically purchase silicon metal under formal contracts for our United States' operations from suppliers in the United States and for our Asia Pacific operations in the spot market from suppliers in Asia Pacific. Some of our formal contracts have pricing mechanisms tied to global silicon metal indices. Imposition of antidumping or countervailing duties in connection with the foregoing investigations could lead to higher duties on such imports.

Our Performance Additives and Formulated and Basic Silicones businesses also rely heavily on siloxane and related intermediate products. Our manufacturing capacity at our internal sites and at our joint venture in China is sufficient to meet the substantial majority of our current siloxane requirements. We also source a portion of our requirements from Asia Silicones Monomer Limited under an existing long-term purchase and sale agreement. In addition, from time to time we enter into supply agreements with other third parties to take advantage of favourable pricing and minimise our cost. There are also a limited number of third-party siloxane providers and the supply of siloxane may be limited from time to time. In addition, regulation of siloxane producers can also affect the supply of siloxane due to a few precedents in the past. For example, until May 2014, China imposed anti-dumping duties on siloxane from Thailand and South Korea.

Should any of our key suppliers fail to deliver these or other raw materials or intermediate products to us or no longer supply us, we may be unable to purchase these materials in necessary quantities, which could adversely affect our volumes, or we may not be able to purchase them at prices that would allow us to remain competitive. During the past several years, certain of our suppliers have experienced force majeure events, rendering them unable to deliver all, or a portion of, the contracted-for raw materials. On these occasions, we were forced to purchase replacement raw materials in the open market at significantly higher costs or place our customers on an allocation of our products. In addition, we cannot predict whether new regulations or restrictions may be imposed in the future on silicon metal, siloxane or other key materials, which may result in reduced supply or further increases in prices. We cannot assure investors that we will be able to renew our current materials contracts or enter into replacement contracts on commercially acceptable terms or at all. Fluctuations in the price of these or other raw materials or intermediate products, the loss of a key source of supply or any delay in the supply could result in a material adverse effect on our business.

There has been increasing emphasis on manufacturing sustainable and eco-friendly products, including in our industry.

There has been an increased focus globally and in the consumer market for manufacturers to produce sustainable and eco-friendly products. The perceived health risk by the public of certain

chemicals used in coating products have, for example, led us and other Korean coating product manufacturers to sign a memorandum of understanding in 2016 with the Ministry of Environment's participation to strive to become more eco-friendly, such as by reducing the usage of lead, chromium, cadmium and other chemicals in coating products. We continue to develop and sell eco-friendly products. With the progress in technology and continued rise in popularity of environmentally-friendly products, we may incur costs and time to enhance our product portfolio to effectively compete in the market.

We depend on certain key customers for a significant portion of our revenues and a loss of any of these customers would result in the loss of a significant portion of our business.

A significant portion of our revenue is attributable to sales to a limited number of customers. Our customer base in the silicone segment is more diversified in terms of the number and geographical location of customers as compared to the construction materials, coatings and others segments, customer base of which is focused in Korea. The loss of any significant customer, a reduction in orders from any significant customer or the cancellation of a significant order from a customer could have a material adverse effect on our business, financial condition and results of operations.

Our operations are exposed to fluctuations in the value of the Won relative to the U.S. dollar and other foreign currencies.

Our consolidated financial statements are prepared from the local currency-denominated financial results, assets and liabilities of us and our subsidiaries around the world, which are then translated as necessary into Won. Accordingly, our consolidated financial results, assets and liabilities may be materially affected by fluctuations in exchange rates. A substantial portion of our revenue is denominated in currencies other than the Won, in particular the U.S. dollar, and our purchases of raw materials from overseas suppliers are denominated primarily in U.S. dollars and, to a lesser extent, Chinese Renminbi, Japanese Yen and Euros. To the extent that we incur costs in one currency and derive revenue in another currency, our results of operations may be affected by changes in the exchange rates between the two currencies.

Historically, the Won has fluctuated relative to the U.S. dollar and other foreign currencies, with the Won's exchange rate against the U.S. dollar ranging from a high of ₩1,434.42 to a low of ₩1,323.57 in 2024. The Won has weakened recently owing to, among other reasons, domestic political instability, sluggish exports and the U.S. Federal Reserve's potential adjustment to the pace of interest rate cuts, which has fuelled the strength of the U.S. dollar. This depreciation of the Won has increased the cost of imported raw materials, as well as freight costs, increased the interest and principal payments on our foreign currency denominated debt, in Won terms, and incurred us foreign exchange translation losses on foreign currency-denominated liabilities, which lower our earnings for accounting purposes.

We are also vulnerable to potential appreciation of the Won, which could cause our export products to be less competitive compared to products from other countries and would reduce our sales from export products in Won terms. If we are unable to offset such reduction by decreased costs of imported raw materials, which would result from such an appreciation of the Won, our business could be adversely affected. Our coatings segment has a high proportion of imported proportion, results of operations of which is closely tied to foreign currency exchange rates and changes in oil prices.

Future fluctuations in foreign currency exchange rates could be caused by, among other things, continued economic volatility, corporate restructurings, a decrease in domestic demand as a result of economic slowdown in the world economy, increased capital outflows, financial liberalisation and changes in governmental policies. Furthermore, we do not fully hedge against currency risks. These fluctuations in the value of the Won relative to the U.S. dollar and other foreign currencies could have a material adverse effect on our business, financial condition and results of operations.

We will need to secure adequate sources of financing to meet our future capital expenditure requirements.

The planned amount of capital expenditures may vary from the actual amount of capital expenditures for a variety of reasons, some of which may be outside our control. Although we expect to

finance our proposed capital expenditures from various sources, including funds from the sale of some of our investment assets, our cash flow from operations, existing credit facilities and the international capital markets, the cost of our proposed capital investments could increase beyond projected levels and we may not be able to finance the projects in the manner currently intended. If the overall cost of these projects increases above the expected levels, or if spending is required at a different rate than is projected, we may be required to seek additional sources of funding. We can give no assurance that additional funds will be available at a cost that is favourable to us or at all. If, for any reason, adequate capital is not available when needed and at a favourable cost, such shortage of capital may have a material adverse effect on our business, financial condition and results of operations.

We make and could make investments and acquisitions in the future that involve integration risks and costs, and we may be unable to sustain, manage or realise the expected benefits of such investment or acquisitions, if at all.

Our growth depends on our success in making the right investments at the right time to support product development and manufacturing capacity in areas where we can support our customer base. In addition, any investment in a joint venture, or the acquisition of new licences, technologies, businesses or companies in the future, could result in the incurrence of debt and contingent liabilities (as well as unanticipated costs and expenses associated with any undisclosed and/or potential liabilities) and an increase in interest expense, or in our use of available cash on hand to finance any such investment. This could have an adverse impact on our cash flows in the long term and our ability to finance our overall operations.

In 2019, as part of a three-member consortium, we made an initial investment of US$3 billion in a U.S. silicone manufacturer that we later acquired in full, Momentive. Partly due to our significant borrowing to finance our purchase of that 45.5% stake in Momentive, Moody's Investor service downgraded our credit rating from Baa2 to Baa3 and Standard and Poor's Global Ratings downgraded our credit rating from BBB to BBB-. See "*Business—Subsidiaries, associates and joint ventures—Acquisition of Momentive.*"

There is no assurance that we will be successful in managing these or any other significant risks that we encounter in investing in a business or product line or in acquiring new businesses, which could have a material adverse effect on our business, financial condition and results of operations. In addition, we have, and may acquire in the future, minority share interests in various partner companies that we engage in business with. Any decline or instability in the trading price of such shares may result in the impairment of our investment assets, thereby negatively impacting our financial condition and results of operations.

Any disruption of the operations of our manufacturing, design, engineering and other facilities could materially and adversely affect our business, financial condition and results of operations.

We have manufacturing facilities and design and engineering centres in various locations in Korea, China, India, Malaysia, Turkey, Vietnam, the United Kingdom and the United States. In addition, we operate a powder coating plant in Saudi Arabia and a decorative coatings plant in Malaysia. We could experience disruptions to our manufacturing, design and engineering capabilities for a variety of reasons, including, among others, extreme weather, fire, theft, system failures, natural catastrophes, mechanical or equipment failures, workplace accidents, labour strikes and other similar events. Any such disruptions could affect our ability to design, manufacture and sell our products and, if any of these events were to occur, there can be no assurance that we would be able to shift our design, engineering or manufacturing operations to alternate sites in a timely manner, if at all. Workplace accidents may also adversely affect our reputation, which could have a material adverse effect on our business, financial condition and results of operations.

Our production facilities are subject to significant operating hazards, which could cause environmental contamination, personal injury and loss of life, and severe damage to, or destruction of, property and equipment.

Our production facilities are subject to significant operating hazards associated with the manufacturing, handling, use, storage and transportation of chemical materials and products, including

human exposure to hazardous substances, pipeline, storage tank and equipment leaks, and ruptures, explosions, fires, inclement weather and natural disasters, mechanical failures, unscheduled downtime, transportation interruptions, remedial complications, chemical spills, discharges or releases of toxic or hazardous substances or gases, and other environmental risks. Additionally, a number of our operations are adjacent to operations of independent entities that engage in hazardous and potentially dangerous activities. Our operations or adjacent operations could result in personal injury or loss of life, severe damage to or destruction of property or equipment, environmental damage or a loss of the use of all or a portion of one of our key manufacturing facilities. Such events at our facilities or adjacent third-party facilities could have a material adverse effect on our business or operations.

We may incur losses beyond the limits or coverage of our insurance policies for liabilities that are associated with these hazards. In addition, various kinds of insurance for companies in the chemical industry have not been available on commercially acceptable terms, or, in some cases, have been unavailable altogether. In the future, we may not be able to obtain coverage at current levels or at all, and our premiums may increase significantly on coverage that we maintain.

Our success depends in part on our ability to protect our intellectual property rights, and our inability to enforce these rights could have a material adverse effect on our competitive position.

We rely on the patent, trademark, copyright and trade-secret laws of the countries where we do business to protect and enforce our intellectual property rights. We may be unable to prevent third parties from infringing or misappropriating our intellectual property or otherwise violating our intellectual property rights, which could reduce any competitive advantage we have developed, reduce our market share or otherwise harm our business. In the event of such infringement, misappropriation or other violation of our intellectual property rights, litigation to protect or enforce our rights could be costly and we may not prevail.

Many of our technologies are not protected by any patent or patent application, and our issued and pending patents may not provide us with any competitive advantage and could be challenged by third parties. Our inability to secure issuance of our pending patent applications may limit our ability to protect the intellectual property rights such pending patent applications were intended to cover. Our competitors may attempt to design around our patents to avoid liability for infringement and, if successful, our competitors could adversely affect our market share. Also, despite the steps taken by us to protect our intellectual property and technology, it may be possible for unauthorised third parties to copy or reverse-engineer aspects of our products, develop similar intellectual property or technology independently or otherwise obtain and use information that we regard as proprietary and we may be unable to successfully identify or enforce against unauthorised uses of our intellectual property and technology. Furthermore, the expiration of our patents may lead to increased competition.

Our pending trademark applications may not be approved by the responsible governmental authorities and, even if these trademark applications are granted, third parties may seek to oppose or otherwise challenge these trademark applications. A failure to obtain trademark registrations in the United States and in other countries could limit our ability to protect our products and their associated trademarks and impede our marketing efforts in those jurisdictions. In addition, effective patent, trademark, copyright and trade secret protection may be unavailable or limited in some foreign countries. In some countries we do not apply for patent, trademark or copyright protection. We also rely on unpatented proprietary manufacturing expertise, continuing technological innovation and other trade secrets to develop and maintain our competitive position. While we generally enter into confidentiality agreements with our employees and third parties to protect our intellectual property, these confidentiality agreements are limited in duration and could be breached, and may not provide meaningful protection of our trade secrets or proprietary manufacturing expertise. Adequate remedies may not be available if there is an unauthorised use or disclosure of our trade secrets, manufacturing expertise and other proprietary information. In addition, others may obtain knowledge about our trade secrets through independent development or by legal means. The failure to protect our processes, apparatuses, technology, trade secrets and proprietary manufacturing expertise, methods and compounds could have a material adverse effect on our business by jeopardising critical intellectual property.

Where a product formulation or process is kept as a trade secret, third parties may independently develop or invent and patent products or processes identical to our trade-secret products or processes.

This could have an adverse impact on our ability to make and sell products or use such processes and could potentially result in costly litigation in which we might not prevail.

There are risks of disruption of our information technology, data security, and other operating or third-party systems, and risks of loss of our proprietary information, including trade secrets, know-how or other sensitive business information, which could negatively impact our business strategy, results of operations, financial condition and reputation.

We rely on various information systems, including information systems operated by third parties, which may also include embedded artificial intelligence ("AI"), to support safe, efficient and reliable business and operating processes and activities and to safeguard our proprietary information assets, including trade secrets, know-how and other sensitive, business critical information. These systems are critical to our process to accurately report financial results for management and external reporting purposes and to ensure compliance with financial reporting and legal and tax requirements. These systems may also be used to collect and process sensitive customer and personal employee data that we may be legally required to protect. In March 2019, Momentive experienced a network security incident that prevented access to certain information technology systems and data within its network. Momentive's manufacturing processes, which rely on separate networks, have continued to operate safely, largely without interruption, and in compliance with all environmental regulations. The security incident primarily impacted Momentive's laptop access, email, as well as its corporate computing functions which included: order entry, shipping and receiving, vendor payments, production scheduling, and other systems, which caused delays in sales execution.

Increased global cybersecurity vulnerabilities, threats and targeted cyberattacks, which are becoming more sophisticated as attackers increase their utilisation of developing techniques and tools, including AI, continue to pose risks to our products, systems and networks, and the confidentiality, availability and integrity of our data. These vulnerabilities also expose our customers, suppliers and third-party service providers to loss. In addition, we are exposed to similar risks resulting from cyberattacks that are experienced by our suppliers and other vendors. As a result, cyberattacks, internal and external security breaches, and attacks and security breaches of third-party systems could disrupt our operations, compromise our proprietary and confidential, business critical information, jeopardise our ability to safeguard and maintain accurate data, including personal data, and harm our reputation, which could result in litigation and enforcement actions, including fines, penalties and disruption of our right to operate in certain jurisdictions, and significant remediation costs. Additionally, our use of AI software may create additional risks related to the unintentional disclosure of proprietary, confidential, personal or otherwise sensitive information.

Related party transactions are subject to scrutiny by the Korean tax authorities.

Under Korean tax law, there is an inherent risk that our transactions with our subsidiaries and affiliates or any other person or company related to us may be challenged by the Korean tax authorities if such transactions are viewed as having been made on terms that were not on an arm's-length basis. If the Korean tax authorities make any such determination, we would not be permitted to deduct these as expenses and would be required to recognise, as additional income for tax purposes, an amount equivalent to any undue financial support arising from such transactions, which may have adverse tax consequences for it.

Changes to accounting policies or standards and our assumptions, estimates and judgements may adversely affect the reporting of our business, financial condition and results of operations.

Our consolidated financial statements included elsewhere in this offering circular are prepared in accordance with KIFRS. New accounting policies or standards and varying interpretations of existing accounting policies or standards have occurred and may occur in the future.

For example, on 1 January 2025, we changed our subsequent measurement method for land classified as property, plant and equipment and the related right-of-use assets from the cost model to the revaluation model, under which, after initial recognition of the assets classified as property, plant and equipment and the related right-of-use assets, they are measured at fair value. We applied the revaluation model prospectively and for the three months ended 31 March 2025, the carrying amounts

of the property, plant and equipment and right-of-use assets related to land were measured at their fair values as of 31 March 2025, the revaluation date. In accordance with paragraph 17 of KIFRS 1008 Accounting Policies, Changes in Accounting Estimates and Errors, the change was not applied retrospectively to the consolidated financial statements for the years ended 31 December 2024 or 31 December 2023. We previously measured all property, plant and equipment using the cost model in accordance with paragraph 30 of KIFRS 1016 Property, Plant and Equipment whereby, after initial recognition of the asset classified as property, plant and equipment, the asset was carried at cost less accumulated depreciation and accumulated impairment losses. Similarly, we previously measured all right-of-use assets using the cost model in accordance with paragraph 30 of KIFRS 1116 Leases whereby, after initial recognition of the asset classified as right-of-use assets, the asset was carried at cost less accumulated depreciation and accumulated impairment losses. We believe that the revaluation model provides more relevant information to the readers of our financial statements as it is aligned to practices adopted by our competitors. In addition, we believe available valuation techniques provide reliable estimates of the land's fair value.

On 1 January 2025, we also changed the subsequent measurement method for investment properties from the cost model to the fair value model, under which, after initial recognition, investment property is measured at fair value at the date of revaluation. This fair value model was applied retrospectively, resulting in the consolidated financial statements for the year ended 31 December 2024 to be restated accordingly for comparative purposes for the consolidated financial statements for the three months ended 31 March 2025. We previously measured all investment property using the cost model in accordance with paragraph 56 of KIFRS 1040 Investment property whereby, under which after initial recognition of the investment property, the asset was carried at cost less accumulated depreciation and accumulated impairment losses. We believe that the fair value model provides more relevant information to the readers of our financial statements as it is aligned to practices adopted by our competitors. In addition, we believe available valuation techniques provide reliable estimates of the land and buildings' fair value.

These changes in accounting policy, which had a material impact on our consolidated financial statements, were reflected in the unaudited interim consolidated and separate financial statements for the three months ended 31 March 2025 included elsewhere in this offering circular. See also Note 3 to our unaudited interim consolidated and separate financial statements included elsewhere in this offering circular. However, our audited consolidated financial statements for the years ended 31 December 2024 and 2023, included elsewhere in this offering circular, do not reflect the effects of these changes in accounting policy. As a result, our audited consolidated financial statements for the years ended 31 December 2024 and 2023 are not comparable with our unaudited interim consolidated or separate financial statements for the three months ended 31 March 2025 included elsewhere in this offering circular. Similarly, our past results may not necessarily be indicative of future performance subsequent to the adoption of these accounting policy changes.

We remain jointly and severally liable for certain liabilities of companies that were split-off and spun-off.

Under the Korean Commercial Code relating to split-offs and spin-offs, both the subsidiary and the parent company remain jointly and severally liable after such split-off or spin-off for all of their liabilities existing prior thereto, unless such joint and several liability has been successfully eliminated through a special resolution adopted at a general meeting of shareholders and protection procedures for creditors of the affected debt, including consents of such creditors or provision of sufficient security for dissenting creditors. On 1 January 2020, we vertically spun-off our glass, "HomeCC" brand interior design products and building materials and flooring segments to a newly established entity, KCC Glass, and on 1 December 2020, vertically spun-off our silicone business to a newly established entity, KCC Silicone. Accordingly, we remain jointly and severally liable for each other entity's debts and other liabilities that existed prior to their demerger dates and that currently remain outstanding. Each of KCC Glass and KCC Silicone is the successor-in-title to all the assets, liabilities, rights and obligations that were related to the operations of the applicable segment conducted by us before the spin-off and split-off, as well as all authorised licences, employment relations, contracts and lawsuits that were directly related to such operations. The remaining assets and liabilities and rights and obligations related to other business areas remain with us, and each of KCC Glass and KCC Silicone remains jointly and severally liable for their respective liabilities. Defaults by KCC Glass or KCC Silicone of their respective liabilities, if significant, could have a material adverse effect on our results of operations and financial condition.

Risks relating to Korea

Tensions on the Korean Peninsula could have an adverse effect on our business.

Relations between Korea and North Korea have been tense for most of Korea's modern history. The level of tension between the two Koreas has fluctuated and may increase abruptly as a result of current and future events. There is significant uncertainty regarding the policies, actions and initiatives that North Korea might pursue in the future. In addition, there continues to be heightened security tension in the region stemming from North Korea's hostile military and diplomatic actions, including with respect to its nuclear weapons and long-range missile programmes.

There can be no assurance that the level of tension on the Korean peninsula will not escalate in the future, particularly as a result of the continued acts of aggressions of Kim Jong Un's regime with respect to Korea. Any further increase in tension which may occur, for example if North Korea experiences a leadership crisis, the high level of contact between Korea and North Korea breaks down, or military hostilities occur, could have a material adverse effect on our business, financial condition and results of operations.

Adverse economic developments in Korea would have an adverse effect on us.

Adverse economic developments in Korea have had, and may have in the future, a significant negative impact on the demand for our products. Sales of our products in Korea accounted for 44.2% and 45.6% of our total sales in 2024 and 2023, respectively.

The Korean economy to a large extent has remained steady in recent years. However, economic indicators in recent years have shown concerning signs, such as sluggish performance of Korean manufacturing companies and increasing household debt. Continued growth of the economy remains subject to various factors beyond our control. Any future deterioration of the Korean and global economy may have a material adverse effect on our business, financial condition and results of operations.

Developments that could adversely affect Korea's economy in the future include:

- declines in consumer confidence and a slowdown in consumer spending, including, for example, as a result of a global pandemic such as COVID-19, and rising inflationary pressures leading to increases in the costs of goods and services and a decrease in purchasing power;
- adverse conditions or developments in the economies of countries and regions that are important export markets for Korea, such as China, the United States, Europe and Japan, or in emerging market economies in Asia or elsewhere, including as a result of deteriorating economic and trade relations between the United States and China and increased uncertainties in the global financial markets and industry;
- deterioration in economic or diplomatic relations between Korea and its trading partners or allies, including deterioration resulting from territorial or trade disputes or disagreements in foreign policy;
- deterioration in the financial condition or performance of small- and medium-sized enterprises and other companies in Korea due to the Government's policies to increase minimum wages and limit working hours of employees;
- investigations of large Korean business groups and their senior management for possible misconduct;
- a continuing rise in the level of household debt and increasing delinquencies and credit defaults by retail and small- and medium-sized enterprise borrowers in Korea;
- substantial changes in the market prices of Korean real estate;
- a substantial decrease in tax revenues and a substantial increase in the Government's expenditures for fiscal stimulus measures, unemployment compensation and other economic and social programmes;
- the economic impact of any pending or future free trade agreements or of any changes to existing free trade agreements;

- financial problems or lack of progress in the restructuring of Korean business groups, other large, troubled companies, their suppliers, or the financial sector;
- loss of investor confidence arising from corporate accounting irregularities, allegations of corruption and corporate governance issues concerning certain Korean companies;
- increases in social expenditures to support an aging population in Korea or decreases in economic productivity due to the declining population size in Korea;
- political uncertainty or increasing strife among or within political parties in Korea; and
- an increase in the level of tensions or an outbreak of hostilities between North Korea and Korea or the United States.

There are special risks involved with investing in securities of Korean companies, including the possibility of restrictions being imposed by the Government in emergency circumstances, as well as accounting and corporate disclosure standards that differ from those in other jurisdictions.

As we are a Korean company, there are risks associated with investing in the Bonds that are not typical for investments in securities of companies in the U.S., Europe, or elsewhere. Under the Foreign Exchange Transactions Act of Korea, if the Government determines that certain emergency circumstances, including sudden fluctuations in interest rates or exchange rates, extreme difficulty in stabilising the balance of payments or substantial disturbance in the Korean financial and capital markets, are likely to occur, it may impose any necessary restriction, such as requiring Korean or foreign investors to obtain prior approval from the Minister of Economy and Finance for the acquisition of Korean securities or for the repatriation of interest, dividends or sales proceeds arising from Korean securities or from disposition of such securities or other transactions involving foreign exchange. In addition, we prepare and present our consolidated financial statements in accordance with KIFRS, which differs in many material respects from accounting principles applicable to companies in certain other countries. We also make regulatory filings and disclosures regarding other aspects of our businesses in accordance with applicable rules and regulations and accepted practices in Korea. These filing and disclosure rules and practices differ in many material respects from those applicable to companies in certain other countries. There may also be less publicly available information about Korean companies, such as us, than is regularly made available by public companies in other countries. In making an investment decision, investors must rely upon their own examination of our company, the terms of the Bonds and the financial and other information contained in this offering circular.

Risks Relating to the Bonds and the Shares

Bondholders should rely on publicly available information on KSOE.

KSOE was not involved in the preparation of this offering circular and as such, any information on KSOE in this offering circular has been derived from publicly available information. Accordingly, Bondholders should rely on publicly available information on business and results and operations of KSOE and there can be no assurance that such information presents an accurate description of business and results and operations and that it addresses any significant business changes of respective companies which could affect the value of the Shares.

The Bonds will be unsecured obligations.

Because the Bonds will be unsecured obligations, their repayment may be compromised if:

- the Company enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Company's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Company's indebtedness.

If any of these events occurs, the Company's assets may not be sufficient to pay amounts due on the Bonds.

Holders of the Bonds will bear the risk of fluctuations in the price of the Shares.

The market price of the Bonds will be affected by, among other things, fluctuations in the trading price of the Shares. No assurance can be given as to the future trading price of the Shares or the Bonds. The trading price of the Shares will be influenced by, among other things, the results of operations of KSOE and sales of additional Shares or securities exchangeable for or convertible into Shares, as well as political, economic, financial and other factors in the Korean market. Any future sales of a significant number of Shares by KSOE or its shareholders, or the perception that these events may occur, could cause the trading price of the Shares to decrease or to be lower than it might be in the absence of these events or perceptions.

Stock markets, including the KRX KOSPI Market on which the Shares are traded, have from time to time experienced significant price and volume fluctuations that have affected the market prices of securities. These fluctuations often have been unrelated or disproportionate to the operating performance of publicly traded companies.

Holders of the Bonds will have no rights as holders of the Shares until the exchange of the Bonds for Shares.

Unless and until the holders of the Bonds acquire Shares upon exchange of the Bonds, the holders of the Bonds will have no rights with respect to the Shares, including any voting rights or rights to receive any dividends or other distributions with respect to the Shares. Holders who exchange the Bonds for Shares will be entitled to exercise the rights as holders of the Shares only as to actions for which the applicable record date occurs after the date of the exchange.

Bondholders will have no security interest in the Shares or Exchange Property Securities.

The Company and the Korea Securities Depository will enter into an exchange share deposit and entrust agreement, pursuant to which the legal title and ownership of the Shares (or Exchange Property Securities (as defined in the Conditions)) will be transferred to the Korea Securities Depository on trust, and the Korea Securities Depository would become the registered legal holders of the Shares as trustee for the benefit of the Bondholders. Accordingly, such Shares (or Exchange Property Securities) will be ring fenced for the benefit of the Bondholders and will not form part of the assets of the Company available to all unsecured creditors of the Company in the event the Company becomes insolvent, bankrupt or is in liquidation. However, the arrangements described herein in relation to the Shares (or Exchange Property Securities) do not amount to any security interest in favour of Bondholders to secure the debt obligations of the Bonds.

Fluctuations in the exchange rate between the Won and the U.S. dollar may have a material adverse effect on the market price of the Shares in U.S. dollar terms.

The Shares are traded and quoted in Won on the KRX KOSPI Market. In addition, cash dividends, if any, in respect of the Shares will be paid in Won. As a result, fluctuations in the exchange rate between the Won and the U.S. dollar will affect, among other things, the market price of the Shares in U.S. dollar terms and the U.S. dollar value of any cash dividends paid in respect of the Shares.

If the Government believes that serious difficulties exist or are expected in relation to the international balance of payments or that the movement of capital between Korea and abroad poses serious obstacles in carrying out its currency, exchange rate and other macroeconomic policies, it may take measures to require any person who intends to perform capital transactions to obtain the permission of or to require any person who performs capital transactions to deposit part of the payment acquired in such transactions with certain Korean governmental agencies or financial institutions. See "*Korean Foreign Exchange and Securities Regulations*." Any of the foregoing events could adversely affect the price of the Bonds and the market price of the Shares.

The Bonds may not be a suitable investment for all investors.

Each potential investor in the Bonds must determine the suitability of the Bonds in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this offering circular;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or premium payments is different from the potential investor's market currency;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in the Bonds unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors may be subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) the Bonds are legal investments for it; (ii) the Bonds can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

There will be limitations on the ability of Bondholders to exercise Exchange Rights.

The Bonds will be exchangeable into Shares at the option of a Bondholder pursuant to the Conditions. A Bondholder will be able to exercise its Exchange Right only within the exchange period specified in the Conditions and will not be able to exercise their Exchange Right during the Closed Period (as defined in the Conditions). See "*Terms and Conditions of the Bonds—Exchange—Exchange Right—Exchange Period.*" As such, the ability of a Bondholder to exercise Exchange Rights will be restricted during these periods.

Certain transactions may dilute the potential ownership interest in the Shares to which the holders of the Bonds are entitled.

The number of Shares that holders of the Bonds will be entitled to receive when they exchange their Bonds is subject to adjustment for certain events, including but not limited to a free distribution, bonus issue or subdivision, consolidation or re-classification of the Shares, an issuance of options, rights or warrants to purchase Shares, a distribution of cash, assets, evidences of indebtedness and share or cash dividends and other similar dilutive actions that the Company may undertake to modify its capital structure. However, the number of Shares to be received will not be adjusted for other events, such as certain offerings or issuances of options, warrants, rights or certain other securities to our directors, officers or employees, that may adversely affect the market price of the Shares and therefore the secondary market price of the Bonds. See "*Terms and Conditions of the Bonds—Exchange—Adjustments to Exchange Price.*" The Company cannot give any assurance that it will not take any of the foregoing actions in the future.

KSOE has no obligations with respect to the Bonds.

KSOE has no obligations with respect to the Bonds, including any obligation to consider the needs of the Company or holders of the Bonds. As a consequence, there can be no assurance that information regarding events occurring prior to the date hereof that would affect the trading price of the Shares (and possibly the price of the Bonds) becomes publicly available or known to prospective investors of the Bonds. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning KSOE could affect the trading price of the Shares deliverable upon exchange of the Bonds and, therefore, the trading price of the Bonds. KSOE will not receive any of the proceeds from the offering of the Bonds and are not responsible for, and has not participated in, the determination of the timing of, price for, or quantities of, the Bonds.

Bondholders may only be entitled to the Cash Settlement Amount.

Upon the exercise of Exchange Rights by a Bondholder in accordance with the Conditions, the Company, by giving notice to the relevant Bondholders, will have the option to pay to the relevant Bondholder the Cash Settlement Amount (as defined in the Conditions) in order to satisfy such Exchange Right in full or in part (the "**Cash Settlement Option**"). A Cash Settlement Option may be made in respect of the whole or any part of the Shares (or Exchange Property Securities) that would otherwise be deliverable in respect of the relevant exercise of Exchange Rights. In such event, a Bondholder will receive fewer or no Shares (as applicable) upon the exercise of Exchange Rights.

The Cash Settlement Amount payable to Bondholders will be subject to market price volatility during the 20 consecutive Stock Exchange Business Day calculation period.

Upon the exercise of Exchange Rights by a Bondholder in accordance with the Conditions, the Company, by giving notice to the relevant Bondholders, has the option to pay to the relevant Bondholder the Cash Settlement Amount in order to satisfy such Exchange Right in full or in part. The Cash Settlement Amount will be calculated using the arithmetic average of the Volume Weighted Average Price of the Shares (or Exchange Property Securities) (translated into US dollars at the Prevailing Rate on such day) for each day during the 20 consecutive Stock Exchange Business Days (as defined in the Conditions) immediately after the Cash Settlement Notice Date (as defined in the Conditions). As such, a Bondholder will need to wait for such calculation period to be completed before receiving any payment of the Cash Settlement Amount. The calculation of the Cash Settlement Amount will be affected by share price movements and volatility during the cash settlement calculation period, which can be affected by a wide array of factors including, without limitation, the results of operations of KSOE, sales of additional Shares or securities exchangeable for or convertible into the Shares, as well as political, economic, financial and other factors in the Korean market and elsewhere in the world or economic downturn locally or globally. See "*Risk Factors—Risks relating to the Bonds and the Shares—Bondholders may only be entitled to the Cash Settlement Amount*" and "*Risk Factors—Risks relating to the Bonds and the Shares—Holders of the Bonds will bear the risk of fluctuations in the price of the Shares.*"

There are risks attached to the exercise of exchange rights.

Bondholders should be aware that the Bonds, being exchangeable for the Shares (or Exchange Property), bear certain risks. Depending upon the performance of the Shares (or Exchange Property), the value of the Shares (or Exchange Property) may be substantially lower at such time that Bondholders seek to exercise their Exchange Rights, than at the time when the Bonds were initially purchased. In addition, the value of the Shares (or Exchange Property) to be delivered may vary substantially between the date on which the Exchange Rights are exercised and the date on which such Shares (or Exchange Property) are delivered.

The Bonds will be subject to optional redemption by the Company.

As described in Condition 8(B) and Condition 8(C), the Bonds may be redeemed at the option of the Company in the circumstances set out therein. An optional redemption feature is likely to limit the market value of the Bonds. During any period when the Company may elect to redeem the Bonds, the market value of those Bonds generally will not rise substantially above the price at which they can be redeemed. See "*Terms and Conditions of the Bonds—Redemption, Purchase and Cancellation.*" If the Company redeems the Bonds prior to their maturity, an investor may not be able to reinvest the redemption proceeds at a rate of return as high as that on the Bonds being redeemed. It may therefore cause a negative financial impact on the holders of the Bonds. Potential investors should consider reinvestment risks in light of other investments available at that time.

The Bonds and any Shares deliverable upon exchange will be subject to transfer restrictions.

The Bonds will be subject to restrictions on transfer as described under "Subscription and Sale—Transfer Restrictions." Among other things, the Bonds may not be sold or otherwise transferred to a Korean resident on or prior to the first anniversary of the Closing Date. These transfer restrictions may adversely affect the liquidity of the Bonds. In addition, the Bondholders seeking to exercise their

exchange rights and acquire Shares may be required to file an over-the-counter transaction report of the acquisition with the Governor of the Financial Supervisory Service (the "**FSS**") without delay in accordance with applicable Korean laws and regulations. Unless specifically exempted, any trading of the Shares by a non-Korean resident or a non-Korean corporation is required to be made on the KRX KOSPI Market through a broker-dealer licenced to do business in Korea. Such requirements may further affect the liquidity of the Bonds, and may limit a Bondholder's ability to take advantage of short-term increases in the market price of the Shares.

As the Global Certificate will be held by or on behalf of Euroclear and Clearstream, investors will have to rely on their procedures for transfer, payment and communication with the Company.

The Bonds will be represented by the Global Certificate. The Global Certificate will be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear and Clearstream. Investors will not be entitled to receive Certificates except in the limited circumstances described in the Global Certificate. Euroclear and Clearstream will maintain records of their direct accountholders having interests in the Bonds represented by the Global Certificate.

While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through Euroclear and Clearstream. The Company will discharge its payment obligations under the Bonds by making payments to or to the order of the common depositary for Euroclear and Clearstream for distribution to their accountholders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of Euroclear and Clearstream to receive payments under the Bonds.

None of the Company, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them shall have any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate. Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream to appoint appropriate proxies.

There is no existing trading market for the Bonds and, therefore, the Bonds will offer limited liquidity.

The Bonds will constitute a new issue of securities for which there is no existing market. Application will be made to the SGX-ST for the listing and quotation of the Bonds on the SGX-ST. The offer and sale of the Bonds is not conditioned on obtaining a listing of the Bonds on the SGX-ST or any other exchange. Although the Managers have advised the Company that it currently intends to make a market in the Bonds, they are not obligated to do so, and any market-making activity with respect to the Bonds, if commenced, may be discontinued at any time without notice at their sole discretion. See "*Subscription and Sale*."

No assurance can be given as to the liquidity of, or the development and continuation of an active trading market for, the Bonds. If an active trading market for the Bonds does not develop or is not maintained, the liquidity and market price of the Bonds may be adversely affected. If such a market were to develop, the Bonds could trade at prices that may be higher or lower than the price at which the Bonds are issued depending on many factors, including:

- prevailing interest rates;
- our results of operations and financial condition;
- the price and volatility of the Shares and the Korean stock market;
- political and economic developments in and affecting Korea, the United States, the European Union and China;
- the market conditions for similar securities; and
- the financial condition and stability of the semiconductor sector in Korea and other parts of the world.

Future sales of Shares may adversely affect the price of the Shares and the Bonds.

The Company has agreed with the Managers that it will not, without the prior written consent of the Managers, until 90 days following the Closing Date, issue, offer, sell, pledge, contract to sell or otherwise dispose of any Shares or any securities convertible into or exchangeable for the Shares, subject to certain exceptions. However, once these lock-up restrictions expire, terminate or are waived, there is no restriction on our ability to sell or issue Shares. Future issuances or sales of substantial amounts of Shares in the public market after the completion of this offering, or the perception that substantial issuances or sales could occur, could have a material adverse effect on the market price of the Shares and, in turn, the Bonds.

Exchange of the Bonds for Shares may be deemed a taxable event of the holders of the Bonds for capital gains tax purposes.

It is unclear under Korean tax law whether the exchange of the Bonds into Shares would constitute a taxable event for the holders of the Bonds for Korean capital gains tax purposes. In case the exchange of the Bonds is deemed to be a taxable event, the holders of the Bonds will be subject to Korean withholding tax and will not be entitled to receive Additional Amounts (as described in "*Terms and Conditions of the Bonds—Taxation*") in respect of such withholding tax. It is uncertain how the amount subject to such tax would be calculated. Such tax may be exempted or reduced under applicable tax treaties or under Korean tax law, depending on the classification of the income arising from such exchange. See "*Taxation*."

Bondholders will be bound by decisions of defined majorities in respect of any modification, waiver and substitution relating to the Bonds.

The Conditions will contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions will permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. Furthermore, there is a risk that the decision of the majority of holders of the Bonds may be adverse to the interests of individual Bondholders.

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (a) any modification of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bonds or the Conditions (together, the "**Documentation**") which in the Trustee's opinion is of a formal, minor or technical nature, or is made to correct a manifest error, or to comply with mandatory provisions of law, and (b) any other modification to the Documentation (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Documentation which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Bondholders.

The Trustee may request that Bondholders provide an indemnity and/or security and/or pre-funding to its satisfaction.

In certain circumstances, including without limitation the giving of notice to the Company pursuant to Condition 10 and the taking of any steps and/or actions and/or the instituting of proceedings against the Company pursuant to Condition 15, the Trustee may (at its sole discretion) request Bondholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes any steps and/or actions and/or institutes any proceedings on behalf of Bondholders. The Trustee will not be obliged to take any such steps and/or actions and/or to institute any such proceedings if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to any indemnity and/or security and/or pre-funding can be a lengthy process and may have an impact on when such steps and/or actions can be taken and/or when such proceedings can be instituted. The Trustee may not be able to take such steps and/or actions and/or institute such proceedings, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, in breach of the terms of the Trust Deed or the Conditions and in such circumstances, or where there is uncertainty or a dispute as to the applicable laws or regulations, to the extent permitted by the Trust Deed, the Conditions and applicable laws and regulations, it will be for the Bondholders to take such steps and/or actions and/or institute such proceedings directly.

The Bonds will be subject to prescription regulations in Korea.

Failure to exercise a right of action for more than a certain period of time may operate as a bar to exercising such a right. Under Korean laws, claims against the issuer in respect of the payment of principal of notes or bonds are prescribed upon the expiry of 10 years, and claims for payment of interest in respect of notes or bonds are prescribed upon the expiry of five years, in each case, from the relevant due date as adjusted by any acceleration or otherwise, in respect thereof. If a holder of the Bonds fails to exercise his or her right of payment for more than the period set forth above, the Korean courts may not enforce a claim for payment for principal or interest in respect of the Bonds.

The Bonds will contain limited restrictive covenants and will not restrict the Company's ability to make investments, incur unsecured indebtedness or pay dividends.

The Bonds contain limited restrictive covenants and will not restrict the Company's ability to:

- invest in affiliates, associates or subsidiaries;
- repurchase common or preferred shares, make distributions or issue dividends;
- issue preferred securities or incur unsecured indebtedness; or
- make capital expenditures.

The Company taking such actions could adversely affect its ability to pay amounts due on the Bonds.

USE OF PROCEEDS

We expect to use the net proceeds from the sale of the Bonds for general corporate purposes, including additional capital contribution to our overseas subsidiaries for repayment of consolidated long-term indebtedness.

CAPITALISATION

The following table sets forth our consolidated total capitalisation (defined as the sum of our long-term borrowings, net of current portion, and non-current bonds and our total equity) as of 31 March 2025, on an actual basis and as adjusted to give effect to the issuance of the Bonds offered hereby.

You should read the information set forth below in conjunction with "Selected Consolidated Financial Data" and our consolidated financial statements and the notes thereto included elsewhere in this offering circular.

	As of 31 March 2025	
	Actual	As adjusted
	(billions of Won)	
Long-term borrowings and non-current bonds	₩	₩
Long-term borrowings	2,594.51	2,594.51
Non-current bonds	1,561.83	1,561.83
Bonds offered hereby[(1)]	—	945.60
	4,156.34	**5,101.94**
Equity		
Issued capital	48.08	48.08
Capital surplus	349.76	349.76
Capital adjustments	(504.35)	(504.35)
Accumulated other comprehensive income	995.12	995.12
Retained earnings	5,371.63	5,371.63
Total equity	**6,260.24**	**6,260.24**
Total capitalisation	**10,416.58**	**11,362.18**

Note:

(1) As adjusted amount reflects net proceeds of US$644,800,000 from the Offering (after deducting a combined management and underwriting commission but not estimated expenses of the Offering) translated into Won at Won 1,466.5 to US$1.00, the applicable Market Average Exchange Rate (as defined in "*Exchange Rates*") in effect as of 31 March 2025. No representation is made that the Won or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or Won, as the case may be, at any particular rate or at all.

Other than as set forth above, there has been no material change in our capitalisation since 31 March 2025.

Assuming the exercise in full of the Exchange Rights (as defined in the "*Terms and Conditions of the Bonds*") and no change in the number of Shares, the Company will hold approximately 1% of equity interest in KSOE based on the number of the Shares required to be delivered upon exchange of all outstanding Bonds at the initial Exchange Price (as defined in the "*Terms and Conditions of the Bonds*").

EXCHANGE RATES

The table below sets forth, for the periods and dates indicated, exchange rate data between the Won and the U.S. dollar translated using the applicable market average exchange rate for the period presented, as announced by Seoul Money Brokerage Services, Ltd. in Seoul, rounded to the nearest tenth of one Won (the "**Market Average Exchange Rate**"). No representation is made that the Won or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or Won, as the case may be, at any particular rate or at all.

Period	At End of Period	Average Rate[1]	High	Low
		(Won per US$1.00)		
2020	1,088.0	1,180.1	1,280.1	1,082.7
2021	1,185.5	1,144.4	1,199.1	1,083.1
2022	1,267.3	1,292.0	1,436.6	1,185.5
2023	1,289.4	1,305.4	1,360.6	1,219.3
2024	1,470.0	1,364.0	1,474.1	1,289.4
2025 (through 2 July)				
January	1,433.3	1,455.8	1,471.3	1,433.3
February	1,439.6	1,445.6	1,469.2	1,429.2
March	1,466.5	1,457.0	1,469.6	1,441.6
April	1,438.5	1,444.3	1,482.9	1,418.9
May	1,381.4	1,394.5	1,426.9	1,365.0
June	1,356.4	1,367.0	1,381.9	1,356.4
July (through 2 July)	1,352.6	1,353.1	1,353.6	1,352.6

Source: Seoul Money Brokerage Services, Ltd.

(1) The average rate for each period is calculated as the average of the Market Average Exchange Rates on each business day during the relevant period (or portion thereof).

SELECTED CONSOLIDATED FINANCIAL DATA

The selected financial information set out below should be read in conjunction with our audited consolidated financial statements and unaudited interim consolidated and separate financial statements of the Company and the notes thereto appearing elsewhere in this offering circular. Our audited consolidated financial statements as of and for the years ended 31 December 2024 and 2023 have been audited, and our unaudited interim consolidated and separate financial statements as of 31 March 2025 and for the three months ended 31 March 2025 and 2024 have been reviewed, in each case by Ernst & Young Han Young, our independent auditors, whose reports thereon are included elsewhere in this offering circular. The foregoing financial statements have been prepared in accordance with KIFRS. KIFRS differs in certain material respects from U.S. GAAP.

On 1 January 2025, we changed our subsequent measurement method for land classified as property, plant and equipment and the related right-of-use assets from the cost model to the revaluation model, under which, after initial recognition of the assets classified as property, plant and equipment and the related right-of-use assets, they are measured at fair value. We applied the revaluation model prospectively and for the three months ended 31 March 2025, the carrying amounts of the property, plant and equipment and right-of-use assets related to land were measured at their fair values as of 31 March 2025, the revaluation date. In accordance with paragraph 17 of KIFRS 1008 Accounting Policies, Changes in Accounting Estimates and Errors, the change was not applied retrospectively to the consolidated financial statements for the years ended 31 December 2024 or 31 December 2023. We previously measured all property, plant and equipment using the cost model in accordance with paragraph 30 of KIFRS 1016 Property, Plant and Equipment whereby, after initial recognition of the asset classified as property, plant and equipment, the asset was carried at cost less accumulated depreciation and accumulated impairment losses. Similarly, we previously measured all right-of-use assets using the cost model in accordance with paragraph 30 of KIFRS 1116 Leases whereby, after initial recognition of the asset classified as right-of-use assets, the asset was carried at cost less accumulated depreciation and accumulated impairment losses.

On 1 January 2025, we also changed the subsequent measurement method for investment properties from the cost model to the fair value model, under which, after initial recognition, investment property is measured at fair value at the date of revaluation. This fair value model was applied retrospectively, resulting in the consolidated financial statements for the year ended 31 December 2024 to be restated accordingly for comparative purposes for the interim consolidated financial statements for the three months ended 31 March 2025. We previously measured all investment property using the cost model in accordance with paragraph 56 of KIFRS 1040 Investment property whereby, under which after initial recognition of the investment property, the asset was carried at cost less accumulated depreciation and accumulated impairment losses.

The effects of these changes in accounting policy were reflected in the unaudited interim consolidated and separate financial statements for the three months ended 31 March 2025 included elsewhere in this offering circular. See also Note 3 to our unaudited interim consolidated and separate financial statements included elsewhere in this offering circular. However, our audited consolidated financial statements for the years ended 31 December 2024 and 2023, included elsewhere in this offering circular, do not reflect the effects of these changes in accounting policy. As a result, our audited consolidated financial statements for the years ended 31 December 2024 and 2023 are not comparable with our unaudited interim consolidated or separate financial statements for the three months ended 31 March 2025 included elsewhere in this offering circular. Similarly, our past results may not necessarily be indicative of future performance subsequent to the adoption of these accounting policy changes.

Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Years ended 31 December (As previously reported)		Three months ended 31 March	
	2024	2023	2025	2024
	(billions of Won except per share information)			
	₩	₩	₩	(restated) ₩
Sales	6,658.76	6,288.44	1,599.31	1,588.37
Cost of sales	5,028.04	4,959.94	1,204.40	1,228.58
Gross profit	**1,630.72**	**1,328.50**	**394.91**	**359.80**
Selling and administrative expenses	1,159.60	1,015.97	291.47	252.89
Operating profit	**471.12**	**312.53**	**103.44**	**106.91**
Share of profit (loss) of associates and joint ventures	72.33	(200.30)	6.10	(2.63)
Net finance income (costs):				
Finance income	709.37	723.34	179.44	656.80
Finance costs	(769.83)	(554.25)	(230.11)	(133.76)
Other non-operating income (expenses):				
Other non-operating income	42.80	63.48	44.44	13.18
Other non-operating expenses	(55.93)	(100.36)	(27.92)	(9.50)
Profit before tax	**469.87**	**244.44**	**75.40**	**631.00**
Income tax expense	176.57	151.93	31.35	172.76
Net profit for the year/period	**293.29**	**92.50**	**44.05**	**458.24**
Other comprehensive income (loss)				
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods				
Share of other comprehensive income (loss) of associates and joint ventures	(50.99)	6.56	3.69	(3.92)
Effective portion of changes in fair value of cash flow hedges	(23.14)	(87.40)	—	(23.14)
Exchange differences on translation of foreign operations, etc	55.65	1.07	61.22	19.84
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods	**(18.47)**	**(79.77)**	**64.91**	**(7.21)**
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods				
Share of other comprehensive income (loss) of associates and joint ventures	—	—	45.32	—
Gain on revaluation	—	—	907.42	—
Re-measurement of defined benefit plans	16.71	(61.14)	—	(1.72)
Share of retained earnings of associates and joint ventures	(0.14)	1.85	1.03	(0.34)
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	(1.77)	1.78	(2.27)	(0.51)
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods (net of tax)	**14.80**	**(57.51)**	**951.50**	**(2.57)**
Total comprehensive income (loss) for the period, net of tax	**289.62**	**(44.78)**	**1,060.46**	**448.46**
Profit (loss) for the period attributable to				
Equity holders of the parent	310.57	212.66	44.05	475.51
Non-controlling interests	(17.27)	(120.16)	—	(17.27)
	293.29	92.50	44.05	458.24
Total comprehensive income (loss) attributable to				
Equity holders of the parent	323.44	118.41	1,060.46	482.29
Non-controlling interests	(33.82)	(163.19)	—	(33.82)
	289.62	(44.78)	1,060.46	448.46
Earnings per share attributable to equity holders of the parent company				
Basic earnings per share	42,230	28,917	5,990	64,659
Diluted earnings per share	42,230	28,917	5,990	64,659

Consolidated Statements of Financial Position

	As of 31 December (As previously reported)		As of 31 March
	2024	2023	2025
		(billions of Won)	
Assets			
Current assets	₩	₩	₩
Cash and cash equivalents	501.33	1,045.14	906.55
Short-term financial instruments	510.15	509.87	531.21
Short-term trade receivables	1,213.49	1,039.82	1,215.69
Other short-term receivables	95.25	89.23	179.97
Advanced payments	16.91	16.70	15.38
Prepaid expenses	50.56	45.25	40.34
Other current financial assets	21.69	32.22	3.31
Income tax refund	1.87	0.96	1.93
Inventories	1,583.24	1,399.00	1,601.32
	3,994.49	4,178.19	4,495.68
Non-current assets			
Long-term trade receivables	0.49	1.66	0.46
Other long-term receivables	84.82	80.74	85.03
Long-term advanced payments	2.19	—	2.21
Long-term prepaid expenses	7.16	8.47	6.42
Other non-current financial assets	2,767.07	2,723.87	2,735.75
Investment accounted for using equity method	335.79	704.81	400.44
Right-of-use assets	204.20	199.18	294.43
Property, plant and equipment	3,525.48	3,447.11	4,564.88
Intangible assets	394.70	393.39	391.67
Goodwill	1,012.56	888.47	1,010.85
Investment property	751.49	705.09	1,047.44
Deferred tax assets	18.34	15.74	27.24
Net defined benefit assets	9.76	6.76	3.67
	9,114.06	9,175.28	10,570.49
Total assets	**13,108.55**	**13,353.47**	**15,066.17**
Liabilities			
Current liabilities			
Trade payables	770.28	647.42	726.30
Short-term borrowings	910.08	1,217.35	1,008.54
Current portion of long-term borrowings	150.08	553.48	12.47
Current bonds	319.91	369.81	464.80
Short-term other payables	817.91	756.53	845.88
Other current financial liabilities	—	164.37	—
Current provisions	32.74	21.08	32.72
Current tax liabilities	229.86	106.39	196.85
	3,230.86	3,836.44	3,287.56
Non-current liabilities			
Long-term borrowings	2,499.42	2,261.57	2,594.51
Non-current bonds	1,307.47	748.64	1,561.83
Long-term other payables	210.02	184.05	227.64
Net defined benefit liabilities	305.00	300.68	310.64
Long-term employee benefit liabilities	61.28	55.86	60.65
Non-current provisions	24.33	21.64	25.67
Deferred tax liabilities	430.85	497.06	737.44
	4,838.38	4,069.50	5,518.38
Total liabilities	**8,069.23**	**7,905.94**	**8,805.93**

	As of 31 December (As previously reported)		As of 31 March
	2024	2023	2025
	(billions of Won)		
Equity			
Issued capital	48.08	48.08	48.08
Capital surplus	349.76	552.91	349.76
Capital adjustments	(504.35)	(304.85)	(504.35)
Accumulated other comprehensive income (loss)	(20.21)	(21.23)	995.12
Retained earnings	5,166.04	4,902.44	5,371.63
Equity attributable to equity holders of the parent company	**5,039.32**	**5,177.36**	**6,260.24**
Non-controlling interests	—	270.17	—
Total equity	**5,039.32**	**5,447.53**	**6,260.24**
Total equity and liabilities	**13,108.55**	**13,353.47**	**15,066.17**

Other Financial Data

	Years ended 31 December (As previously reported)		Three months ended 31 March	
	2024	2023	2025	2024
	(billions of Won)			
	₩	₩	₩	(restated) ₩
Capital expenditures[1]	257.72	379.01	91.18	55.86
Depreciation and amortisation[2]	442.26	444.12	115.86	109.96
Net cash flows provided by operating activities	596.80	788.27	109.14	113.74
Net cash flows provided by (used in) investing activities	281.54	(355.34)	(89.29)	(72.83)
Net cash flows provided by (used in) financing activities	(1,454.06)	(161.74)	383.43	(19.79)

Notes:

(1) Capital expenditures represent cash used in the acquisition of property, plant and equipment.
(2) Comprises depreciation, depreciation expenses on right-of-use assets, amortisation of intangible assets, and depreciation expenses on assets not in use.

TERMS AND CONDITIONS OF THE BONDS

The following, subject to modification and save for the paragraphs in italics, is the text of the Terms and Conditions of the Bonds which will appear on the reverse of each of the definitive certificates evidencing the Bonds:

The issue of U.S.$650,000,000 aggregate principal amount of 1.75 per cent. exchangeable bonds due 2030 (the "**Bonds**," which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 17 and consolidated and forming a single series therewith) of KCC Corporation (the "**Issuer**") exchangeable into common shares of HD Korea Shipbuilding & Offshore Engineering Co. Ltd. ("**KSOE**") was authorised by a resolution of the board of directors of the Issuer on 3 July 2025. The Bonds are constituted by the trust deed (as amended or supplemented from time to time, the "**Trust Deed**") dated 10 July 2025 (the "**Issue Date**") between the Issuer and Citicorp International Limited (the "**Trustee**," which expression shall include all persons for the time being acting as the trustee or trustees under the Trust Deed) as trustee for the holders (as defined below) of the Bonds. These terms and conditions (these "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds. The Bondholders (as defined below) are entitled to the benefit of, and are bound by, and are deemed to have notice of, all of the provisions of the Trust Deed, and are deemed to have notice of those provisions applicable to them of the paying, exchange and transfer agency agreement (as amended or supplemented from time to time, the "**Agency Agreement**") dated 10 July 2025 relating to the Bonds between the Issuer, the Trustee, Citibank, N.A., London Branch as principal paying agent (the "**Principal Paying Agent**"), and exchange agent (the "**Exchange Agent**," and together with the Principal Paying Agent, the "**Principal Agent**") and as transfer agent (the "**Transfer Agent**"), Citicorp International Limited as registrar (the "**Registrar**") and the other paying agents, exchange agents and transfer agents appointed under it (each a "**Paying Agent**," an "**Exchange Agent**" and a "**Transfer Agent**"). References to "Paying Agents" and "Exchange Agents" shall each include the Principal Agent. The Principal Agent, the other Paying Agents, the other Exchange Agents, the Transfer Agent and the Registrar are, collectively, the "Agents." References to the "Principal Agent," the "Registrar," the "Transfer Agents" and the "Agents" below are references to the principal agent, the registrar, the transfer agents and the agents for the time being for the Bonds.

Copies of the Trust Deed and of the Agency Agreement are available (i) for inspection at all reasonable times during usual business hours (being between 9:00 a.m. and 3:00 p.m. (Hong Kong time)) at the principal office for the time being of the Trustee (being at the Issue Date at 40/F Champion Tower, Three Garden Road, Central, Hong Kong) and at the specified office for the time being of the Principal Agent and (ii) electronically to a requesting Bondholder, in each case following prior written request and proof of holding and identity to the satisfaction of the Trustee or, as the case may be, the Principal Agent.

Unless otherwise defined, terms used in these Conditions have the meanings specified in the Trust Deed. In these Conditions, "**Bondholder**" and (in relation to a Bond) "**holder**" mean the person in whose name a Bond is registered or in the case of a joint holding, the first name thereof.

1. Form, Denomination and Title

(A) Form and Denomination

The Bonds are issued in registered form in the denomination of U.S.$200,000 each and integral multiples of U.S.$100,000 in excess thereof (each, an "**Authorised Denomination**") and shall not be divided into a smaller denomination. A bond certificate (each a "**Certificate**") will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders (the "**Register**") which the Issuer will procure to be kept by the Registrar.

*Upon issue, the Bonds will be represented by a global certificate (the "**Global Certificate**") representing Bonds registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). These Conditions are modified by certain provisions contained in the Global Certificate.*

Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.

(B) Title

Title to the Bonds will pass only by transfer and registration in the Register as described in Condition 3. The holder of any Bond will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder.

2. Status

The Bonds constitute direct, unconditional, unsubordinated and (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4, at all times rank at least equally with all of its other present and future direct, unconditional, unsubordinated and unsecured obligations.

3. Transfers of Bonds; Issue of Certificates

(A) Register

The Issuer will cause to be kept at the specified office of the Registrar and in accordance with the terms of the Agency Agreement the Register on which shall be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers, redemptions and exchanges of the Bonds. Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding of the Bonds.

(B) Transfer

The Bonds may, subject to Condition 3(E), 3(F) and 3(G) and the terms of the Agency Agreement, be transferred or exchanged in whole or in part in an Authorised Denomination by delivery of the Certificate issued in respect of that Bond, with the form of transfer on the back duly completed and signed by the holder or his attorney duly authorised in writing, at all reasonable times during normal business hours (being between 9:00 a.m. and 3:00 p.m. (local time at the location of the relevant specified office), Monday to Friday except for public holidays) (the "**Normal Business Hours**"), to the specified office of the Registrar or any of the Transfer Agents. No transfer of a Bond will be valid unless and until entered on the Register. A Bond may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

(C) Delivery of New Certificates

Each new Certificate to be issued upon a transfer or exchange of Bonds will, within seven business days of receipt by the Registrar or, as the case may be, any relevant Transfer Agent of the original Certificate and the form of transfer duly completed and signed, be made available for collection all reasonable times during Normal Business Hours at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Bonds (free of charge to the holder and at the Issuer's expense but if mailed otherwise than by ordinary mail at the request of the holder, then at the expense of such holder) to the address specified in the form of

transfer. The form of transfer is available at the specified office of the Registrar or the Principal Agent at all reasonable times during Normal Business Hours.

Except in the limited circumstances described in the Global Certificate (see "The Global Certificate"), owners of interests in Bonds represented by the Global Certificate will not be entitled to receive physical delivery of Certificates.

Where only part of a principal amount of the Bonds (being that of one or more Bonds) in respect of which a Certificate is issued is to be transferred, exchanged, redeemed or repurchased, a new Certificate in respect of the Bonds not so transferred, exchanged, redeemed or repurchased will, within seven business days of delivery of the original Certificate to the Registrar or, as the case may be, any Transfer Agent, be made available for collection at all reasonable times during Normal Business Hours at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred, exchanged, redeemed or repurchased (free of charge to the holder and at the Issuer's expense but if mailed otherwise than by ordinary mail at the request of the holder, then at the expense of such holder) to the address of such holder appearing on the Register.

For the purposes of this Condition 3 and Condition 6, "**business day**" means a day (other than a Saturday or Sunday or a public holiday) on which commercial banks are generally open for business in London, Hong Kong and the city in which the specified office of the Registrar or the relevant Transfer Agent, with whom a Certificate is deposited in connection with a transfer or exchange, is located.

(D) Formalities Free of Charge

Registration of a transfer of Bonds and issuance of new Certificates will be effected without charge subject to (a) the person making such application for transfer paying or procuring the payment (or giving of such indemnity and/or security as the Registrar or the relevant Transfer Agent may require) of any taxes, duties and other governmental charges in connection therewith, (b) the Registrar being satisfied with the documents of title and/or identity of the person making the application and (c) the regulations concerning transfers and registration of Bonds scheduled to the Agency Agreement (as the same may be amended from time to time).

(E) Restricted Transfer Periods

No Bondholder may require the transfer of a Bond to be registered (a) during the period of ten days ending on (and including) the date for payment of any principal pursuant to these Conditions; (b) during the period of ten days ending on (and including) the date for any redemption by the Issuer pursuant to Condition 8(B) or Condition 8(C); (c) after an Exchange Notice (as defined in Condition 6(B)(i)) has been delivered with respect to such Bond; (d) after a Change of Control Event Put Exercise Notice (as defined in Condition 8(D)), a Delisting Event Put Exercise Notice (as defined in Condition 8(E)) or an Optional Put Exercise Notice (as defined in Condition 8(F)) has been deposited in respect of such Bond pursuant to Condition 8(D), Condition 8(E) or Condition 8(F), as the case may be; or (e) during the period of ten days ending on (and including) any Interest Record Date (as defined in Condition 7(A)). Each such period is a "**Restricted Transfer Period**."

(F) Regulations

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer and registration of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Trustee and the Registrar, or by the Registrar, with the prior written approval of the Trustee. A copy of the current regulations will be mailed (free of charge to the holder and at the Issuer's expense but if mailed otherwise than by ordinary mail at the request of the holder, then at the expense of such holder) by the Registrar to any Bondholder following written request and satisfactory proof of holding.

(G) Transfer Restriction Under Korean Law

The Bonds may not be offered, sold or otherwise transferred to a Korean resident (as such term is defined in the Foreign Exchange Transactions Law of Korea) on or prior to 10 July 2026, the first anniversary of the Issue Date.

4. Negative Pledge

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of its Principal Subsidiaries will, create any mortgage, charge, lien, pledge or other security interest upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined below) or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds (a) the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or (b) such other security as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders. For the avoidance of doubt, electronically registering or depositing securities with the Korea Securities Depository ("**KSD**") will not be deemed as creating any mortgage, charge, lien, pledge or other security interest upon such securities.

In these Conditions:

"**Principal Subsidiary**" means:

(a) any Subsidiary (as defined below) of the Issuer, under Korean international financial reporting standards:

(i) whose revenue, as shown by the then latest audited accounts (consolidated where applicable) of such Subsidiary, constitutes at least ten per cent. of the consolidated revenue of the Issuer as shown by the then latest audited consolidated accounts of the Issuer; or

(ii) whose total assets, as shown by the then latest audited accounts (consolidated where applicable) of such Subsidiary, constitute at least ten per cent. of the total consolidated assets of the Issuer as shown by the then latest audited consolidated accounts of the Issuer,

provided that:

(A) in the case of a Subsidiary acquired, or a company becoming a Subsidiary, after the end of the financial period to which the latest audited consolidated accounts of the Issuer relate, the reference to the then latest audited consolidated accounts of the Issuer for the purposes of the calculation above shall, until audited consolidated accounts of the Issuer for the financial period in which the acquisition is made or, as the case may be, in which the relevant company becomes a Subsidiary are published, be deemed to be a reference to the then latest audited consolidated accounts of the Issuer adjusted to consolidate the last audited accounts (consolidated where applicable) of such Subsidiary in such accounts;

(B) if at any relevant time in relation to the Issuer or any Subsidiary in respect of which financial consolidation is relevant, no consolidated accounts are prepared and audited, revenue and total assets of the Issuer and/or any such Subsidiary shall be determined on the basis of pro-forma consolidated accounts prepared for this purpose as of the date of the latest audited accounts of the Issuer by the auditors for the time being of the Issuer;

(C) if at any relevant time in relation to any Subsidiary no accounts are audited, its revenue and total assets (consolidated where applicable) shall be determined on the basis of pro-forma accounts (consolidated where applicable) of the relevant Subsidiary prepared for this purpose as of the date of the latest audited accounts of the Issuer by the auditors for the time being of the Issuer; and

(D) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (A) above) are not consolidated with those of the Issuer, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a pro-forma consolidation of its accounts (consolidated where applicable) with the then latest consolidated audited accounts (determined on the basis of the foregoing) of the Issuer; or

(b) any Subsidiary of the Issuer to which is transferred all or substantially all of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary;

"**Relevant Indebtedness**" means any future or present indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures or other similar securities or instruments which (i) for the time being are, or are intended to be quoted, listed, dealt in or traded on any stock exchange or over-the-counter market outside Korea (whether or not initially distributed by way of private placement) and (ii) either are by their terms payable, or confer a right to receive payment, in any currency other than Won or are denominated in Won and more than 50% of the aggregate principal amount thereof is initially distributed outside Korea by or with the authorisation of the issuer thereof; and

a "**Subsidiary**" of any person means (a) any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity, or (b) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the laws, regulations or generally accepted accounting principles of the jurisdiction of incorporation of such person from time to time, should have its accounts consolidated with those of that person.

5. Interest

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 1.75 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.$875 per Calculation Amount (as defined below) on 10 January and 10 July of each year (each an "**Interest Payment Date**"), commencing on 10 January 2026.

Each Bond will cease to bear interest:

(i) where the Exchange Right (as defined in Condition 6(A)) attached to it has been exercised by a Bondholder, from and including the Interest Payment Date immediately preceding the relevant Exchange Date (as defined in Condition 6(B)(i)), or if none, the Issue Date, subject to exchange of the relevant Bonds in accordance with Condition 6(B), or

(ii) where such Bond is redeemed or repaid pursuant to Condition 8 or Condition 10, from the due date for redemption or repayment thereof, unless, upon due presentation thereof, payment of the full amount due is improperly withheld or refused. In such event, such unpaid amount will continue to bear interest at 4.75 per cent. per annum (both before and after judgement) from the date of default up to but excluding whichever is the earlier of (x) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (y) the day which is seven days after the Trustee or the Principal Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**."

Interest in respect of any Bond shall be calculated per U.S.$100,000 in principal amount of the Bonds (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period, save as provided above in relation to equal instalments, shall be equal to the product of 1.75 per cent., the Calculation Amount and the day-count fraction (determined in the same manner as stated above in this Condition 5) for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

6. Exchange

(A) Exchange Right

(i) *Exchange Period*: Subject as provided in these Conditions, each Bond shall entitle the holder to exchange such Bond into Shares (as defined in Condition 6(A)(iv)) credited as fully paid or Exchange Property (as defined in Condition 6(A)(v)) at any time during the Exchange Period referred to below (the "**Exchange Right**").

Subject to and upon compliance with the Conditions, the Exchange Right in respect of a Bond may be exercised, at the option of the holder thereof, at any time (subject to any applicable fiscal or other laws or regulations and as hereinafter provided) on or after 20 August 2025 up to the close of business (being 3:00 p.m.) (at the place where the Certificate evidencing such Bond is deposited for exchange) on the date which falls ten days prior to the Maturity Date (or if such day is not a business day, then up to the close of business (being 3:00 p.m.) on the immediately preceding business day) (both days inclusive) (but, except as provided in Condition 6(A)(iii), in no event thereafter) or, if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to and including the close of business (being 3:00 p.m.) (at the place aforesaid) on a date no later than ten days (in the place aforesaid) prior to the date fixed for redemption thereof (the "**Exchange Period**").

An Exchange Right may not be exercised (a) in respect of a Bond where the holder shall have exercised its right to require the Issuer to redeem or repurchase such Bond pursuant to Condition 8(D), Condition 8(E) or Condition 8(F) or (b) except as provided in Condition 6(A)(iii), following the giving of notice by the Trustee to declare the Bonds immediately due and payable pursuant to Condition 10.

The price at which Shares will be delivered upon exercise of an Exchange Right (the "**Exchange Price**") will initially be ₩429,650 per Share, but will be subject to adjustment in the circumstances and manner described in Condition 6(C).

The number of Shares to be delivered on exchange of a Bond shall be determined by dividing the principal amount of the Bonds to be exchanged (translated into Won at the fixed exchange rate of ₩1,358.1 = U.S.$1.00 (the "**Fixed Exchange Rate**")) by the Exchange Price in effect on the relevant Exchange Date (as defined below). An Exchange Right may only be exercised in respect of one or more Bonds. If more than one Bond held by the same holder is exchanged at any one time by the same holder, the number of Shares to be delivered upon such exchange will be calculated on the basis of the aggregate principal amount of the Bonds to be exchanged.

Upon exercise of Exchange Rights in relation to the entire principal amount of any Bond and the fulfilment by the Issuer of all its obligations in respect thereof, the relevant Bondholder shall have no further rights in respect of such Bond and the obligations of the Issuer in respect thereof shall be extinguished.

(ii) *Fractions of Shares*: Fractions of Shares (or Exchange Property Securities (as defined in Condition 6(A)(v))) will not be delivered on exchange and no cash payment or other adjustment will be made in lieu thereof. However, if the Exchange Right in respect of more than one Bond is exercised at any one time such that Shares (or Exchange Property Securities) to be delivered on exchange are to be registered in the same name, the number of such Shares (or Exchange Property Securities) to be delivered in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being so exchanged and rounded down to the nearest whole number of Shares (or Exchange Property Securities).

Notwithstanding the foregoing, in the event of a consolidation or re-classification of Shares (or Exchange Property Securities) by operation of law or otherwise occurring after the Issue Date which reduces the number of Shares (or Exchange Property Securities) outstanding, the Issuer will upon exchange of Bonds pay in cash in U.S. dollars a sum equal to such portion of the principal amount of the Bond or Bonds evidenced by the Certificate deposited in connection with the exercise of Exchange Rights, aggregated as provided in Condition 6(A)(i), as corresponds to any fraction of a Share (or Exchange Property Securities) not delivered as a result of such consolidation or re-classification

aforesaid, provided that such sum exceeds U.S.$10.00 (which sum shall be translated to U.S. dollars at the Fixed Exchange Rate). Any such sum shall be paid not later than five Stock Exchange Business Days after the relevant Exchange Date by transfer to a U.S. dollar account maintained by the payee with, a bank in New York City, in accordance with instructions given by the relevant Bondholder in the Exchange Notice.

(iii) *Revival and/or survival after Default*: Notwithstanding the provisions of Condition 6(A)(i), if (a) the Issuer shall default in making payment in full in respect of any Bond which shall have been called or put for redemption on the date fixed for redemption thereof; (b) any Bond has become due and payable prior to the Maturity Date by reason of the occurrence of any of the events under Condition 10; or (c) any Bond is not redeemed on the Maturity Date in accordance with Condition 8(A), the Exchange Right attaching to such Bond will revive and/or will continue to be exercisable up to, and including, the close of business (being 3:00 p.m.) (at the place where the Certificate evidencing such Bond is deposited for exchange) on the date upon which the full amount of the moneys payable in respect of such Bond has been duly received by the Principal Agent or the Trustee and notice of such receipt has been duly given to the Bondholders in accordance with Condition 11 and notwithstanding the provisions of Condition 6(A)(i), any Bond in respect of which the Certificate and Exchange Notice (as defined in Condition 6(B)(i) below) are deposited for exchange prior to the close of business (being 3:00 p.m.) (at the place aforesaid) on such date shall be exchanged on the relevant Exchange Date (as defined below) notwithstanding that the full amount of the moneys payable in respect of such Bond shall have been received by the Principal Agent or the Trustee before such Exchange Date or that the Exchange Period may have expired before such Exchange Date. For the avoidance of doubt, nothing in this Condition 6(A)(iii) shall permit any Bondholder to both have Shares delivered to it pursuant to Condition 6(B)(iv) (or Exchange Property delivered to it pursuant to Condition 6(A)(v), if applicable) and receive payment of the principal amount of such Bond.

(iv) *Meaning of "Shares"*: As used in these Conditions, the expression "Shares" means common shares of par value ₩5,000 each of KSOE or shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of KSOE.

(v) *Substitution of Exchange Property for Shares following a consolidation, amalgamation or merger of KSOE*:

(x) If (i) KSOE consolidates with, merges or amalgamates into, or sells or transfers its assets substantially as an entirety to, any person and (ii) the holders of the Shares receive stock, other securities or other property or assets (including cash or any combination thereof) in exchange for their Shares (a "**Company Corporate Event**"), each outstanding Bond shall become exchangeable into such stock, other securities or other property or assets (including cash or any combination thereof) receivable upon consummation of such Company Corporate Event by a holder of the number of Shares which would have been delivered upon exchange of such Bond immediately prior to such Company Corporate Event (the "**Exchange Property**") and a Bondholder shall be entitled to receive Exchange Property in lieu of Shares upon exercise of its Exchange Right.

(y) To the extent that the issuer of any securities comprising the Exchange Property ("**Exchange Property Securities**") takes any action with respect to such securities that is described under Condition 6(C) that would have required an adjustment to the Exchange Price if such securities had been the Shares and KSOE had taken such action, then the number of Exchange Property Securities deliverable upon exchange of a Bond shall be adjusted as determined by an Independent Investment Bank to appropriately reflect such event in a manner analogous to the adjustments that would have been made to the Exchange Price of the Shares in such circumstances.

(z) The Issuer shall monitor all corporate actions by the issuer of any Exchange Property Securities, including, but not limited to, the declaration and distribution of dividends, interest, rights issues, bonus issues, capital distributions, reorganisations, subdivisions, consolidations, reclassifications, and offers for such Exchange Property Securities. The

Issuer shall give notice to the Trustee and the Agents of any conversion of the Shares into Exchange Property or any further change in composition of the Exchange Property as soon as reasonably practicable following such conversion or change, and shall give such details in writing as the Trustee or the Agents may reasonably request of the Exchange Property to which the Bondholders would be entitled upon exercise of the Exchange Rights following such conversion or change. The Issuer shall give notice of any such conversion or change to the Bondholders as soon as practicable in accordance with Condition 11 and, for so long as the Bonds are listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the rules of the SGX-ST so require, the Issuer shall also give notice of any such conversion or change to the SGX-ST.

(B) Exchange Procedure

(i) *Exchange Notice*

Exchange Rights may be exercised by a Bondholder at his own expense during the Exchange Period by delivering the relevant Bond (and any certificates and other documents as may be required by applicable law) to the specified office of any Exchange Agent, during its usual business hours, accompanied by two duly completed and signed notices of exchange (in duplicate) (an "**Exchange Notice**") in the form (for the time being current) obtainable from any Exchange Agent.

Exchange Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Exchange Agent to whom the relevant Exchange Notice is delivered is located.

If such delivery is made later than 3:00 p.m. on any day or on a day which is not a business day in the place at the specified office of the relevant Exchange Agent (which as of the Issue Date shall be at Citibank, N.A., London Branch, c/o 1 North Wall Quay, Dublin 1, Ireland), such delivery shall be deemed for all purposes of these Conditions to have been made on the next following such business day.

An Exchange Notice, once delivered, shall be irrevocable.

Any determination as to whether any Exchange Notice has been duly completed and properly delivered shall be made by the Issuer, or the relevant Exchange Agent on its behalf (following consultation with the Issuer) and shall, save in the case of manifest error, be conclusive and binding on the Issuer, the Trustee, the Agents and the relevant Bondholder. The Issuer, or the relevant Exchange Agent (following consultation with the Issuer), may reject any incomplete or incorrect Exchange Notice. All costs and expenses incurred or caused by an incomplete or incorrect Exchange Notice shall be for the account of the relevant Bondholder.

A Bondholder exercising Exchange Rights will be required to certify in the relevant Exchange Notice (a "**U.S. Certification**") that (i) such exchange is being made outside of the United States (as such term is defined in Regulation S ("**Regulation S**") under the United States Securities Act of 1933 (the "**Securities Act**")), (ii) it understands that the Shares (or Exchange Property) to be delivered upon exchange of such Bonds has not been and will not be registered under the Securities Act and agrees that (x) if it, or any person for whom it is acquiring Shares (or Exchange Property), should offer, sell, pledge or otherwise transfer such Shares (or Exchange Property), it, or such person, will only do so in compliance with the Securities Act and other applicable laws and only in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, and in accordance with any applicable securities law of any State of the United States, and (y) it and any person for whom it is acquiring Shares (or Exchange Property) may not, subject to restrictions under U.S. securities laws, deposit or cause to be deposited any of such Shares (or Exchange Property Securities) in any unrestricted depositary receipt facility for the Shares (or Exchange Property Securities) which is existing or may be created in the United States. If such U.S. Certification is not provided, the relevant Exchange Notice shall be void.

Exchange Rights may only be exercised in respect of an Authorised Denomination. Where Exchange Rights are exercised in respect of part only of a Bond, the old Bond shall be cancelled and a new Bond for the balance thereof shall be issued in lieu thereof

without charge but upon payment by the holder of any taxes, duties and other governmental charges payable in connection therewith and the Registrar will within seven business days, in the place of the specified office of the Registrar, following the relevant Exchange Date deliver such new Bond to the relevant Bondholder at the specified office of the Registrar or (at the risk and, if mailed at the request of the Bondholder otherwise than by ordinary mail, at the expense of the Bondholder) mail the new Bond by uninsured mail to such address as the Bondholder may request.

The exchange date in respect of a Bond (the "**Exchange Date**") in respect of which the Exchange Right shall have been exercised by a Bondholder will be the business day in Seoul on which the delivery of the Exchange Notice and the relevant Bond (and any other documents as may be required by applicable law) has been made as provided in this Condition 6(B)(i) (determined by reference to the date and time in Seoul at the time of delivery no matter where delivery is made) and, if applicable, the making of any payment to be made and the giving of any indemnity and/or security to be given under these Conditions in connection with the exercise of the Exchange Right. For purposes of the Korean Commercial Code, the request for exchange shall be deemed to have been made at 23:59, Seoul time on the Exchange Date. In this Condition 6(B)(i), "**business day in Seoul**" shall mean a day other than a Saturday or Sunday on which banks are open for business in Seoul.

Upon exercise of Exchange Rights, a Bondholder shall, in the relevant Exchange Notice, specify a dollar account with a bank to which any cash amount payable on or in respect of the exercise of Exchange Rights by that Bondholder shall be credited and the Issuer shall pay such sum to the relevant Bondholder in accordance with any such directions.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and Clearstream, communications between the Conversion Agent and the Bondholders will be effected through Euroclear and Clearstream.

(ii) *Stamp Duty etc.*

A Bondholder exercising Exchange Rights will pay any stamp, registration, documentary, transfer or other similar taxes or duties (including penalties) arising on the transfer or delivery of Shares (or Exchange Property) pursuant to the exercise of Exchange Rights which are payable or imposed in Korea.

In addition, each Bondholder must pay all, if any, taxes imposed on it and arising by reference to any disposal or deemed disposal of a Bond or interest therein in connection with the exercise of Exchange Rights by it.

Subject to the above, the Issuer shall pay to the relevant authorities any other taxes and capital, stamp, issue, registration, documentary, transfer or other duties (including penalties) arising in any jurisdiction not mentioned above on exchange, and all other costs, fees and expenses in connection with the transfer or delivery of the Shares (or Exchange Property) on exercise of Exchange Rights, including the costs, fees and expenses of any custodian, depositary, agent or other entity facilitating the relevant transfer or delivery.

Neither the Trustee nor any Agent shall be responsible for determining whether any such taxes, duties, costs, fees or expenses are payable or the amount thereof and they shall not be responsible or liable for any failure by the Issuer and/or the Bondholders to pay any such taxes, duties, costs, fees or expenses or to determine the sufficiency of any amount so paid.

If the Issuer shall fail to pay any expenses for which it is responsible as provided above, the relevant Bondholder shall be entitled to tender and pay the same and the Issuer as a separate and independent stipulation, covenants to reimburse each such Bondholder in respect of the payment of such expenses and any penalties payable in respect thereof.

(iii) *Transaction Report and Custodian*

The Bondholder must file an over-the-counter transaction report of the acquisition with the Governor of the Korean Financial Supervisory Service through the KSD without undue delay after acquisition of the Shares (or Exchange Property Securities) pursuant to the exercise of its Exchange Right if then required.

The Bondholder must check whether the over-the-counter transaction report of the acquisition with the Governor of the Korean Financial Supervisory Service is required at the time of its exercise of the Exchange Right.

On or prior to delivering an Exchange Notice, a Bondholder exercising its Exchange Right or the person named in the relevant Exchange Notice to receive the delivery of any Shares (or Exchange Property Securities) on exchange must appoint an eligible custodian in Korea with which Shares (or Exchange Property Securities) will be kept in custody. For the avoidance of doubt, under Korean law, only Korean foreign exchange banks, including domestic branches of foreign banks, financial investment companies with a dealing, brokerage or collective investment business licence, including domestic branches of foreign financial investment companies with a dealing, brokerage or collective investment business licence, the KSD and internationally recognised custodians are eligible to act as a custodian of shares for a non-resident or foreign investor. In addition, a foreign investor must ensure that such foreign investor's custodian deposits or electronically registers its shares with the KSD; provided that, except for the electronic registration requirement, a foreign investor may be exempt from complying with this deposit requirement with the approval of the Governor of the Financial Supervisory Service in circumstances where compliance with such deposit requirement is made impracticable, including cases where compliance would contravene the laws of the home country of such foreign investor.

No Shares (or Exchange Property Securities) will be delivered to a Bondholder or a person owning a beneficial interest therein unless such Bondholder or person satisfies the foregoing conditions.

(iv) *Delivery of Shares and/or Exchange Property*

Other than where the Issuer has elected the Cash Settlement Option and in respect of the Shares (or Exchange Property) to which such election relates, the Issuer shall, as soon as practicable, and in any event not later than the Settlement Date (a) effect delivery of the relevant Shares (or Exchange Property Securities) through the KSD (or if the relevant securities are issued by a company incorporated outside Korea, in accordance with directions given by the relevant Bondholder in the Exchange Notice) to the person designated for the purpose in the relevant Exchange Notice and (b) procure that such documents of title and evidence of ownership of any other Exchange Property (to the extent not constituting Exchange Property Securities) to be delivered on exercise of Exchange Rights shall be despatched and that payment of any part of the Exchange Property comprising cash to be delivered on exercise of Exchange Rights (converted into U.S. dollars at the Prevailing Rate on the relevant Settlement Date less any customary fees and expenses and other deductions required by law or regulation) shall be made, in each case in accordance with directions given by the relevant Bondholder in the Exchange Notice;

Notwithstanding the above (and only where delivery is contemplated through the KSD), in the event that the Issuer delivers a certificate to the Principal Agent signed by an Authorised Officer to the effect that the KSD has been closed for a continuous period of two or more days (excluding Saturdays and Sundays and save by reason of holidays, statutory or otherwise) in the period from (and including) the Exchange Date to (but excluding) the Settlement Date, then the Issuer will notify the relevant Bondholder in accordance with Condition 11 or at the address of the Bondholder specified in the relevant Exchange Notice (as the Issuer may determine) and the date for such delivery shall be the later of the Settlement Date and the earliest practicable date on which the relevant Shares (or Exchange Property Securities) may be delivered by or through the KSD.

Neither the Trustee nor the Agents shall be responsible or liable to any person for any delay in the delivery of any Shares (or Exchange Property) following exercise of Exchange Rights. The Issuer shall not be responsible or liable to any person for any delay in the delivery of any Shares (or Exchange Property) following exercise of Exchange Rights arising as a result of a failure by the relevant Bondholder to supply all information and details as required by the relevant Exchange Notice.

If (A) the Exchange Date in relation to the exchange of any Bond shall be after the record date for any issue, distribution, grant, offer or other event as gives rise to an adjustment of the Exchange Price pursuant to Condition 6(C), and (B) the Exchange Date in relation to such exercise shall be before the date on which such adjustment to the Exchange Price becomes effective under the relevant Condition (any such adjustment, a "**Retroactive Adjustment**"), upon the relevant adjustment to the Exchange Price becoming effective under the relevant Condition, the Issuer shall procure the delivery or issue to the exchanging Bondholder in accordance with the instructions contained in the Exchange Notice (subject to applicable exchange control or other laws or other regulations), such additional number of Shares (or Exchange Property Securities) as is, together with Shares (or Exchange Property Securities) delivered or to be delivered on exchange of the Bond(s), equal to the number of Shares (or Exchange Property Securities) which would have been required to be delivered on exchange of such Bond if the relevant adjustment to the Exchange Price had been made and become effective on or immediately prior to the relevant Exchange Date and in such event and in respect of such additional number of Shares (or Exchange Property Securities), references in this Condition 6(B)(iv) to the Exchange Date shall be deemed to refer to the date upon which the Retroactive Adjustment becomes effective (notwithstanding that the date upon which it becomes effective falls after the end of the Exchange Period).

(v) *Dividend on the Shares (or Exchange Property Securities)*: If the Shares (or Exchange Property Securities) are delivered upon exchange of any Bond after the record date with respect to Dividends, rights, allotments or other distributions payable to the shareholders of KSOE (or the issuer of the Exchange Property Securities, if applicable), the holder of such Shares (or Exchange Property Securities) will not be entitled to receive any such Dividends, rights, allotments or other distributions payable to the shareholders of KSOE (or the issuer of the Exchange Property Securities, if applicable) with respect to that record date. Subject to the previous sentence, the Shares (or Exchange Property Securities) delivered upon exchange of the Bonds will in all respects rank *pari passu* with the Shares (or Exchange Property Securities) in issue on the relevant Exchange Date (except for any right the record date for which precedes such Exchange Date and any other right excluded by mandatory provisions of applicable law).

(vi) *Cash Settlement:*

Notwithstanding the Exchange Right of each Bondholder in respect of each Bond, at any time when the delivery of Shares (or Exchange Property Securities) deliverable upon exchange of the Bonds is required to satisfy the Exchange Right in respect of an Exchange Notice, the Issuer shall have the option to pay to the relevant Bondholder the Cash Settlement Amount (as defined below) in order to satisfy such Exchange Right in full or in part (in which case the other part shall be satisfied by the delivery of Shares (or Exchange Property Securities)) (the "**Cash Settlement Option**"). In order to exercise the Cash Settlement Option, the Issuer shall provide notice of the exercise of the Cash Settlement Option (the "**Cash Settlement Notice**") to the relevant Bondholder as soon as practicable but no later than the third Stock Exchange Business Day following the date of receipt by the Issuer of the Exchange Notice (the "**Cash Settlement Notice Date**"). The Cash Settlement Notice must specify the number of Shares (or Exchange Property Securities) in respect of which the Issuer will make a cash payment in the manner described in this Condition 6. The Issuer shall pay the Cash Settlement Amount no later than the 23rd Stock Exchange Business Day following the Cash Settlement Notice Date. If the Issuer exercises its Cash Settlement Option in respect of Bonds held by more than one Bondholder which are to be exchanged on the same Exchange Date, the Issuer shall make the same proportion of cash and Shares (or Exchange Property Securities) available to such exchanging Bondholders.

If the Issuer is at any time unable for any reason whatsoever to deliver Shares (or Exchange Property Securities) in satisfaction of the Exchange Right of any exchanging Bondholder, the Issuer undertakes to exercise the Cash Settlement Option in full, or to the extent required, to satisfy the Exchange Right of the Bondholder.

For the purposes of these Conditions:

"**Cash Settlement Amount**" means the product of (a) the number of Shares (or Exchange Property Securities) otherwise deliverable upon exercise of the Exchange Right in respect of the Bond(s) to which the Exchange Notice applies, and in respect of which the Issuer has exercised the Cash Settlement Option and (b) the Market Price of the Shares (or Exchange Property Securities);

"**Market Price**" means the arithmetic average of the Volume Weighted Average Price of the Shares (or Exchange Property Securities) (translated into US dollars at the Prevailing Rate on such day) for each day during the 20 consecutive Stock Exchange Business Days immediately after the Cash Settlement Notice Date; and

"**Won**" or "**₩**" means the lawful currency for the time being of the Republic of Korea.

(C) Adjustments to Exchange Price

The Exchange Price will be subject to adjustment as follows:

(1) **Consolidation, Subdivision, Reclassification or Capital Reduction**: If and whenever there shall be an alteration to the par value of the Shares as a result of consolidation, subdivision, reclassification or capital reduction (or any like or similar event) the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

Where:

A is the aggregate number of Shares in issue immediately before such alteration; and

B is the aggregate number of Shares in issue immediately after such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

(2) **Share Dividends, Capitalisation of Profits or Reserves**:

(i) If and whenever KSOE shall issue any Shares credited as fully paid to the holders of Shares (the "**Shareholders**") by way of share Dividends or capitalisation of profits or reserves (including Shares paid up out of distributable profits or reserves and/or share premium account) other than any Scrip Dividend (as defined in Condition 6(F) below) which would not have constituted a Dividend (as defined in Condition 6(F) below), the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

Where:

A is the aggregate number of Shares in issue immediately before such issue; and

B is the aggregate number of Shares in issue immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date; provided that in the case of a share Dividend, free distribution or bonus issue which must, under applicable Korean law, be submitted for approval to a general meeting of shareholders or be approved by a meeting of the board of directors of KSOE before being legally paid or made, and which is so approved after the record date fixed for the determination of shareholders entitled to receive such distribution, such adjustment shall, immediately after such approval being given by such meeting, become effective retroactively to immediately after such record date.

(ii) and to the extent permissible under applicable laws, in the case of an issue of Shares by way of a Scrip Dividend where the Current Market Price of such Shares

on the date of the announcement of such a Scrip Dividend exceeds the amount of the Relevant Cash Dividend (as defined in Condition 6(F) below) or the relevant part thereof for which such Shares are being issue in lieu and which would not have constituted a Dividend, the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately before the issue of such Shares by the following fraction:

$$\frac{A+B}{A+C}$$

Where:

A is the aggregate par amount of the issued Shares immediately before such issue;

B is the aggregate par amount of Shares issued by way of such Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part for which such Shares are being issue in lieu, of the Relevant Cash Dividend and (ii) the denominator is the aggregate amount of the Current Market Price of the Shares issued by way of Scrip Dividend in respect of each existing Share in lieu of the whole, or the relevant part, of the Relevant Cash Dividend; and

C is the aggregate par amount of Shares issued by way of such Scrip Dividend,

or by making such other adjustment as an Independent Investment Bank (acting as an expert) shall certify to the Trustee is fair and reasonable.

Such adjustment shall become effective on the date of issue of such Shares or, if a record date is fixed therefor, immediately after such record date.

(3) **Distributions**: If and whenever KSOE shall pay or make any Dividend to the Shareholders (except where the Exchange Price becomes subject to adjustment under Condition 6(C)(2) above), the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately before such Dividend by the following fraction:

$$\frac{A-B}{A}$$

Where:

A is the Current Market Price of one Share on the date on which the Dividend is first publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the Dividend attributable to one Share.

Such adjustment shall become effective on the Effective Date or, if later, the first date upon which the Fair Market Value of the relevant Dividend is capable of being determined as provided herein; provided that in the case of payment of a Dividend to the Shareholders which must, under applicable Korean law, be submitted for approval to a general meeting of shareholders or be approved by a meeting of the board of directors of KSOE before being legally paid or made, and which is so approved after the record date fixed for the determination of shareholders entitled to receive such Dividend, such adjustment shall, immediately after such approval being given by such meeting, become effective retroactively to immediately after such record date.

(4) **Rights Issues of Shares or Options over Shares**: If and whenever KSOE shall issue Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares, in each case at less than 95 per cent. of the Current Market Price per Share on the date of the announcement of the terms of the issue or grant, the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately before such issue or grant by the following fraction:

$$\frac{A+B}{A+C}$$

Where:

A is the number of Shares in issue immediately before such announcement;

B is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights or for the options or warrants or other rights issued or granted by way of rights and for the total number of Shares comprised therein would subscribe for, purchase or otherwise acquire at such Current Market Price per Share; and

C is the aggregate number of Shares issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants, as the case may be.

(5) **Rights Issues of Other Securities**: If and whenever KSOE shall issue any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares) to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares), the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately before such issue or grant by the following fraction:

$$\frac{A-B}{A}$$

Where:

A is the Current Market Price of one Share on the date on which such issue or grant is publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue of the securities or the issue or grant of such rights, options or warrants (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants, as the case may be.

(6) **Other Events**: If the Issuer determines that an adjustment should be made to the Exchange Price as a result of one or more events or circumstances not referred to in this Condition 6, the Issuer shall, at its own expense, consult an Independent Investment Bank to determine as soon as practicable what adjustment (if any) to the Exchange Price is fair and reasonable to take account thereof, if the adjustment would result in an increase or a reduction in the Exchange Price, and the date on which such adjustment should take effect and upon such determination by the Independent Investment Bank such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that where the events or circumstances giving rise to any adjustment pursuant to this Condition 6 have already resulted or will result in an adjustment to the Exchange Price or where the events or circumstances giving rise to any adjustment arise by virtue of events or circumstances which have already given rise or will give rise to an adjustment to the Exchange Price, such modification (if any) shall be made to the operation of the provisions of this Condition 6 as may be advised by the Independent Investment Bank to be in its opinion appropriate to give the intended result.

(D) Undertakings

The Issuer has undertaken in the Trust Deed, *inter alia*, that so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution of the Bondholders it will

use its commercially reasonable efforts to maintain the listing of the Bonds on the SGX-ST and if the Issuer is unable to maintain such listing or such listing is unduly onerous, to use its commercially reasonable efforts to obtain and maintain a listing on another internationally recognised stock exchange as the Issuer may from time to time determine and will forthwith give notice to the Bondholders in accordance with Condition 11 of the listing or delisting of the Bonds by any such stock exchange.

In the Trust Deed, the Issuer has also undertaken, *inter alia,* that so long as any Bond remains outstanding, it will, to the extent required under applicable law, (i) maintain ownership of the full number of the Shares (or Exchange Property Securities) required to be delivered upon exchange of all outstanding Bonds at the initial Exchange Price and deposit and entrust such Shares (or Exchange Property Securities) with and to the KSD for the benefit of the Bondholders and (ii) in the event that additional Shares (or Exchange Property Securities) may be required to be delivered due to a change in the initial Exchange Price, procure that such additional Shares (or Exchange Property Securities) be entrusted with and to the KSD for the benefit of the Bondholders.

The Issuer and the Korea Securities Depository will enter into an exchange share deposit and entrust agreement, pursuant to which the legal title and ownership of the Shares (or Exchange Property Securities) will be transferred to the Korea Securities Depository on trust, and the Korea Securities Depository would become the registered legal holders of the Shares as trustee for the benefit of the Bondholders. Accordingly, such Shares (or Exchange Property Securities) will be ring fenced for the benefit of the Bondholders and will not form part of the assets of the Issuer available to all unsecured creditors of the Issuer in the event the Issuer becomes insolvent, bankrupt or is in liquidation. The arrangements described herein in relation to the Shares (or Exchange Property Securities) do not amount to any security interest in favour of Bondholders to secure the debt obligations of the Bonds.

The Issuer has also given certain other undertakings in the Trust Deed for the protection of the Exchange Rights.

(E) Provisions Relating to Changes in Exchange Price

(i) *Minor adjustments*: On any adjustment, the resultant Exchange Price shall be made to the nearest ₩1 with ₩0.5 being rounded down to the nearest ₩1. No adjustment shall be made to the Exchange Price if such adjustment (rounded down if applicable) would be less than 1% of the Exchange Price then in effect. Any adjustment not required to be made, and/or any amount by which the Exchange Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made. Notice of any adjustment shall be given by the Issuer to Bondholders in accordance with Condition 11 and to the Trustee and the Principal Agent in writing promptly after the determination thereof.

(ii) *Decision of an Independent Investment Bank*: If any doubt shall arise as to whether an adjustment is required to be made to the Exchange Price or as to the appropriate adjustment to the Exchange Price, and following consultation between the Issuer and an Independent Investment Bank, a written opinion of such Independent Investment Bank in respect thereof shall be conclusive and binding on the Issuer, the Bondholders and the Trustee, save in the case of manifest error.

(iii) *Minimum Exchange Price*: Notwithstanding the provisions of this Condition 6, the Issuer undertakes that: (a) the Exchange Price shall not in any event be reduced to below the par value of the Shares as a result of any adjustment hereunder unless under applicable law then in effect the Bonds may be exchanged at such reduced Exchange Price into legally issued, fully paid and non-assessable Shares; and (b) it shall not take any action, and shall procure that no action is taken, that would otherwise result in an adjustment to the Exchange Price to below such par value or any minimum level permitted by applicable laws or regulations.

(iv) *Reference to "fixed"*: Any references herein to the date on which a consideration is "fixed" shall, where the consideration is originally expressed by reference to a formula which

cannot be expressed as an actual cash amount until a later date, be construed as a reference to the first day on which such actual cash amount can be ascertained.

(v) *Multiple events*: Where more than one event which gives or may give rise to an adjustment to the Exchange Price occurs within such a short period of time that in the opinion of an Independent Investment Bank, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by such Independent Investment Bank to be in its opinion appropriate in order to give such intended result.

(vi) *Upward/downward adjustment*: No adjustment involving an increase in the Exchange Price will be made, except in the case of a consolidation, subdivision, re-classification or capital reduction (or any like or similar event) of the Shares as referred to in Condition 6(C)(1) or pursuant to Condition 6(C)(6) above. The Issuer may at any time and for a specified period of time only, following notice being given to the Trustee and the Bondholders in accordance with Condition 11, reduce the Exchange Price, subject to Condition 6(E)(iii) and the relevant applicable law.

(vii) *Not obliged to Monitor, etc.*: Neither the Trustee nor the Agents shall be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Exchange Price or to make any calculation (or verification thereof) in connection with the Exchange Price and neither the Trustee nor the Agents shall be responsible or liable to the Bondholders or any other person for any loss arising from any failure by it to do so or for any delay by the Issuer or any Independent Investment Bank in making a determination or calculation or any erroneous determination or calculation in connection with the Exchange Price.

(viii) *Notice of Change in Exchange Price*: The Issuer shall give notice to the Bondholders in accordance with Condition 11 of any change in the Exchange Price and, for so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall also give notice to the SGX-ST of any change in the Exchange Price. Any such notice relating to a change in the Exchange Price shall set forth the event giving rise to the adjustment, the Exchange Price prior to such adjustment, the adjusted Exchange Price and the effective date of such adjustment.

(ix) *Share Scheme Shares/Options*: Notwithstanding any provision in this Condition 6, no adjustment will be made to the Exchange Price when Shares or other securities (including rights or options) are issued, offered, exercised, allotted or granted to, or for the benefit of, among others, employees and/or former employees (including directors and/or former directors) of KSOE or any Subsidiary pursuant to any share option scheme, share incentive scheme, share award scheme, restricted share scheme or employee incentive plan, stock option programme or any other similar scheme under Korean law ("**Share Scheme Shares/Options**") unless any grant or issue of Share Scheme Shares/Options (which, but for this provision, would have required adjustment pursuant to Condition 6) would result in the total number of Shares which may be issued upon exercise of such Share Scheme Shares/Options representing, in aggregate, over 5%of the issued and outstanding Shares on the Issue Date, in which case only such portion of the grant or issue of Share Scheme Shares/Options that exceeds such 5% shall be taken into account in determining adjustment of the Exchange Price pursuant to Condition 6.

(F) Definitions

For the purposes of these Conditions:

"**Alternative Stock Exchange**" means at any time, in the case of the Shares (or Exchange Property Securities), if they are not at that time listed and traded on the KRX KOSPI Market, the principal stock exchange or securities market on which the Shares (or Exchange Property Securities) are then listed or quoted or dealt in;

"**Closing Price**" means, in respect of a Share for any Trading Day, the closing market price quoted by the KRX KOSPI Market or, as the case may be, the Alternative Stock Exchange for such Trading Day;

"**Current Market Price**" means, in respect of a Share on a particular date, the arithmetic average of the daily Closing Price of one Share on each of the 20 consecutive Trading Days ending on and including the Trading Day immediately preceding such date; provided that if at any time during such 20 Trading Day period the Closing Price shall have been based on a price ex-Dividend (or ex-any other entitlement) and during some other part of that period the Closing Price shall have been based on a price cum-Dividend (or cum-any other entitlement) then:

(i) if the Shares to be issued or transferred and delivered do not rank for the Dividend (or entitlement) in question, the Closing Price on the dates on which the Shares shall have been based on a price cum-Dividend (or cum-any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Share in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit; or

(ii) if the Shares to be issued or transferred and delivered rank for the Dividend or entitlement in question, the Closing Price on the dates on which the Shares shall have been based on a price ex-Dividend (or ex-any other entitlement) shall for the purpose of this definition be deemed to be the amount thereof increased by the Fair Market Value of any such Dividend or entitlement per Share in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit,

and provided that if on each of the said 20 Trading Days the Closing Price shall have been based on a price cum-Dividend (or cum-any other entitlement) in respect of a Dividend (or other entitlement) which has been declared or announced but the Shares to be issued or transferred and delivered do not rank for that Dividend (or other entitlement), the Closing Price on each of such dates shall for the purposes of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or entitlement per Share in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit;

"**Dividend**" means (i) any cash dividend or distribution of any kind by KSOE for any financial period (whenever paid and however described) and (ii) any distribution of assets in specie by KSOE for any financial period whenever paid or made and however described (and for these purposes a distribution of assets in specie includes without limitation an issue of Shares or other securities credited as fully or partly paid (other than Shares credited as fully paid to the extent an adjustment to the Exchange Price is made in respect thereof under Condition 6(C)(2)), in each case unless it comprises a purchase or redemption of Shares by or on behalf of KSOE (or a purchase of Shares by or on behalf of a Subsidiary of KSOE), where the weighted average price (before expenses) on any one day on which such purchases are made does not exceed the Current Market Price of the Shares, either (a) on that date, or (b) where an announcement has been made of the intention to purchase Shares at some future date at a specified price, on the Trading Day immediately preceding the date of such announcement and, if in the case of either (a) or (b), the relevant day is not a Trading Day, the immediately preceding Trading Day; provided that (x) any purchase or redemption of Shares made to dissenting shareholders upon exercise by dissenting shareholders of their appraisal rights under the Korean Commercial Code and the Financial Investment Services and Capital Markets Act of Korea will not constitute a Dividend and (y) any purchase or redemption of Shares effectuated through the KRX KOSPI Market will not constitute a Dividend so long as any such purchase or redemption is made in accordance with Korean law and the rules and regulations of the Korea Exchange (without giving effect to any waivers that may be obtained therefrom), is not and will not trigger a requirement for a general offer under the rules of the Korea Exchange and does not constitute purchases or redemptions made by or on behalf of KSOE of 5% or more of the Shares in any twelve-month period.

"**Effective Date**" means, in respect of Condition 6(C)(3), the first date on which the Shares are traded ex-the relevant Dividend on the Relevant Stock Exchange or, in the case of a purchase, redemption or buy back of Shares, the date on which such purchase, redemption or buy back is made;

"**Fair Market Value**" means, with respect to any property on any date, the fair market value of that property as determined by an Independent Investment Bank, provided that: (i) the Fair Market Value of a cash Dividend shall be the amount of such cash Dividend; (ii) the Fair Market Value of any other cash amount shall be the amount of such cash; (iii) where securities, options, warrants or other rights are publicly traded on a stock exchange or securities market, the Fair Market Value of such securities, options, warrants or other rights shall equal the arithmetic mean of the daily Volume Weighted Average Prices of such securities, options, warrants or other rights during the period of five Trading Days on the relevant stock exchange or securities market commencing on such date (or, if later, the first such Trading Day such securities, options, warrants or other rights are publicly traded) or such shorter period as such securities, options, warrants or other rights are publicly traded; and (iv) where securities, options, warrants or other rights are not publicly traded on a stock exchange or securities market, the Fair Market Value of such securities, options, warrants or other rights shall be determined by an Independent Investment Bank, on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per Share, the dividend yield of a Share, the volatility of such market price, prevailing interest rates and the terms of such securities, options, warrants or other rights, including as to the expiry date and exercise price (if any) thereof. Such amounts shall, in the case of (i) above, be translated into the Relevant Currency (if declared or paid or payable in a currency other than the Relevant Currency, and if the relevant Dividend is payable at the option of KSOE or a Shareholder in any currency additional to the Relevant Currency, the relevant Dividend shall be treated as payable in the Relevant Currency) at the rate of exchange used to determine the amount payable to Shareholders who were paid or are to be paid or are entitled to be paid the cash Dividend in the Relevant Currency; and in any other case, shall be translated into the Relevant Currency (if expressed in a currency other than the Relevant Currency) at the Prevailing Rate on that date. In addition, in the case of (i) and (ii) above, the Fair Market Value shall be determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit;

"**Independent Investment Bank**" means an independent investment bank of international repute (acting as an expert) selected by and appointed at the cost of the Issuer and notified in writing to the Trustee;

"**Prevailing Rate**" means, in respect of any currencies on any day, the spot rate of exchange between the relevant currencies prevailing as at or about 12:00 noon (Hong Kong time) on that date as appearing on or derived from the Relevant Page or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12:00 noon (Hong Kong time) on the immediately preceding day on which such rate can be so determined or if such rate cannot be determined by reference to the Relevant Page, the rate determined in such other manner as an Independent Investment Bank shall consider appropriate;

"**Relevant Currency**" means Korean Won or, if at the relevant time or for the purposes of the relevant calculation or determination the KRX KOSPI Market is not the Relevant Stock Exchange, the currency in which the Shares are quoted or dealt in on the Relevant Stock Exchange at such time;

"**Relevant Page**" means the USDKRW/SPOT/Mid rate as shown on the "**BFIX**" page of Bloomberg (or any successor page);

"**Relevant Stock Exchange**" means at any time, in respect of the Shares, the KRX Korea Composite Stock Price Index Market of the Korea Exchange (the "**KRX KOSPI Market**") or the Alternative Stock Exchange;

"**Settlement Date**" means, with respect to the date of the exercise of Exchange Rights, the date falling 10 Trading Days after the relevant Exchange Date;

"**Scrip Dividend**" means any Shares issued in lieu of the whole or any part of a specifically declared cash Dividend (the "**Relevant Cash Dividend**") being a Dividend which the Shareholders concerned would or could otherwise have received;

"**Stock Exchange Business Day**" means any day (other than a Saturday or Sunday) on which the Relevant Stock Exchange is open for the business of dealing in securities;

"**Trading Day**" means a day when the KRX KOSPI Market or, as the case may be an Alternative Stock Exchange (or in respect of any other security, the relevant stock exchange or securities market), is open for dealing business, provided that for the purposes of any calculation where a Closing Price is required, if no Closing Price is reported for one or more consecutive dealing days, such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days; and

"**Volume Weighted Average Price**" means, in respect of a Share or security on any Trading Day, the order book volume-weighted average price of a Share or security published by or derived (in the case of a Share) from Bloomberg page KS EQUITY VAP (Ticker: 009540) (setting weighted average) or in the case of a security (other than Shares), options, warrants or other rights, from the principal stock exchange or securities market on which such securities, options, warrants or other rights are then listed or quoted or dealt in, if any or, in any such case, such other source as shall be determined to be appropriate by an Independent Investment Bank on such Trading Day, provided that if on any such Trading Day such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Share or security, options, warrants or other rights, as the case may be, in respect of such Trading Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Trading Day on which the same can be so determined.

References to any issue or offer or grant to Shareholders "as a class" or "by way of rights" shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders, other than Shareholders by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

In making any calculation or determination of Current Market Price or Volume Weighted Average Price, such adjustments (if any) shall be made as an Independent Investment Bank considers appropriate to reflect any consolidation or sub-division of the Shares or any issue of Shares by way of capitalisation of profits or reserves, or any like or similar event.

For the purposes of Conditions 6(C)(1), 6(C)(2) and Condition 6(D) only, (a) references to the "issue" of Shares or Shares being "issued" shall include the transfer and/or delivery of Shares, whether newly issued and allotted or previously existing or held by or on behalf of KSOE or any of its Subsidiaries, and (b) Shares held by or on behalf of KSOE or any of its Subsidiaries (and which, in the case of Condition 6(C)(4), do not rank for the relevant right or other entitlement) shall not be considered as or treated as "in issue" or "issued," or entitled to receive the relevant Dividend, right or other entitlement.

7. Payments

(A) Method of Payment

Payment of principal, interest, Early Redemption Amount (if any) and default interest (if any) will be made by transfer to the registered account of the Bondholder. Such payment will only be made after surrender of the relevant Certificate at the specified office of any of the Agents.

References in these Conditions, the Trust Deed and the Agency Agreement to principal in respect of any Bond shall, where the context so permits, be deemed to include a reference to any premium or default interest payable thereon.

If an amount which is due on the Bonds is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) in fact paid.

Interest on Bonds due on an Interest Payment Date will be paid on the due date for the payment of interest to the holder shown on the Register at the close of business on the fifteenth day before the due date for the payment of interest (the "**Interest Record Date**"), or if such day is not a business day, then up to the close of business on the immediately preceding business day.

So long as the Global Certificate is held on behalf of Euroclear, Clearstream or any other clearing system, each payment in respect of the Global Certificate will be made to the person

*shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

(B) Registered Accounts

For the purposes of this Condition 7, a Bondholder's registered account means the U.S. dollar account maintained by or on behalf of it with a bank, details of which appear on the Register at the close of business (being 3:00 p.m.) on the second Payment Business Day (as defined below) before the due date for payment.

(C) Fiscal Laws

All payments are subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment but without prejudice to the provisions of Condition 9 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 to 1474 (inclusive) of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

(D) Payment Initiation

Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that is not a Payment Business Day (as defined below in Condition 7(F)), for value on the first following day which is a Payment Business Day) will be initiated on the due date for payment (or, if it is not a Payment Business Day, the immediately following Payment Business Day) or, in the case of a payment of principal, if later, on the Payment Business Day on which the relevant Certificate is surrendered at the specified office of an Agent.

(E) Delay in Payment

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day, or if the Bondholder is late in surrendering its Certificate (if required to do so).

(F) Payment Business Day

In this Condition 7, "**Payment Business Day**" means a day other than a Saturday or Sunday on which a day on which commercial banks are open for business in London, New York, Seoul and the city in which the specified office of the Principal Agent is located and, in the case of the surrender of a Certificate, in the place where the Certificate is surrendered.

(G) Agents

The initial Agents and their initial specified offices are listed below. The Issuer reserves the right at any time, to vary or terminate the appointment of any Agent and appoint additional or replacement Agents, provided that it will maintain (i) a Principal Agent and (ii) a Registrar which will maintain a Register outside the United Kingdom. Notice of any changes in any Agent or their specified offices will promptly be given by the Issuer to the Bondholders.

8. Redemption, Purchase and Cancellation

(A) Maturity

Unless previously redeemed, exchanged or purchased and cancelled as provided herein, the Issuer will redeem each Bond at its principal amount together with accrued but unpaid interest thereon on 10 July 2030 (the "**Maturity Date**"). The Issuer may not redeem the Bonds at its option prior to that date except as provided in Condition 8(B) or Condition 8(C) (but without prejudice to Condition 10).

(B) Redemption for Taxation Reasons

The Bonds may be redeemed, at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders in accordance with Condition 11 (which notice shall be irrevocable) and to the Trustee and the Principal Agent in writing, on the date specified in the Tax Redemption Notice for redemption (the "**Tax Redemption Date**") at their principal amount together with interest accrued but unpaid to (but excluding) the date fixed for redemption (if any) if (a) the Issuer provides to the Trustee prior to the giving of such notice an opinion of an independent legal counsel or tax advisors of recognised international standing to the effect that it has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of Korea or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 3 July 2025, and (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. Prior to the publication of any Tax Redemption Notice pursuant to this Condition 8(B), the Issuer shall deliver to the Trustee a certificate signed by two duly Authorised Officers (as defined in the Trust Deed) of the Issuer stating that the obligation referred to in (i) above of this Condition 8(B) cannot be avoided by the Issuer taking reasonable measures available to it and (ii) an opinion of an independent legal counsel or tax adviser of recognised standing to the effect that such change or amendment has occurred (irrespective of whether such change or amendment is then effective). The Trustee shall be entitled, without investigation or verification, to accept and rely upon such certificate and opinion as sufficient evidence of the satisfaction of the condition precedent set out in (b) above of this Condition 8(B), in which event the same shall be conclusive and binding on the Bondholders.

On the Tax Redemption Date, the Issuer (subject to the following paragraph of this Condition 8(B)) shall redeem the Bonds at their principal amount together with interest accrued but unpaid to (but excluding) the date fixed for redemption (if any).

If the Issuer issues a Tax Redemption Notice, each Bondholder will have the right to elect that his Bond(s) shall not be redeemed and that the provisions of Condition 9 shall not apply in respect of any payment to be made in respect of such Bond(s) which falls due after the relevant Tax Redemption Date, whereupon no Additional Tax Amounts shall be payable in respect thereof pursuant to Condition 9 and payment of all amounts shall be made subject to the deduction or withholding of any taxation required to be withheld or deducted. To exercise such a right, the relevant Bondholder must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of election, in the form for the time being current, obtainable from the specified office of any Paying Agent (the "**Tax Option Exercise Notice**") together with the Certificate evidencing the Bonds to be redeemed, on or before the day falling 15 days prior to the Tax Redemption Date. A Tax Option Exercise Notice, once delivered, shall be irrevocable.

(C) Redemption at the Option of the Issuer

On giving not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Trustee and the Principal Agent in writing and to the Bondholders in accordance with Condition 11, the Bonds may be redeemed by the Issuer in whole, but not in part, on the date (the "**Optional Redemption Date**") specified in the Optional Redemption Notice at their principal amount together with interest accrued but unpaid to (but excluding) the date fixed for redemption (if any) as at such date:

(i) at any time on or after 24 July 2028, provided that the Closing Price of a Share (translated into U.S. dollars at the Prevailing Rate applicable to the relevant Trading Day) for each of any 20 Trading Days within the period of 30 consecutive Trading Days immediately prior to the date upon which the Optional Redemption Notice is given was at least 130 per cent. of the then applicable Exchange Price on such Trading Day (translated into U.S. dollars at the Fixed Exchange Rate); or

(ii) at any time if, immediately prior to the date the relevant Optional Redemption Notice is given, Exchange Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Bonds originally issued.

(D) Redemption for Change of Control Event

Following the occurrence of a Change of Control Event (as defined below), the holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all or some only of such holder's Bonds on the Change of Control Event Put Date at the Early Redemption Amount together with interest accrued but unpaid to (but excluding) the date fixed for redemption (if any). To exercise such right, the holder of the relevant Bond must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (a "**Change of Control Event Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed by not later than 21 days following a Change of Control Event, or, if later, 21 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 11. The "**Change of Control Event Put Date**" shall be the fourteenth day after the expiry of such period of 21 days as referred to above.

A Change of Control Event Put Exercise Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent. The Issuer shall redeem the Bonds which form the subject of the Change of Control Event Put Exercise Notice (subject to delivery of the relevant Certificate as aforesaid) on the Change of Control Event Put Date.

Within seven days of becoming aware of the occurrence of a Change of Control Event, the Issuer shall give notice thereof to the Trustee and the Agents in writing and to the Bondholders in accordance with Condition 11. The notice regarding the Change of Control Event shall contain a statement informing Bondholders of their entitlement to exercise their Exchange Rights as provided in these Conditions and their entitlement to exercise their rights to require redemption of their Bonds pursuant to this Condition. Such Notice shall also specify: (a) the date of such Change of Control Event and, all information material to Bondholders concerning the Change of Control Event; (b) the Change of Control Event Put Date; (c) the last date by which a Change of Control Event Put Exercise Notice must be given; (d) the procedures that Bondholders must follow and the requirements that Bondholders must satisfy in order to exercise the Change of Control Event Put right or Exchange Right; and (e) the information required by Condition 8(I).

Neither the Agents nor the Trustee shall be required to monitor or to take any steps to ascertain whether a Change of Control Event or any event which could lead to a Change of Control Event has occurred or may occur and neither the Agents nor the Trustee shall be responsible to the Bondholders or any other person for any loss arising from any failure by it to do so.

For the purposes of this Condition 8(D):

an "**Affiliate**" of any person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such person;

"**Control**" means (a) the acquisition or control of more than 50 per cent. of the Voting Rights of the issued share capital of the Relevant Entity or (b) the right to appoint and/or remove all or the majority of the members of the Relevant Entity's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise;

a "**Change of Control Event**" occurs when any person or persons, acting together (other than Mr. Chung Mong-Jin and his Affiliates, whether directly, indirectly, or as beneficiaries of a trust, acting individually or together) hold, own or acquire Control of the Issuer, provided that such person or persons does not or do not have, and would not be deemed to have Control of the Issuer, as applicable, as of the Issue Date;

"**Determination Date**" means, in respect of a Change of Control Event, a day falling 10 days following the occurrence of such Change of Control Event, provided that if such day is not a

business day in Seoul (as defined in Condition 6(C)(i)), the Determination Date shall be deemed to be the first succeeding business day in Seoul;

an "**Early Redemption Amount**" means the higher of (a) 101.0 per cent. and (b) the Early Redemption Price, of the principal amount of the Bonds required to be redeemed by the Issuer as a result of a Change of Control Event;

an "**Early Redemption Price**" means:

(a) the arithmetic mean of the average asking price of the principal amount of the Bonds required to be redeemed by the Issuer as a result of a Change of Control Event on the relevant market(s) for the five consecutive business days in Seoul ending on the Determination Date (the "**Average Bond Price**"), as determined in good faith and in a commercially reasonable manner by the Independent Investment Bank; or

(b) if the Independent Investment Bank determines in good faith and in a commercially reasonable manner that it is unable to determine the Average Bond Price, the Fair Market Value (as defined in Condition 6(F)) of the principal amount of the Bonds required to be redeemed by the Issuer as a result of a Change of Control Event on the Determination Date,

divided by the principal amount of the Bonds required to be redeemed by the Issuer as a result of a Change of Control Event, expressed as a percentage.

The Issuer shall notify the Early Redemption Price to the Trustee and the Principal Agent in writing on the Determination Date;

a "**person**" includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Issuer's board of directors or any other governing board and does not include the Issuer's wholly-owned direct or indirect Subsidiaries; and

"**Relevant Entity**" means the Issuer or KSOE, as the case may be; and

"**Voting Rights**" means the right generally to vote at a general meeting of shareholders of the Issuer.

(E) Redemption for Delisting Event

Following the occurrence of a Delisting Event (as defined below), the holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all or some only of such holder's Bonds on the Delisting Event Put Date at their principal amount together with interest accrued but unpaid to (but excluding) the date fixed for redemption (if any). To exercise such right, the holder of the relevant Bond must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (a "**Delisting Event Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed by not later than 21 days following a Change of Control Event, or, if later, 21 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 11. The "**Delisting Event Put Date**" shall be the fourteenth day after the expiry of such period of 21 days as referred to above.

A Delisting Event Put Exercise Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent. The Issuer shall redeem the Bonds the subject of the Delisting Event Put Exercise Notice (subject to delivery of the relevant Certificate as aforesaid) on the Delisting Event Put Date.

Within seven days of becoming aware of the occurrence of a Delisting Event, the Issuer shall give notice thereof to the Trustee and the Agents in writing and to the Bondholders in accordance with Condition 11. The notice regarding the Delisting Event shall contain a statement informing Bondholders of their entitlement to exercise their Exchange Rights as provided in these Conditions and their entitlement to exercise their rights to require redemption of their Bonds pursuant to this Condition. Such Notice shall also specify: (a) the

date of such Delisting Event and, all information material to Bondholders concerning the Delisting Event; (b) the Delisting Event Put Date; (c) the last date by which a Delisting Event Put Exercise Notice must be given; (d) the procedures that Bondholders must follow and the requirements that Bondholders must satisfy in order to exercise the Delisting Event Put right or Exchange Right; and (e) the information required by Condition 8(I).

Neither the Agents nor the Trustee shall be required to monitor or to take any steps to ascertain whether a Delisting Event or any event which could lead to a Delisting Event has occurred or may occur and neither the Agents nor the Trustee shall be responsible to the Bondholders or any other person for any loss arising from any failure by it to do so.

For the purposes of this Condition 8(E):

a "**Delisting Event**" occurs when the Shares cease to be listed or admitted to trading or are suspended for a period equal to or exceeding 30 consecutive Trading Days on the Relevant Stock Exchange.

(F) Redemption at the Option of the Bondholders

On 10 July 2028 (the "**Optional Put Date**"), the holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all of such holder's Bonds on the Optional Put Date at their principal amount together with interest accrued but unpaid to (but excluding) such date (if any). To exercise such right, the holder of the relevant Bond must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (a "**Optional Put Exercise Notice**"), together with the Certificate evidencing the Bonds to be redeemed, not earlier than 60 days and not later than 30 days prior to the Optional Put Date.

An Optional Put Exercise Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent. The Issuer shall redeem the Bonds the subject of the Optional Put Exercise Notice (subject to delivery of the relevant Certificate as aforesaid) on the Optional Put Date.

(G) Purchase

The Issuer or any of its Subsidiaries may, subject to applicable laws and regulations, at any time and from time to time purchase Bonds at any price in the open market or otherwise.

(H) Cancellation

All Bonds which are redeemed, exchanged or purchased by the Issuer or any of its Subsidiaries, will forthwith be cancelled. Certificates in respect of all Bonds cancelled will be forwarded to or to the order of the Registrar and such Bonds may not be reissued or resold.

(I) Redemption Notices

All notices to Bondholders given by or on behalf of the Issuer pursuant to this Condition 8 will be irrevocable and will be given in accordance with Condition 11 specifying: (a) the Exchange Price as at the date of the relevant notice; (b) the last day on which Exchange Rights may be exercised; (c) the Closing Price and Current Market Price of the Shares on the latest practicable date prior to the publication of the notice; (d) the applicable redemption amount; (e) the date for redemption; (f) the manner in which redemption will be effected; (g) the aggregate principal amount of the Bonds outstanding (and accrued interest payable and Early Redemption Amount (if any)) as at the latest practicable date prior to the publication of the notice; and (h) such other information as the Trustee may require.

No notice of redemption given under Condition 8(B) or Condition 8(C) shall be effective if it specifies a date for redemption which falls during a Restricted Transfer Period.

If more than one notice of redemption is given (being a notice given by either the Issuer or a Bondholder pursuant to this Condition), the first in time shall prevail. Neither the Trustee nor the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under these Conditions.

9. Taxation

All payments made by or on behalf of the Issuer in respect of the Bonds shall be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law. In such event, the Issuer shall pay such additional amounts ("**Additional Tax Amounts**") as will result in the receipt by the Bondholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no Additional Tax Amounts shall be payable in respect of any Bond:

(i) to a holder (or to a third party on behalf of a holder) who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Bond or by the receipt of amounts in respect of the Bond; or

(ii) (in the case of a payment of principal) if the Certificate in respect of such Bond is surrendered more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on surrendering the relevant Certificate for payment on the last day of such period of 30 days; or

(iii) to or on behalf of a holder who would not be liable for or subject to such deduction or withholding by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority if, after having been requested in writing by the Issuer to make such a declaration or claim, such holder fails to do so within 30 days; or

(iv) any combination of (i), (ii) or (iii) above.

"**Relevant Date**" means whichever is the later of (a) the date on which such payment first becomes due and (b) if the full amount payable has not been received by the Trustee or the Principal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders and cheques despatched or payment made.

"**Relevant Jurisdiction**" means the Republic of Korea or any political subdivision or any authority thereof or therein having power to tax.

References in these Conditions to principal, interest or Early Redemption Amount (if any) shall be deemed also to refer to any additional amounts which may be payable under this Condition 9 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

Neither the Trustee nor any Agent shall in any event be responsible for paying any tax, duty, assessment, governmental charge, withholding or other payment referred to in this Condition 9 or for determining whether such amounts are payable by any Bondholder, the Issuer or any other person or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer or any Bondholder or any other person to pay such tax, duty, assessment, governmental charge, withholding or other payment and none of them shall be responsible to provide any notice or information in relation to the Bonds to any person or authority in connection with payment of such tax, duty, assessment, governmental charge, withholding or other payment.

10. Events of Default

If any of the following events (each, an "**Event of Default**") occurs, the Trustee at its discretion may, and if so requested in writing by the holders of not less than 25 per cent. in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution, shall (subject in any such case to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer that the Bonds are, and they shall immediately become due and repayable at their principal amount together with interest accrued but unpaid to (but excluding) the date of payment (subject as provided below and without prejudice to the right of Bondholders to exercise the Exchange Right in respect of their Bonds in accordance with Condition 6), if:

(i) *Non-Payment*: the Issuer (i) fails to pay any amount of principal or Early Redemption Amount (if any) in respect of the Bonds on the due date for payment thereof and such failure to pay

principal or Early Redemption Amount (if any) continues for a period of 7 days or (ii) fails to pay any amount of interest in respect of the Bonds on the due date for payment thereof and such failure to pay interest continues for a period of 14 days; or

(ii) *Failure to deliver Shares and/or Exchange Property*: any failure by the Issuer to deliver any Shares and/or Exchange Property as and when the Shares are required to be delivered following Exchange of Bonds, or the Issuer fails to pay the Cash Settlement Amount when it is required to be paid, as the case may be, and in each case if such failure shall not have been remedied within two business days of the due date of such delivery or payment; or

(iii) *Breach of Other Obligations*: the Issuer does not perform or comply with any one or more of its other obligations in the Bonds or the Trust Deed which default is incapable of remedy or, if capable of remedy, is not remedied within 60 days after written notice of such default shall have been given to the Issuer by the Trustee; or

(iv) *Insolvency*: (i) the Issuer or any of its Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of the debts of the Issuer or any of its Principal Subsidiaries and in any such cases, it is not resolved or discharged within 60 days; or (ii) an administrator or liquidator of the Issuer or any of its Principal Subsidiaries or the whole or any material part of the assets and turnover of the Issuer or any of its Principal Subsidiaries is appointed (or application for any such appointment is made); or

(v) *Cross-Default*: (a) any other present or future indebtedness (whether actual or contingent) of the Issuer or any of its Principal Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), (b) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period or (c) the Issuer or any of its Principal Subsidiaries fails to pay when due (or within any applicable grace period) any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 10(v) (without duplication) have occurred equals or exceeds U.S.$30 million or its equivalent in any other currency on the day on which such indebtedness becomes due and payable or is not paid or any such amount becomes due and payable or is not paid under any such guarantees or indemnity; or

(vi) *Enforcement Proceedings*: a distress, attachment, execution, seizure before judgement or other legal process is levied, enforced or sued out on or against any material part of the property, assets or turnover of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 60 days; or

(vii) *Winding-up*: an order is made or an effective resolution passed for the winding-up or dissolution, judicial management or administration of the Issuer or any of its Principal Subsidiaries (except for a members' voluntary solvent winding up of a Principal Subsidiary), or the Issuer or any of its Principal Subsidiaries ceases to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (a) on terms approved by an Extraordinary Resolution of the Bondholders, or (b) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries; or

(viii) *Security Enforced*: an encumbrancer takes possession or an administrative or other receiver or an administrator or other similar officer is appointed of the whole or a material part of the property, assets or turnover of the Issuer or any of its Principal Subsidiaries, taken as a whole, and is not discharged within 30 days; or

(ix) *Authorisations and Consents*: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order,

recording or registration) at any time required to be taken, fulfilled or done in order (a) to enable the Issuer lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under the Bonds, the Trust Deed and the Agency Agreement, (b) to ensure that those obligations are legally binding and enforceable and (c) to make the Bonds, the Trust Deed and the Agency Agreement admissible in evidence in the courts of England is not taken, fulfilled or done; or

(x) *Illegality*: it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds or the Trust Deed; or

(xi) *Analogous Events*: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 10(i) to 10(x) (both inclusive).

11. Notices

All notices to Bondholders shall be validly given if mailed to them at their respective addresses in the Register. Any such notice shall be deemed to have been given on the seventh day after being so mailed.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg or the Alternative Clearing System (as defined in the form of the Global Certificate), notices to Bondholders shall be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions.

12. Prescription

Claims in respect of amounts due in respect of the Bonds shall be prescribed and become void unless made as required by Condition 7 within 10 years from the appropriate Relevant Date.

13. Replacement of Certificates

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar or any Transfer Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence and indemnity as the Issuer and the Registrar or such Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

14. Meetings of Bondholders, Modification and Waiver

(A) Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee, and shall be convened by the Trustee if requested by Bondholders holding not less than 10 per cent. in principal amount of the Bonds for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in principal amount of the Bonds for the time being outstanding or, at any adjourned such meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (a) to modify the maturity of the Bonds or the Optional Redemption Date, (b) to modify the circumstances in which the Issuer or Bondholders are entitled to redeem the Bonds pursuant to Conditions 8(B), 8(C), 8(D), 8(E) or 8(F), (c) to reduce or cancel the principal, interest, Early Redemption Amount (if any) or default interest (if any) of the Bonds, (d) to change the

currency of denomination or payment of the Bonds, (e) to modify (except by a unilateral and unconditional reduction in the Exchange Price) or cancel the Exchange Rights, or (f) to modify the provisions concerning the quorum required at any meeting of the Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than 66 per cent., or at any adjourned meeting not less than 33 per cent., in principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a written resolution signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of the Bonds for the time being outstanding shall be as valid and effective as a duly passed Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

(B) Modification and Waiver

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (a) any modification of any of the provisions of the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bonds or these Conditions (together the "**Documentation**") which in the Trustee's opinion is of a formal, minor or technical nature, or is made to correct a manifest error, or to comply with mandatory provisions of law, and (b) any other modification to the Documentation (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Documentation which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee agrees otherwise, such modification, authorisation or waiver shall be notified by the Issuer to the Bondholders promptly in accordance with Condition 11.

(C) Entitlement of the Trustee

In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer or the Trustee any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders.

In the event of the passing of an Extraordinary Resolution as contemplated by Condition 14(A), or a modification, waiver or authorisation as contemplated by Condition 14(B), the Issuer will procure that the Bondholders are notified in accordance with Condition 11.

15. Enforcement

The Trustee may, at any time, at its discretion and without further notice, take any such actions and/or steps and/or institute any such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Bonds, but it need not take any such actions, steps or proceedings unless (i) it shall have been so directed by an Extraordinary Resolution or shall have been so requested in writing by the holders of not less than 25 per cent. in principal amount of the Bonds then outstanding and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Bondholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing.

16. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including from taking proceedings unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related (directly or indirectly) to the Issuer without accounting for any profit.

The Trustee may rely without liability to Bondholders on any report, confirmation or certificate from or any opinion or advice of any accountants, financial advisers, legal advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate, opinion or advice and in such event, such report, confirmation, certificate, opinion or advice shall be binding on the Issuer and the Bondholders.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer and any other person appointed by the Issuer in relation to the Bonds or the Shares of the duties and obligations on their part expressed in respect of the same and, unless it has express written notice from the Issuer to the contrary, the Trustee and each Agent shall assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Bondholder or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Bondholders. The Trustee shall be entitled to rely on any direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held or a resolution otherwise passed in accordance with the Trust Deed.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to its exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction, to seek directions from the Bondholders by way of an Extraordinary Resolution, and the Trustee is not responsible for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction where the Trustee is seeking such directions of the Bondholders or in the event that no such directions are received. The Trustee shall not be under any obligation to monitor compliance with the provisions of the Trust Deed, the Agency Agreement or these Conditions.

Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility for the same and each Bondholder shall not rely on the Trustee in respect thereof.

17. Further Issues

The Issuer may from time to time without the consent of the Bondholders create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the issue price and the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds). References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition 17 and forming a single series with the Bonds. Any further securities forming a single series with the Bonds constituted by the Trust Deed or any deed supplemental to it shall be constituted by a deed supplemental to the Trust Deed.

18. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

19. Governing Law and Submission to Jurisdiction

(A) Governing Law

The Bonds, the Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(B) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds or the Trust Deed ("**Proceedings**") may be brought in such courts. Pursuant to the Trust Deed, the Issuer has irrevocably submitted to the jurisdiction of such courts.

(C) Agent for Service of Process

Pursuant to the Trust Deed, the Issuer has irrevocably appointed Cogency Global (UK) Limited at its registered office for the time being at 6 Lloyds Avenue, Unit 4CL, London EC3N 3AX to receive service of process in any Proceedings in England based on the Trust Deed and/or any of the Bonds.

FORM OF THE BONDS

Capitalised terms used in this section and not otherwise defined shall have the meanings given to them in "Terms and Conditions of the Bonds."

The Global Certificate

The Bonds will be evidenced by the Global Certificate. The Global Certificate will be registered in the name of a nominee of, and deposited with, the common depositary (the "**Common Depositary**") for Euroclear and Clearstream who will credit their respective accountholders with the respective principal amounts of the individual interests represented by such Global Certificate. Such accounts will be designated initially by or on behalf of the Managers. Ownership of beneficial interests in the Global Certificate will be limited to persons who have accounts with Euroclear or Clearstream or persons who hold interests through such accountholders. Ownership of beneficial interests in the Global Certificate will be shown on, and the transfer of that ownership will be effected only through, the records maintained by Euroclear and Clearstream (with respect to interests of their respective accountholders) and the records of such accountholders (with respect to interests of persons other than such accountholders).

Payments of principal and interest on the Global Certificate will be made to the Common Depositary or its respective nominee as the registered owner thereof. None of the Company, the Trustee, the Principal Agent, the Registrar or any custodian, transfer agent or registrar or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them will have any responsibility or liability for the accuracy of any of the records relating to, or payments made on account of, ownership interests in the Global Certificate or for any notice permitted or required to be given to holders of Bonds or any consent given or actions taken by such registered holders of Bonds. The Company expects that upon receipt of any payment of principal in respect of the relevant Global Certificate representing any Bonds held by the Common Depositary or its nominee, as the case may be, the Common Depositary will immediately credit Euroclear and Clearstream with payments in amounts proportionate to their respective interests in the principal amount of such Global Certificate as shown on their respective records.

Transfers between accountholders in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

The laws of certain jurisdictions require that certain purchasers of securities take physical delivery of such securities in definitive form. Accordingly, the ability of beneficial owners to own, transfer or pledge beneficial interests in the Global Certificate may be limited by such laws.

The exercise of the Exchange Right will be effected through participants in Euroclear and Clearstream in the ordinary way in accordance with their respective rules and operating procedures.

Euroclear and Clearstream each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between its respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear and Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Individual Definitive Certificates

In the event that (i) the Common Depositary or any successor to the Common Depositary notifies the Company in writing that it is at any time unwilling or unable to continue to act as a depositary and a successor depositary is not appointed by the Company within 90 days or (ii) Euroclear or Clearstream (or any other clearing system as shall have been designated by the Company and approved by the Trustee, the Principal Agent and the Registrar on behalf of which the Bonds evidenced by the relevant

Global Certificate may be held) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so, the Company shall at its own expense cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Bondholders. A person with an interest in the Bonds in respect of which a Global Certificate is issued must provide the Registrar with a written order containing instructions and such other information as we and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

THE GLOBAL CERTIFICATE

The Global Certificate will contain provisions that apply to the Bonds, some of which modify the effect of the Conditions. Capitalised terms used in this section and not otherwise defined shall have the meanings given to them in "Terms and Conditions of the Bonds." The following is a summary of provisions of the Bonds while in global form.

Payments

The Company will pay to the registered holder of the Bonds evidenced by a Global Certificate on such date as the same may become payable in accordance with the Conditions in respect of such Bonds as evidenced by such Global Certificate and otherwise to comply with the Trust Deed and the Conditions, save that the calculation will be made in respect of the total aggregate amount of the Bonds evidenced by the relevant Global Certificate, together with such other sums and additional amounts (as described in "*Terms and Conditions of the Bonds—Taxation*") (if any) as may be payable under the Conditions, in accordance with the Conditions.

Payments of principal and default interest (if any) in respect of Bonds evidenced by a Global Certificate shall be made against presentation or, if no further payment is to be made in respect of the Bonds, against presentation and surrender of such Global Certificate to or to the order of the Paying Agent or such other paying agent as shall have been notified to the Bondholders for such purpose.

Meetings

The registered holder of the Bonds in respect of which a Global Certificate is issued will be treated as being two persons for the purposes of any quorum requirements of a meeting of Bondholders and, at any such meeting, as having one vote in respect of each US$100,000 in principal amount of the Bonds in respect of which the Global Certificate is issued.

Cancellation

Cancellation of any Bond evidenced by a Global Certificate following its redemption, exchange or purchase by the Company or any of its subsidiaries which is required by the Conditions will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders.

Notices

So long as the Bonds are evidenced by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System (as defined in the form of the Global Certificate), notices to Bondholders may be given by delivery of the relevant notice to Euroclear, Clearstream or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions and such notices shall be deemed to have been given on the date such notices are delivered to Euroclear, Clearstream or the Alternative Clearing System, as appropriate.

Trustee's Powers

In considering the interests of Bondholders while the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances but without being obliged to do so, call for any certificate or other document to be issued by Clearstream or Euroclear (or any Alternative Clearing System on behalf of whom the Global Certificate may be held) as to the principal amount of Bonds evidenced by the Global Certificate standing to the account of any Bondholder. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding insofar as Bondholders are concerned for all purposes. The Trustee shall not be liable to any Bondholder or any other person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by Clearstream or Euroclear (or any such Alternative Clearing System) and subsequently found to be forged or not authentic or not to be correct.

Exchange

Subject to the requirements of Euroclear and Clearstream or any Alternative Clearing System, the Exchange Right attaching to Bonds in respect of which the Global Certificate is issued may be exercised by the presentation to, or to the order of, the Principal Agent or any other Exchange Agent of one or more Exchange Notices duly completed by, or on behalf of, a holder of a book-entry interest in such Bonds. Deposit of the Global Certificate with any Exchange Agent together with the relevant Exchange Notice(s) shall not be required. The exercise of the Exchange Right shall be notified by the Exchange Agent to the Registrar and the holder of the Global Certificate.

Enforcement

For the purposes of enforcement of the provisions of the Trust Deed against the Trustee, the persons named in a certificate of the holder of the Bonds in respect of which a Global Certificate is issued shall be recognised as the beneficiaries of the trust set out in the Trust Deed, to the extent of the principal amount of their interest in the Bonds set out in the certificate of the holder, as if they were themselves the holders of Bonds in such principal amounts.

Bondholder's Redemption

The Bondholders' put options in Condition 8(D), Condition 8(E) and Condition 8(F) of the Conditions may be exercised by the holder of the Global Certificate (acting upon instructions from the Bondholders) giving notice to the Principal Agent of the principal amount of Bonds in respect of which the option is exercised and presenting the Global Certificate for endorsement or exercise within the time limits specified in the Conditions.

Redemption by the Company

The redemption at the option of the Company provided for in Condition 8(B) and Condition 8(C) of the Conditions shall be notified by the Company to the Bondholders within the time limits set out in and containing the information required by Condition 8 of the Conditions.

Registration of Title

Except in the limited circumstances described in the Global Certificate, certificates for individual Certificates will not be issued in exchange for the Bonds in respect of which the Global Certificate is issued.

Transfers

Transfers of interests in the Bonds with respect to which the Global Certificate is issued will be effected through the records of Euroclear and Clearstream or any Alternative Clearing System and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream or any Alternative Clearing System and their respective accountholders.

BUSINESS

Overview

We are a global advanced materials company that manufactures silicone, construction materials, coating products and other inorganic, organic and composite materials. With the acquisition of U.S.-based Momentive in 2019, our silicone business has grown into one of the world's largest producers of specialty silicones and silanes. In 2024, we were the largest manufacturer of coating products in Korea by revenue.

We were formed on 31 March 2000 through the merger of Korea Chemical and Keumgang (previously known as Keumgang Slate Industries, which was established in 1958 and whose common stock was listed on the KRX in 1973). Prior to the merger, Keumgang was primarily engaged in the manufacture of glass, construction materials and PVC window frames, and Korea Chemical was primarily engaged in the manufacture of paint and PVC flooring. Our business activities are organised under the following four operating segments:

- *Silicone*. The silicone segment manufactures specialty silicones and silicone-based products. Our indirectly wholly-owned subsidiary, Momentive, supplies over 100,000 product types globally to aerospace/aviation, agriculture, automotive, construction, consumer products, electronics, industrial and renewable energy sectors. We have strategically located production facilities that span across eight countries—Korea, the U.S., Japan, China, Thailand, Germany, the U.K. and Italy. Our key customers include Itochu, Continental, P&G and L'Oréal. Revenue distribution from sales of silicone products is likewise diversified globally across North America, Europe, Asia and others. In 2024, the silicone segment had external revenue of ₩3.00 trillion, representing 45.0% of consolidated sales for the year.
- *Construction materials*. The construction materials segment manufactures high performance and specialty materials for residential and commercial construction: gypsum board, ceiling board, PVC windows and insulation products (glass wool, mineral wool, and cerak wool). The construction materials segment derives substantially all of its sales from Korea. In 2024, according to an internal survey that we conducted based on publicly available information, we had the second largest market share generally, and the largest market share of 58.0% for gypsum board, gypsum tex, mitone, glass wool and mineral wool in Korea and the largest and equal market share with another company of 37.0% for PVC windows in Korea in terms of sales. We have five production bases in Korea and sell our products through multiple distribution channels with a strong presence in the wholesale, retail, manufactured housing and other distribution channels. We have a diversified customer base, and our key customers include Byucksan Corporation, KCC Glass and Inus. In 2024, the construction materials segment had external revenue of ₩1.10 trillion, representing 16.5% of consolidated sales for the year.
- *Coatings*. The coatings segment manufactures four primary coating products: heavy-duty coatings (which are used primarily for ships, shipping containers, steel bridges and industrial plants), industrial coatings (which are used in a wide range of manufacturing industries including automotives) and decorative coatings including silicone monomer (which are primarily used in construction and home remodelling industries). The coatings segment derives a substantial amount of its sales from Korea.

  This leading market position is attributable primarily to the Company's business ties with some of the largest corporations in Korea, including Hyundai Motor Group, HD Hyundai Samho and HD Hyundai Heavy Industries. Another significant factor contributing to our leading market position is that we are a major manufacturer of paints for containers for both domestic and international markets. In 2024, the coatings segment had external revenue of ₩1.94 trillion, representing 29.1% of consolidated sales for the year.
- *Others*. The others segment manufactures organic (epoxy moulding compound) and inorganic materials (alumina metallising and ceramic substrates (direct copper bonded and active metal brazing)) and composite materials (glass fibre), which are supplied to automotive, aerospace, construction, defence industries, home appliances, semiconductors and other industries. We

have four production bases in Korea. Our key customers include Fairchild Semiconductor Suzhou Co., Ltd., Shanghai A&Q Electronics Co., Ltd., Eaton Electrical Inc., Ascend Performance Materials LLC, Hyundai Engineering and Construction Co., Ltd. and Hyundai Engineering Co., Ltd. In 2024, the others segment had external revenue of ₩0.63 trillion, representing 9.5% of consolidated sales for the year.

By contracting with our associate KCC E&C, in which we owned 38.7% of the total number of issued and outstanding shares with voting rights as of 31 December 2024, we also engage in civil engineering and construction activities in Korea.

We maintain a central research institute in Yongin, Korea that conducts most of our R&D activities. The institute is a comprehensive chemical R&D centre equipped with cutting-edge equipment covering research on inorganic materials, construction materials system and composite materials. Our executive and registered office is located at 344, Sapyeong-daero, Seocho-gu, Seoul 06608, Korea.

For the year ended 31 December 2024, our sales amounted to ₩6.66 trillion and net profit for the year amounted to ₩0.29 trillion, compared to sales of ₩6.29 trillion and net profit for the year of ₩0.09 trillion for the year ended 31 December 2023. For the three months ended 31 March 2025, our sales amounted to ₩1.60 trillion and net profit for the period amounted to ₩44.05 billion, compared to sales of ₩1.59 trillion and net profit for the period of ₩458.24 billion for the three months ended 31 March 2024. As of 31 March 2025, we had total assets of ₩15.07 trillion and total equity of ₩6.26 trillion. Our market capitalisation on 31 March 2025 was ₩2,243.83 billion.

Business operations

Products

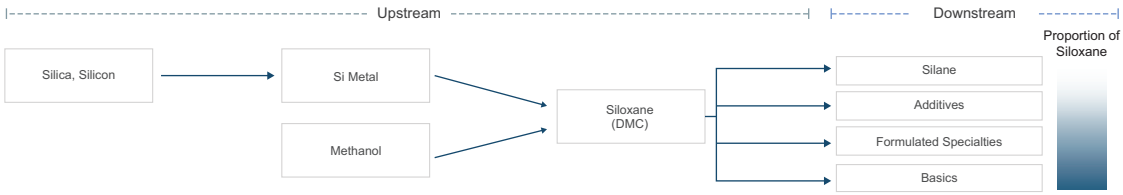
The following table sets out a breakdown of our sales by operating segment for the periods indicated.

	Years ended 31 December				Three months ended 31 March			
Segment	2024	% of total sales	2023	% of total sales	2025	% of total sales	2024	% of total sales
	(billions of Won, except percentages)							
Construction materials	₩1,097.1	16.5%	₩1,117.7	17.8%	₩ 232.3	14.5%	₩ 264.5	16.7%
Coatings	1,935.8	29.1%	1,657.0	26.3%	457.6	28.6%	419.1	26.4%
Silicone	2,995.3	45.0%	2,952.4	46.9%	774.1	48.4%	738.5	46.5%
Others	630.6	9.5%	561.3	8.9%	135.4	8.5%	166.3	10.5%
Total sales	**₩6,658.8**	**100.0%**	**₩6,288.4**	**100.0%**	**₩1,599.3**	**100.0%**	**₩1,588.4**	**100.0%**

Silicone segment

We conduct our silicone manufacturing primarily through our wholly-owned subsidiary Momentive and KCC Silicone. See "*—Acquisition of Momentive.*" Momentive's value-added business model focuses on technical service, and combined with our global footprint and long-term customer relationships, this uniquely positions us as a key innovation partner to our customers.

Our silanes and specialty silicones are used as additives and formulated products that provide or enhance certain attributes of the end-product. Our products have a range of attractive properties including heat and chemical resistance, lubrication, adhesion and viscosity. These properties position our specialty silicones and silanes products as critical materials in many automotive, industrial, construction, healthcare, personal care, electronic, consumer and agricultural applications. Momentive's advanced materials are ubiquitous in daily life and are instrumental inputs in a wide range of products, including applications in consumer and personal care (e.g., cosmetics, electronic displays, and foam mattresses), automotive (e.g., headlights, panelling, and tyres) and healthcare (e.g., medical tubing). The diverse molecular characteristics of specialty silicones and silanes continually lead to new applications, and as a result are increasingly being used as a substitute for others.



We generate revenue in three of our segments, Performance Additives, Formulated Specialties and Core Silicones and Intermediates, using direct and indirect approaches to selling a broad base of products to our customers. We utilise technical and application support to enhance our value proposition to customers and drive penetration into attractive end-markets. We also work with original equipment manufacturers to achieve specification of our products into theirs, which results in higher pull-through demand.

Performance Additives lines comprise three product lines:

- Urethane additives product lines — Urethane additives include silicone stabilisers and tertiary amine catalysts, as well as organic-based foam property modifiers. Our products are essential ingredients in polyurethane foam processing, controlling the internal structure of the material to optimise properties such as the insulation performance of rigid foams in construction applications, the firmness and breathability of a foam mattress or the rebound and cushioning in a running shoe.
- Specialty fluids product lines — Specialty silicone fluids are liquid polymeric materials that act like chains and can vary in lengths to create liquids that are very thick and barely flow or relatively thin and flow like water. Silicone fluids are used in personal care products as an additive in shampoos and conditioners to improve the look and feel of hair. Silicone fluids are also used in a variety of industrial applications, including the production and refining of crude oil, to reduce the formation of foam or separate water from oil, lubricants, electrical insulating oils, heat-transfer fluids, polishes, antifoams, textile softeners, water repellents.
- Silanes product lines — Silanes are a group of additives that act as connectors or coupling agents. Our cross-linking agents form a three-dimensional network of siloxane bonds between constituents, which facilitates resistance to water or chemical intrusion, high temperatures, abrasion or other common deteriorating conditions, without compromising other important product features such as ductility. Examples include applications that enable stronger adhesion of rust-proof coatings to metal structures in construction and clear coat paints to automotive coatings. Our NXT™ Silane product line connects silica-based fillers to the tyre tread rubber, improving compound viscosity and resilience and maintaining dynamic properties at low temperatures, while simultaneously reducing mixing steps in the manufacturing process. Our NXT™ Silane is uniquely positioned as a cost-effective patented solution that helps tyre manufacturers meet U.S. and European green tyre standards.

Formulated Specialties lines comprise four product lines:

- Coatings product lines — Our silicone-based coatings offer UV, thermal, chemical, solvent and abrasion resistance, as well as improved adhesion to substrates for applications from automotive glazing, headlights and trim to sensitive electronic components, tapes and labels. Our hard coat products replace traditional glass and metal applications in cars, thereby providing significant weight reduction in automotive applications.
- Electronic materials product lines — Our thermal conductive adhesives have high thermal conductivity and can augment flow control across different substrates, while protecting from high impact and thermal shocks. These products can be used in a range of consumer electronics applications, as well as in critical aerospace and aviation applications with high temperature and stress resistance. In flat-panel displays, our hard coat products provide protection and extend the exterior durability of plastics, while our ultra-clear liquid silicone rubber delivers high transmittance, low cure shrinkage, good elasticity and high stability in light emitting diodes (“**LEDs**”).
- Elastomers product lines — Our chemically inert heat-cured elastomers have excellent mechanical properties for extrusion, moulding and calendaring. Our low-viscosity, pumpable liquid silicone rubber (“**LSR**”) can promote easier injection moulding of complex articles. Our Ultra Clear LSRs provide heat and UV resistance without sacrificing optical clarity and are

moulded into lenses or light guides for automotive or other applications. Elastomers are also used as gasket material to seal and protect systems in under-hood applications in automobiles and in appliances. Our LSR products, including medical tubing, enable cost-efficient, high-quality end-products for our customers in various applications across automotive, consumer goods, healthcare and electronics.

- Sealants product lines — Sealants which have a variety of applications as a waterproofing, adhesive and stabilising material in industries such as construction and transportation (including automobiles). Momentive is the exclusive global licensee of General Electric Company ("**GE**")-branded silicone sealant products for construction and is the exclusive licensee of GE-branded silicone sealant products for consumers outside of North America.

Core Silicones and Intermediates comprise one product lines:

- Basics lines — Our Basics produce intermediate chemicals that play a key role in enabling funtionality during silicone formulation process. It provides raw materials that are the basis for a wide range of silicone-based products, including siloxanes, which are essential in the manufacture of Performance Additives and Formulated Specialties. Cyclics are used as key raw materials for the synthesis of silicone polymers, as cosmetic ingredients for various moisturising and conditioning functions, and as industrial lubricants, among other applications. Other products produced include silicone oils and various types of silicone intermediates utilised in the synthesis of resins.

Other silicone products that we manufacture are set out in the following table:

Products	Description
Silicone antifoams	Silicone antifoams eliminate foams in most types of liquids and prevent the formation of foams.
Silicone mould release agents	Silicone mould release agents are widely used for primarily moulded parts in a variety of industries including rubber, plastic, metal and food industries.
Silicone textile treating agents	We manufacture textile softeners, water repellent agents for fabrics and various kinds of silicone softeners suitable for fabrics. Silicone textile treating agents are used in most types of textiles such as cotton, wool and polyester.
Silicone grease	Due to its strong resistance to heat and oxidation over a wide temperature range and water resistance, silicone grease is used primarily as a lubricant.
Silicone resins	Silicone resins are used for steel structures, chimneys and bridges, trains, vessels, stoves and kitchenware.
Silicone pressure sensitive adhesives	Silicone pressure sensitive adhesives are highly functional adhesives with features of silicone such as heat resistance, cold resistance and electrical insulation.
Silicone paper release coatings	Silicone paper release coatings are widely used for release papers such as tapes, labels and synthetic rubbers.
Silicone rubber	Silicone rubber is a specialty synthetic elastomer that primarily consists of silicone fluids having combined properties of organic and inorganic materials and high purity of silica. Silicone rubber is widely used in many industries including electrical, business machine, automotive, food and leisure industries.

Construction materials segment

The following are the key products in the construction materials segment.

Category		Features	Main Products
Gypsum Board		Gypsum board is used to finish the interior walls and ceilings in residential and commercial construction. Along with their aesthetic value, gypsum products have sound-absorbent and fire-retardant qualities. Gypsum board is also more convenient to instal than alternative materials for new construction and remodelling work. We produce ordinary, waterproof, fireproof and antibacterial gypsum board products.	– Soundproof – Antibacterial – Fire & Waterproof – High-impact
Ceiling Board		Asbestos-free, non-combustible ceiling panels made of raw gypsum board and sound-absorbing ceiling materials made of mineral wool as the main material.	– Gypsum Tex PLUS – Mitone – Mitex – Cloudia/sahara – Mitone sky
Insulation	Glass wool	Mineral insulation made from glass raw materials fibered at high temperature. Our glass wool products are used primarily as an insulation material in the construction industry, with some sales to the automotive and shipbuilding industries. Glass wool is made of inorganic and fire-resistant material. It is estimated that the majority of residential apartment complexes and small office buildings in Korea still use styrofoam for insulation and sound absorption. We, however, believe that the domestic commercial construction market is increasingly migrating to the international trend of using glass wool for insulation and soundproofing.	– Glass wool nature – Watersafe (exterior)
	Mineral wool	A mineral insulation made from ore melted at high temperatures and then fibered.	– Blanket – Loosewool – Hiwool
	Cerak wool	Refractory insulation for ultra-high temperatures over 1000°C.	– Bulk – Hardboard – Paper

Category	Features	Main Products
PVC Window	PVC windows are used in apartment buildings and schools; they, require less maintenance and are more durable than either wood or aluminium window frames and provide greater energy efficiency than aluminium window frames. Since the early 1980s, PVC window frames have become increasingly popular for professional home remodelling contractors and their customers and have commanded a significant market share for home remodelling windows. More recently, PVC window frames have achieved increased acceptance in the new construction market as a result of builders and home buyers recognising PVC's favourable attributes. We believe that the enactment of local legal or building code requirements that mandate more energy efficient windows has further enhanced demand for PVC window frames.	– General windows – Balcony windows – System windows – KLENZE
Others	Gypsum bond and others.	

Coatings segment

The coatings segment focuses on automotive coating, heavy-duty coating, industrial coating, decorative coating and silicone monomers.

Industrial coating

Automotive*:* We manufacture oil-based and water-based coatings for automobiles. Oil-based coatings are highly weather-resistant and are able to withstand prolonged exposure to the elements, including ultra-violet rays, acid rain, snow and ozone. Oil-based coatings also have good elasticity and anti-corrosive capabilities. However, oil-based coatings require volatile organic compounds ("**VOC**") to dry properly. VOC is a known pollutant which contributes to global warming and the deterioration of the stratospheric ozone layer. Water-based coatings dry without the aid of any VOC containing chemical drying agents and are more environmentally friendly than traditional oil-based coatings, as water-based coatings emit relatively small amounts of VOC into the atmosphere while drying. Otherwise, water-based coatings have similar characteristics to oil-based coatings. In order to comply with VOC regulations, we have developed water-soluble paints and was the first in Korea to produce such paints. We supply coatings to Hyundai Motor Company for their Sonata, Grandeur and IONIQ series assembled in their Asan factory, Avante and Santa Fe series assembled in their Beijing and Kunshan factories in China and i30 and Bayon series assembled in their Turkey factory. Automotive coating products contribute a majority of our sales for the industrial coatings segment.

General and pre-coated metal: We manufacture a broad range of industrial coatings, including coatings for metal and plastic. These industrial coatings include ceramic paints, heat resistant coatings and pre-coated metal paints, primers, stains and topcoats used by customers in a wide range of manufacturing industries, including building products, railcars, appliances, office furniture, agricultural equipment, construction equipment and metal fabrication. We believe that we are also a leading supplier of coating systems that are used to coat coils of metal prior to fabrication into pre-engineered products such as doors, building system components, lighting fixtures and appliances. Within our industrial coatings product line, we use a variety of coatings to meet customer requirements, including electro-deposition, powder, high solid, water-borne and ultra-violet light cured coatings.

Powder coating: We manufacture powder coating that is free of volatile solvents or diluents such as water. Powder coating is applied by spraying the powder, which instantly forms a thick film that adheres to the sprayed surface. Any remaining powder not attached to the surface can be collected for re-use, which makes powder coating economically attractive. Powder coating is used for electronics/ home appliances, automobiles (wheels), plants, construction and other industrial sectors such as EV charger and farm machinery.

Heavy-duty coating

We manufacture a variety of coatings for heavy-duty use. Heavy-duty coating is used for ships, shipping containers, industrial plants, bridges, plants and similar applications requiring durability and resistance to service climate conditions. We believe we were one of the largest domestic coating suppliers for heavy-duty use in terms of sales.

Architectural coating

We manufacture decorative coating products such as enamels, aerosols and faux finishes used as flooring, waterproofing, and metal and wood coatings. Customers include home centres, mass merchants, hardware wholesalers and independent dealers. Due to their high durability and high resistance to ultra-violet rays and air pollution, decorative coatings are used for buildings, interior walls and partitions, as well as exterior cladding panels for buildings and industrial facilities. We manufacture and sell decorative coating products with low VOC content.

We also make colourants for our own use and for sale to other paint and coatings manufacturers.

Others segment

The following are the key products in the others segment.

Category		Features	Main Products
Inorganic Materials	Alumina Metalizing	High thermal conductivity, electrical insulation, corrosion resistance	– VI Ceramic – Power Tube – Brazed Ceramic
	Ceramic Substrates (DCB, AMB)	Excellent heat dissipation, reliability in high-voltage applications	– Automotive Power Modules – Industrial Power Modules – Home Appliance Power Modules
Organic Materials	Epoxy Moulding Compound	Excellent workability, formability, reliability required for stable semiconductor performance	– Automotive Semiconductors – Industrial Semiconductors – Home Appliance Semiconductors
Composite Materials	Glass Fibre	Enhance the plastic's features and provides key properties like dimensional stability and insulation for automotive parts	– Automotive electronics components – Electrical & electronic components – Construction interior & exterior materials

Business strategy

To become one of Korea's leading companies in our core coatings and construction materials businesses, we have leveraged our competitive advantages in our low-cost structure, diverse and quality products, high-quality customer service and relationships, brand recognition, R&D and sales

and distribution networks. Our business strategy is to strengthen our position in our core businesses by:

- pursuing stable growth through promotion of high value-added products and stabilisation of our financial position;
- establishing an advanced management system through continuous and efficient improvement and management of the organisation;
- improving our human capital through ongoing education and training;
- incorporating technological improvements in production and products through continuous R&D efforts;
- reducing our fixed costs by replacing existing production lines with more flexible production lines with cross-production capabilities; and
- further developing environmentally friendly products to generate higher profit margins and diversify our revenue sources.

As part of our global strategy, we have expanded our manufacturing and marketing operations into markets outside of Korea. The following is a geographical breakdown of sales for the years indicated.

	Years ended 31 December			
Region	**2024**	**% of total sales**	**2023**	**% of total sales**
	(billions of Won, except percentages)			
Korea	₩2,940.1	44.2%	₩2,867.9	45.6%
Europe	862.5	13.0%	870.6	13.8%
North America	769.4	11.6%	803.6	12.8%
Other Asia	759.7	11.4%	647.6	10.3%
China	738.4	11.1%	565.8	9.0%
Japan	262.5	3.9%	248.8	4.0%
Central and South America	165.9	2.5%	147.9	2.4%
Others	160.4	2.4%	136.2	2.2%
Total Sales	**₩6,658.8**	**100.0%**	**₩6,288.4**	**100.0%**

In relation to our silicone business, with the acquisition of Momentive, our growth strategy is focused on the following:

- increase shift to high-margin specialty products (e.g., high-margin specialty silicones and specialty silanes) and optimise production to accommodate strategic investments in specialty growth products as we rationalise exposure to lower margin products. Simultaneously, we continue to expand our IP-protected leadership position in next generation silanes for low-roll resistance tyres. With these actions, we are continuing to invest strategically in our specialty growth platforms while optimising our siloxane capacity;
- expand our global reach in faster growing regions and markets. We intend to continue to grow by expanding our sales presence and application support around the world. We are focused on growing our business by making targeted investments in emerging markets, specifically certain areas of Asia Pacific, India and Latin America;
- develop new applications and market new products and continue to invest in R&D capabilities by upgrading our technology facilities and expanding our new product offerings;
- invest in high-return capital projects. We have a history of investing capital in high-return-on-investment growth projects (such as by establishing overseas local plants in Vietnam) to expand product sets, customer penetration and increase capacity to service rapidly expanding sales;
- continue portfolio optimisation, targeted add-on acquisitions and joint ventures; and
- identify and implement strategic cost reduction initiatives throughout our global manufacturing footprint.

Customers, sales and distribution

Our global customers include large companies in their respective industries as well as small- and medium-sized enterprises. Through our worldwide network of strategically located production facilities,

we serve our clients with a broad range of product solutions. As a result of our focus on innovation and a high level of technical service, we have cultivated long-standing customer relationships.

We also maintain close commercial relations with and make sales of our products to certain former member companies of the Hyundai Group (but with whom we maintain separate management structures), most notably certain member companies of the Hyundai Motor Group and HD Hyundai Heavy Industries. We expect that our sales to former Hyundai Group member companies as a percentage of total sales may decrease in the future primarily due to continued diversification of our major customers.

Silicone segment

We market an extensive product line to meet a wide variety of customer needs. We focus on customers who are, or have the potential to be, leaders in their industries and have growth objectives that support our own growth objectives. In addition, we focus on customers who value our service-oriented business model. This approach includes high-quality, reliable products backed by local sales support and third-party distributors. An important component of our strategy is to utilise our broad product capabilities to win high-end specialty business from our customers. These customers value these capabilities and, as a result, we are able to become a supplier of choice, given our relationship and ability to develop solutions to meet their precise needs.

Neither our overall Company nor any of our businesses depends on any single customer or a particular group of customers; therefore, the loss of any single customer would not have a material adverse effect on any of our businesses or our Company as a whole.

Coatings segment

We sell our paints through sales centres and approximately 2,300 independent dealers. The sales centres are responsible for sales of paints and sales to large companies. Sales are made on a cash and notes receivable basis, with typically up to 60 days' credit (but can range between 30 days and 120 days). Sales are usually made under a master contract for large customers. Under a master contract in respect of automotive paints, we supply paints for a particular product model and the paints are supplied on an ongoing basis until the purchaser stops manufacturing such particular product model. However, under a master contract in respect of heavy-duty paints, we supply paints for a particular ship being built at a price specifically determined in respect of such ship and paints are supplied until the construction of such ship is completed. We also supply heavy-duty paints under an annual supply contract. For smaller customers, we are typically invited to submit a bid pursuant to a request for proposal or an invitation for bid.

In addition to activities in the domestic market, we export our automotive paint to countries such as China, Turkey and India. We also export our heavy-duty paint to China, Pakistan, Saudi Arabia and Poland. Our export sales are settled in U.S. dollars, Euro and Japanese Yen. China is currently the world's largest manufacturer of shipping containers in terms of sales and also our largest market for heavy-duty paint. Our factories in China (Kunshan, Beijing, Guangzhou, Chongqing and Tianjin), which produce heavy-duty paint for shipping containers, marine coatings, pre-coated metal paint and automotive paint, and factories in Malaysia, Vietnam, Turkey and India, which produce automotive paint, allow us to capitalise on lower costs of labour and distribution in the respective countries. We also sell our paint products to eastern European countries through our subsidiary in Turkey.

In addition, we export powder coatings primarily used to coat oil and gas pipelines primarily to Saudi Arabia. We manufacture most of the automotive coatings used by Hyundai Motor Group. We also licence our coating manufacturing technologies to all of our overseas subsidiaries that manufacture coating products. Neither our overall Company nor any of our businesses depends on any single customer or a particular group of customers; therefore, the loss of any single customer would not have a material adverse effect on any of our businesses or our Company as a whole.

Construction materials segment and others segment

We sell construction materials in the domestic market through our own sales centres and through approximately 2,400 independent dealers. Sales are made on either a cash or notes receivable basis with credit terms of up to 120 days on average. We export construction materials for wholesale distribution through approximately 200 independent dealers who earn commissions on our sales. We enter into contracts with independent dealers after first assessing their qualifications and taking into consideration the relevant market sizes and conditions. Payment is made through letters of credit, telegraphic transfer, documents against payment and documents against acceptance. We focus on fostering mid- to long-term partnerships with our dealers to add value – for example, in recent years, we have strengthened our distribution relationships with our dealers by certifying their outlets with a "Emax Window club" status that helps ensure authenticity of our products and quality control as well as promotes brand recognition.

Our primary export market for construction materials is Taiwan, with some sales to various countries in Southeast Asia. Neither our overall Company nor any of our businesses depends on any single customer or a particular group of customers; therefore, the loss of any single customer would not have a material adverse effect on any of our businesses or our Company as a whole.

The overseas marketing of our construction materials is handled by independent dealers. We do not export construction materials to the United States or Europe due to the high shipping costs involved. We currently have a limited presence in overseas markets for construction materials. We currently have no plans to establish additional manufacturing facilities for construction materials or others outside of Korea.

Seasonality

Sales for coating products are seasonal, with autumn generally being the peak season. Sales of paints, construction materials, float glass and PVC products are slower in winter and monsoon periods than in other seasons because of the slowdown in new construction and remodelling. Sales of all products tend to increase in the spring, partly because of an increase in remodelling orders during the traditional period for new business openings and household moves. Sales of silicone products do not experience significant seasonality of demand, although sales have historically been slightly higher during the second and fourth quarters due to increased industrial activity. Seasonality trends, however, have been skewed in recent years primarily due to volatile global economic conditions.

Raw materials and equipment

Raw materials – General

On a separate basis, we procure raw materials from over 800 domestic and international suppliers. In 2024, 59.1% of our raw material requirements were met in the domestic market, with the remaining 40.9% being supplied by imports. Our major raw materials are imported petrochemical products, including solvents, resins and organic pigment, and domestically sourced gypsum.

In 2024, on a separate basis, our raw material costs amounted to ₩1,662 billion, representing 71.0% of our cost of sales. Our practice generally is to maintain relationships with at least two suppliers for each of our major raw materials to avoid being dependent on any one supplier for our major raw material requirements. Having maintained relationships with most of our suppliers for over a decade, we have had no material difficulty in satisfying our raw material or energy needs.

Our domestic raw material purchase contracts typically give us payment terms of between 60 and 90 days. Although we typically do not experience significant price variations for raw materials as those raw materials that we do use are primarily refined or downstream petrochemical products, there was an increase in foreign currency-denominated prices of some petroleum-based raw materials for paints and PVC due to depreciation of the Won versus major foreign currencies in 2024 and 2025.

Depending on the supplier, payment terms for our raw materials purchased from abroad are either by (1) sight letters of credit, (2) 180-day letters of credit, (3) document against acceptance, (4) document against payment, or (5) telegraphic transfer. We generally enter into formal supply contracts with foreign suppliers of raw materials and purchase orders with domestic suppliers.

For imported raw materials, we maintain an inventory or reserve ranging from three months' supply to six months' supply depending on availability of the material and storage capacity. Such precautionary measures protect us against unforeseen raw material supply shortages. For raw materials supplied domestically, we generally keep only two to three days' inventory.

The table below sets out the principal raw materials purchased for each operating segment as of 31 December 2024.

Segment	Principal Raw Materials	Source
Silicone	Silicone metal; siloxane, methanol; quartz sand; octanoyl chloride, dipropylene glycol, allyl glycidyl ether	U.S. domestic/imported (majority from China)
Coatings	Synthetic resins; solvents; pigments; resins; monomers; additives such as: titanium dioxide, zinc dust, bisphenol-A, xylene, metal silicon	Korea domestic/imported
Construction materials	PVC resin; Domestic/Imported; Gypsum paper; gypsum chemical; cement	Korea domestic /imported/recycled
Others	Colemanite; Alumina; Silicon; Nitride Substrate	Korea domestic/imported

Silicone segment

Many of the raw materials we use to manufacture our products are available from more than one source and are readily available in the open market. As discussed above, we currently purchase under short-term, one-year or multi-year contracts and in the spot market so as to ensure competitive pricing and adequate supply.

Performance Additives and Formulated Specialties

Silicon metal — Silicon metal is an inorganic material that is not derived from petrochemicals and represents approximately 74.9% of our 2024 raw materials purchases. Major silicon metal suppliers include Ferroglobe PLC, Zhejiang Xinan Chemical Industrial Group Co., Ltd. ("**Zhejiang Xinan Chemical Industrial Group**") and other smaller vendors located around the world. We currently purchase silicon metal under short-term, one-year or multi-year contracts and in the spot market. We typically purchase silicon metal under formal contracts in the United States and in the spot market in Asia Pacific.

Siloxane — Siloxane is a key intermediate required to produce silicone polymers. We are one of two producers in the silicones market with global siloxane production capacity. We produce siloxane for our internal use in Waterford, New York and Ohta, Japan and source siloxane from our joint venture in Jiande, China and third parties. We also source siloxane under a purchase and sale agreement with Asia Silicones Monomer Limited and from time to time, we enter into supply agreements with other third parties to take advantage of favourable pricing and minimise our costs.

Methanol — Methanol is a key raw material for the production of methyl chloride, which is used to produce chlorosilanes. Major methanol suppliers for Momentive include Itochu Chemical Frontier Corporation, CBC Co. Ltd., Southern Chemical Corporation, and Mitsubishi Gas Chemicals. We typically enter into quarterly or annual contracts for methanol. For KCC Silicone, we primarily import metal silicon from Chinese suppliers, Zhejiang Kaihua Yuantong Silicone Industry Co., Ltd. and Hebei Hengshui Pengda Silicon Industry Co., Ltd., and primarily purchase methanol from Korean suppliers, Samsung Corporation and M-Chemical Inc.

Core Silicones and Intermediates

Naturally occurring quartz sand is the key raw material for many of the products manufactured by our Core Silicones and Intermediates business, which is currently available from a limited number of suppliers. While we also use quartz sand from several global sand suppliers, one of our suppliers, a major producer of natural quartz sand, controls a significant portion of the market for this sand.

Coatings segment

The coatings segment's primary raw materials are synthetic resins, solvents, organic materials (pigments) and additives. In 2024, we directly imported 45.2% of these raw materials on a separate basis. The principal suppliers of imported raw materials are Celanese Corporation and Dow Chemical for solvents. The remaining 54.8% is purchased from domestic suppliers, although these suppliers may have imported such raw materials. Our major domestic suppliers are Kumho P&B Chemicals, Inc., GS Caltex Corporation and Hanwha TotalEnergies Petrochemical Co., Ltd.

Due to the volatility of zinc dust (an important ingredient in container and other industrial paint) when transported, we purchase zinc dust from a Korean supplier, Hanchang Corporation. Despite the limited number of suppliers for zinc dust, the coatings segment has not experienced supply shortages or significant price variations.

Construction materials segment

The construction materials segment primarily uses gypsum paper and gypsum chemical as raw materials to manufacture its other building material products. In 2024, 76.4% of these raw materials were supplied domestically on a separate basis. The segment's primary supplier of gypsum paper is Asia Paper Mfg. Co., Ltd. ("**Asia Paper**"), which is the only manufacturer in Korea capable of meeting our volume demands. The price of gypsum paper quoted by Asia Paper is generally stable, with fluctuations of approximately 5.2% and we have not experienced significant shortages or delays in delivery. We have maintained a consistent relationship with Asia Paper as our supplier for over five years. We believe it would not have any significant problems sourcing gypsum paper should Asia Paper cease to be our supplier. We recycle used gypsum chemical purchased for the production of construction materials to produce gypsum board, minimising transportation costs.

The principal raw material used by the construction materials segment for the manufacture of PVC products is domestically supplied PVC resin which we purchase primarily from Hanwha Solutions Corporation and LG Chem Co., Ltd., the two main suppliers of PVC resin in Korea. The price of PVC resin fluctuates at times and, in 2024, fluctuated by approximately 6.4%. This fluctuation is attributable primarily to fluctuations in oil price and global demand. Despite such instances of demand increase, we have not experienced significant shortages or delivery delays for this raw material.

Other material segment

The others segment comprises epoxy moulding compound ("**EMC**"), alumina metalizing ("**AM**"), direct copper bonding ("**DCB**") and long fibre. The primary raw materials for EMC are silica and epoxy resin, AM uses alumina, long fibre utilises pyrophyllite and colemanite, and DCB uses silicon nitride substrates. As of 31 December 2024, based on the separate financial statements, the company sources 60.4% of its raw materials through imports, while the remaining 39.6% are procured domestically. The major overseas suppliers include Maruwa Co., Ltd. and Denka Company Limited from Japan, whereas alumina is purchased from local suppliers. Key domestic suppliers include Daehan Ceramics Co., Ltd. and Korea Refractories Co., Ltd. To mitigate potential impacts stemming from global political and geopolitical risks, the company is pursuing vendor diversification, including partnerships with domestic suppliers. Consequently, there are no concerns regarding resource procurement over the medium to long term.

Equipment

Many of our production operations are highly automated. As a result, it is critical that we are able to acquire equipment at reasonable cost when required. We have over 600 equipment suppliers. Generally, we seek to ensure availability by purchasing from multiple suppliers for each type of equipment and seeks to control prices by obtaining several price quotes for each purchase. At times, however we have had to rely on a single supplier for key equipment. Nevertheless, we have not been adversely affected by significant equipment supply shortages or price increases.

Certain of the equipment that we use require a lead time of up to six months or more from order to delivery. This requires us to carefully anticipate future needs and upgrade or replacement schedules, since misjudgement can adversely affect production or capacity utilisation. We typically pay for equipment in instalments, with a down payment of approximately 20% to 30% of the purchase price, an interim payment of approximately 60% and payment of the balance upon installation.

We typically enter into equipment purchase contracts which require the seller to assist us with the installation.

Production

Overall

Together with our subsidiaries, we maintain 14 domestic plants and 23 overseas production facilities. The following table shows our production and capacity utilisation rates for each major product for the year ended 31 December 2024.

Product Group	Plant	Product	Annual Capacity	Unit	Actual Production in 2024	Utilisation Rate
Silicone	1. Waterford, New York, U.S.	Formulated specialities	79,238	tonnes	30,531	38.5%
	2. Sistersville, West Virginia, U.S.	Performance Additives (silane and additives)	41,052	tonnes	21,351	52.0%
	3. Texas City, Texas, U.S.	Performance Additives (silane and additives)	12,440	tonnes	9,072	72.9%
	4. Garett, Indiana, U.S.	Basics, formulated specialties (sealant, EM, elastomer)	21,643	tonnes	6,377	29.5%
	5. Itatiba, Brazil	Basics, formulated specialties (sealant, EM, elastomer), performance additives	13,062	tonnes	8,797	67.4%
	6. Jeonju, Korea	Basics, formulated specialties (sealant, EM, elastomer)	21,733	tonnes	12,188	56.1%
	7. Daejuk, Korea	Basics, formulated specialties (sealant, EM, elastomer)	57,554	tonnes	37,798	65.7%
	8. Otha, Japan	Basics, formulated specialties (sealant, EM, elastomer), performance additives	91,750	tonnes	59,474	64.8%
	9. Nantong, China	Formulated specialties	90,187	tonnes	46,749	51.8%
	10. Rayong, Thailand	Formulated specialties and performance additives	120,296	tonnes	45,543	37.9%
	11. Chennai, India	Formulated specialties and performance additives	13,684	tonnes	9,897	72.3%
	12. Leverkusen, Germany	Elastomer, hard-coating, tyre, etc.	42,463	tonnes	20,852	49.1%
	13. Abingdon, U.K.	Performance additives	8,459	tonnes	6,231	73.7%
	14. Termoli, Italy	Performance Additives	28,363	tonnes	20,526	72.4%
	15. Lostock, U.K.	Formulated specialties	7,110	tonnes	2,843	40.0%
Coatings	16. Jeonju 2, Korea	Paints/coatings	84,050	kl	78,456	93.3%
	17. Ulsan, Korea	Paints/coatings	153,492	kl	133,773	87.2%
	18. Anseong, Korea	Paints/coatings	41,030	kl	29,571	72.1%
	19. Gonsan, China	Paints/coatings	47,556	kl	63,950	134.5%
	20. Gwangju, China	Paints/coatings	36,528	kl	27,879	76.3%
	21. Chunjin, China	Paints/coatings	25,740	kl	19,924	77.4%
	22. Saudi Arabia	Paints/coatings	5,040	kl	6,196	122.9%
	23. Malaysia	Paints/coatings	14,030	kl	9,059	64.6%
	24. Ho Chi Minh City, Vietnam	Paints/coatings	20,428	kl	15,145	74.1%
	25. Hanoi, Vietnam	Paints/coatings	7,814	kl	4,321	55.3%
	26. Türkiye (KCT)	Paints/coatings	17,775	kl	8,042	45.2%
	27. India (KCI)	Paints/coatings	11,899	kl	7,398	62.2%

Product Group	Plant	Product	Annual Capacity	Unit	Actual Production in 2024	Utilisation Rate
Construction Materials . . .	28. Yeocheon, Korea	Gypsum	89,918	'000 m^2	72,684	80.8%
	29. Daejuk 1, Korea	Gypsum	170,579	'000 m^2	124,836	73.2%
	30. Gimcheon, Korea	Mineral wool	117,765	tonnes	83,347	70.8%
	31. Munmak, Korea	Glass wool	95,600	tonnes	74,833	78.3%
	32. Jeonju 1, Korea	PVC	38,590	tonnes	30,936	80.2%
Others	33. Jeonju 2, Korea	Epoxy moulding compound	5,089	kl	4,309	84.7%
	34. Anseong, Korea	Epoxy moulding compound	909	kl	181	19.9%
	35. Jeonju 1, Korea	Aluminium metallising	381	tonnes	396	103.9%
	36. Sejong, Korea	Long fibre	65,332	tonnes	62,451	95.6%
	37. Nhon Trach, Vietnam	Aluminium metallising, direct copper bonding	932	tonnes	877	94.1%

In recognition of our manufacturing facilities meeting international standards of quality, the Ulsan, Munmak, Sejong, Gimcheon, Yeocheon, Jeonju 1, 2, Daejuk 1 and 2 plants have all received ISO 9001 and ISO14001 certification. In addition, the Ulsan plant and Jeonju plant have received IATF 16949 (Automotive Quality Management System Standards) certifications.

We have ongoing major capital expenditure projects in progress in Korea as of 31 March 2025 relating to expansion and improvement of our warehouse, plants and others, as well as on R&D. For Momentive, we estimate approximately US$100 million to US$120 million each year for the next few years in capital expenditures, which primarily comprise growth and productivity initiatives, upgrades to property, plant and equipment, and compliance costs for environmental, health and safety laws and regulations.

Competition

Overall

We are one of the domestic market leaders in terms of sales in each of our four core operating segments. We compete in our various operating segments based on the following factors:

- product performance, quality and reliability;
- development of new and innovative products and manufacturing processes;
- ability to accurately identify and respond to emerging regulatory and industry trends and customer needs for product features and performance characteristics;
- close collaboration with customers on product development;
- competitive pricing;
- successful and timely expansion of production capacity;
- ability to provide a stable supply of products in a timely manner to customers;
- effectiveness of sales and marketing efforts; and
- brand recognition and financial strength.

Silicone segment

The global silicone market is competitive, and key players include China National Bluestar (Group) Co., Ltd. (Elkem Silicones), Dow Chemical Company, DuPont de Nemours, Inc., Evonik Industries AG, Shin-Etsu Chemical Co., Ltd. and Wacker Chemie AG. Construction activities, with infrastructure development in growing urban centres of the Asia/Pacific and Africa/Mideast regions are expected to increase demand for silicone. China remains a market leader in silicone demand, standing to contribute to half of the volume gains on a global scale. See also "*Risk Factors—Risks relating to our business and the industry—The markets for our products are competitive*." This demand is driven by the revitalisation of housing construction and advancement in non-residential building. Additionally, China's thriving solar panel industry is set to accelerate the demand further, meeting global renewable energy requirements.

The external revenue of our silicone segment is geographically diversified, which comprises 25.0% from North America, 26.3% from Europe, 7.9% from China, 8.0% from Japan and 32.8% from the rest of the world in 2024.

Coatings segment

We believe we are the largest domestic manufacturer in terms of sales among approximately 150 other companies in the domestic paint industry. Our main competitors are NOROO Holdings, Samhwa Paints Industrial Co., Ltd., Kangnam Jevisco Co., Ltd., Akzo Nobel N.V., PPG Industries, Inc. and Chokwang Paint Co., Ltd. Quality and price are key factors in this market. We believe that our top-quality paint products and reasonable pricing, combined with our brand name recognition and diverse line of paint products, place us in a competitive position in the paint market. We supply Hyundai Motor Company with a majority of its automotive paint needs, based on a master contract.

We supply paints to key automotive customers such as Hyundai Motor Group and shipbuilding customers such as HD Hyundai Heavy Industries, Samsung Heavy Industries Co., Ltd., and Hanwha Ocean Co., Ltd. We believe that our customer base and investment in R&D place us ahead of our competitors in a market with high barriers to entry, especially for automotive paint, due to long term customer relationships.

Construction materials segment

We believe that we are one of the major players in the domestic PVC product manufacturing business. In the PVC window frame market in Korea, we have two main competitors, LX Hausys, Ltd. and Hyundai L&C Co., Ltd. Other participants in the market are small and medium-sized companies which focus solely on window frames. We compete on the basis of price, marketing and distribution.

We believe that we hold leading market positions in our other building material products. In 2024, according to an internal survey that we conducted based on publicly available information, we had the second largest market share generally, and the largest market share of 58.0% for gypsum board, gypsum tex, mitone, glass wool and mineral wool in Korea and the largest and equal market share with another company of 37.0% for PVC windows in Korea in terms of sales. In the domestic market, the main competitors of the Building Materials Segment are Lafarge Korea, Byucksan Corporation and Saint-Gobain Isover Korea Co., Ltd. Our competitive advantage is derived from our strong sales and distribution network, high-quality material and installation services.

Others segment

We believe that we are one of the major players in the manufacture of alumina metallising, ceramic substrates and epoxy moulding compound. In Korea, our competitors comprise small- to medium- size as well as similar-sized manufacturers of others.

Research and development

We established our central research institute at Yongin in December 1979. As of 31 December 2024, our R&D division in Korea had approximately 560 employees. Our R&D activities at our central research centre in Korea are divided into seven research parts covering the following research areas: (1) advanced materials; (2) building material and silicone (including polysilicon); (3) organic materials; and (4) research support. In terms of organic material research, we examine water and solventless coatings, free of VOC but maintaining the properties of the existing soluble coatings, to respond to the regulations on harmful chemicals. As for inorganic research, we investigate high-efficiency construction materials and system windows including high-insulating windows and heat-insulating materials to build “zero energy house” for the future.

We also study parts for the electric/electronic use, electronic materials, and adhesives, which are applicable to the new business areas including semiconductor memory, mobile, and power modules for hydrogen and electric cars. In 2024, we were recognised for our contribution to national industrial development by strengthening corporate intellectual property capabilities and spreading intellectual property know-how and were awarded the Minister’s Award of the Ministry of Trade, Industry and Energy at the “Corporate Intellectual Property Awards 2024.”

We also maintain two satellite R&D centres located at the Ulsan and Jeonju plants. The Ulsan centre focuses on shipping and automotive paint research, and the Jeonju centre focuses on architectural paint and powder paint. We entered into an amended technology cooperation agreement with Axalta Coating Systems Ltd., a leading U.S. coatings provider, in July 2018 for the development of automotive paints. Since 2015, we have also conducted R&D projects with various research universities in Korea, including Korea Advanced Institute of Science and Technology (KAIST), University of Ulsan and Korea University.

Outside of Korea, we have 14 R&D facilities across the U.S., India and other countries.

The following table sets out our actual R&D expenses for the years indicated, and those expenditures as a percentage of our sales:

	Expenses incurred for R&D	% of sales
	(billions of Won)	
2023	₩186.6	3.0%
2024	218.6	3.3%

We plan to allocate approximately 3% to 5% of our total consolidated sales towards R&D for the next several years. The following table sets out our recent R&D projects which resulted in commercial products.

Overview of commercialised R&D projects

The following is a list of certain successfully commercialised R&D projects between 2023 and the date of this offering circular.

No	Project Name	Development Period	Description	Product
1.	Development of Epoxy Topcoat with Reduced HAPs and VOCs for Ships	Feb 2023 to Jan 2025	To meet environmental regulations, a ship epoxy topcoat was developed with reduced HAPs and VOCs to build a Low-VOC product lineup and respond to market needs.	Heavy-duty coating(ship)
2.	Development of 155°C X 10min Curing Edge Cover Electrodeposition Coating for Auto Parts	Sep 2023 to Jan 2025	Developed a low-temperature, short-time curing Edge Cover coating to improve productivity, reduce energy use, and respond to carbon-neutral demands.	Automotive Coating
3.	Product Improvement through Myton Sky Design Diversification	Jan 2024 to Feb 2025	Enhanced design and colour diversity for Myton Sky ceilings to improve interior appeal, expand customer options, and strengthen market competitiveness.	Mitone
4.	Development of Powder Coating Using Bio-mass and Recycled Materials for Home Appliances	Oct 2023 to Mar 2025	Developed eco-friendly powder coatings using biomass and recycled PET to meet green policies and strengthen the sustainable product portfolio.	Powder Coating
5.	Sizing Development to Improve Properties of PA On-line CS	Jan 2024 to Jan 2025	Developed sizing to improve the properties of glass fibre from on-line processes, reducing costs and enhancing product quality in engineering plastics.	Long fibre
6.	Development of Integrated DGU Primer for Automotive Sunroofs	Mar 2024 to Feb 2025	Developed a unified primer to prevent quality issues in mixed production lines, ensuring strong adhesion across various materials and conditions.	DGU
7.	Improvement of BPA-Free Epoxy Powder Coating for Auto Parts	Mar 2024 to Feb 2025	Developed a BPA-FREE eco-friendly coating by significantly reducing BPA content, aligning with global regulations and strengthening ESG competitiveness.	Powder Coating
8.	Improvement of Appearance and Workability of HS CLEAR for Automotive Refinishing	Apr 2024 to Jan 2025	Developed a new product with better appearance and summer workability to enhance competitiveness and expand market share in auto refinishing.	Automotive Coating

No	Project Name	Development Period	Description	Product
9.	Development of Functional Handle and Locking Gear for Windows	Mar 2024 to Feb 2025	Designed functional accessories to enhance user safety and convenience, supporting product differentiation and customer satisfaction in windows.	PVC Window
10.	Improvement of Bio Cerawool Productivity and Quality	May 2024 to Mar 2025	Improved fibre yield and product quality to ensure productivity and eco-friendliness, accelerating conversion to bio-based high-temperature insulation.	C/F
11.	Improvement of High-Performance Insulating Powder (CTI ≥600V) for Battery Components	Apr 2024 to Feb 2025	Developed insulating powder with CTI ≥600V to meet EV battery demands for high insulation and heat resistance.	Powder Coating
12.	Improvement of Inorganic Zinc Coating for Overseas Plant Markets	Apr 2024 to Mar 2025	Improved storage stability and corrosion resistance of inorganic zinc coatings to enhance long-term export quality.	Heavy-duty coating(plant)
13.	Development of Low-Irritation UV Coating for Flooring	Jun 2024 to Mar 2025	Developed low-irritation UV coatings to reduce odour and skin issues during summer operations and expand customer adoption.	General Coating
14.	System Improvement for Cost-Effective Al-Wheel Clear Coating	Feb 2023 to Mar 2025	Reduced raw material cost to improve the price competitiveness and profitability of Al-wheel clear coatings.	General Coating
15.	Development of Injection-Mouldable EMC Products	Jul 2023 to Jan 2025	Developed EMC material applicable to injection moulding for structural components and expanded to EV motor applications.	EMC
16.	Development of Competitive PCM Coating for Home Appliances	Jan 2023 to Jan 2024	Enhanced material efficiency and performance of HPP topcoats to strengthen PCM coating competitiveness in home appliances.	Pre-coated Metal, Coating
17.	Development of Non-Staining RMP Coating for Construction PCM Panels	Aug 2023 to Mar 2024	Improved stain resistance of PCM construction coatings to enhance exterior quality and expand market share.	Pre-coated Metal, Coating
18.	Development of Low-Temperature Curing Waterborne 2K Midcoat for Automobiles	Feb 2023 to Jan 2024	Developed 90°C waterborne 2K midcoat to reduce VOC emissions and support broad substrate applicability.	Automotive Coating
19.	Development of High-Solids Epoxy with Aluminium for Ships	Oct 2022 to Jan 2024	Developed aluminium-based high-solids epoxy to reduce HAPs/VOCs and meet LNG ship primer requirements.	Heavy-duty coating(ship)
20.	Development of Visual Thickness Indicating High-Solids Epoxy for Ships	Aug 2023 to Jan 2024	Created self-indicating high-solids epoxy to improve coating efficiency and support VOC-regulation compliance.	Heavy-duty coating(ship)
21.	Development of CS for LCP	Jan 2023 to Jan 2024	Developed glass fibre sizing for LCP with high heat and mechanical properties to expand FRTP market and complete CS product lineup.	Long fibre
22.	Development of Gasket-Integrated Glass Fixing Frame	Sep 2023 to Feb 2024	Developed extrusion-based glass frame with integrated gasket to improve workability and eliminate need for sealant curing.	PVC Window
23.	Development of High-Performance Soundproof & Seismic Gypsum Board Wall	Mar 2021 to Jan 2024	Developed gypsum wall with high sound insulation and seismic performance to meet stricter building codes and gain market competitiveness.	Gypsum Board
24.	Development of Shortened Waterborne 3C1B Coating System for Automobiles	Jul 2022 to Jun 2024	Developed eco-friendly 3C1B system with VOC reduction, cost savings, and up to 30% improvement in process productivity.	Automotive Coating
25.	Development of Low-Cure PCM Coating for Building Materials	Jun 2023 to May 2024	Developed PCM coating that cures below 200°C to reduce energy use and carbon emissions in sustainable construction.	Pre-coated Metal, Coating

No	Project Name	Development Period	Description	Product
26.	Development of Low-Cure PCM Primer for Home Appliances	Jun 2023 to May 2024	Developed primer with cure temp below 200°C to reduce energy and carbon emissions, supporting environmental regulations.	Pre-coated Metal, Coating
27.	Development of Aircraft Body Coating	Mar 2022 to Jun 2024	Developed high-durability aircraft paint to meet military standards and support Korea's defence export expansion strategy.	General Coating
28.	Development of Coating System for Ammunition Packaging	Jun 2023 to Apr 2024	Developed fast-drying, anti-skinning alkyd-based system suitable for defence and industrial applications with enhanced productivity.	General Coating
29.	Coating Development via Chrome Plating Surface Morphology Study	May 2023 to Apr 2024	Improved chrome and tinted coating based on morphology analysis to reduce defects and enhance productivity.	Automotive Coating
30.	Development of Klenze M500 ASA Colour & High Wind Pressure System Window	Jan 2023 to Apr 2024	Developed high-performance window system for energy saving and premium housing, meeting high wind pressure and insulation standards.	PVC Window
31.	Process Development to Reduce Fuel Cost in Gypsum Board Drying	Jan 2023 to Apr 2024	Optimised raw material blending to improve slurry fluidity and mixing efficiency, reducing fuel costs and enhancing sustainable manufacturing in the gypsum board process.	Gypsum Board
32.	Inorganic Raw Material Blending Study Using Recycled Materials for Long Fibre	Jun 2022 to May 2024	Developed methods to recycle LCD/OLED glass and fibre scrap for long fibre production, reducing waste and promoting eco-friendly, circular manufacturing processes.	Long fibre
33.	EMC Development for High Voltage, High Temperature Power Semiconductors	Jan 2022 to Apr 2024	Developed EMC materials for SMD packages with high Tj requirements, targeting EV and renewable energy applications to secure reliability and expand market presence.	EMC
34.	EMC Development for EV Inverter Power Semiconductors	Jul 2023 to Jun 2024	Focused on high-heat and high-insulation EMCs for EV inverters; achieved approval from major Chinese customers, leading to expected market and revenue expansion.	EMC
35.	Insulating Powder Coating Development for Motor Applications	Feb 2023 to Jul 2024	Developed powder coating with enhanced insulation, flame resistance, and thermal resistance; certified UL 94 V0; targeting motors and coil core markets globally.	Powder Coating
36.	Plastisol (PVC-SOL) Coating Development	Jun 2023 to Jul 2024	Developed construction-grade Plastisol coatings for PCM panels targeting EU market roofing and siding; aimed to secure domestic supply and expand overseas sales.	Pre-coated Metal, Coating
37.	PCM Coating for Induction Oven (Low Bake Type)	Jul 2023 to Sep 2024	Improved curing speed and appearance for CCL line induction oven coatings; expected to boost productivity and apply to wider PCM product lines.	Pre-coated Metal, Coating
38.	High Weatherability Waterborne Coating System for Heavy Equipment	Jun 2022 to Jul 2024	Developed waterborne coatings replacing solvent types to meet VOC and safety standards; applicable to both heavy equipment and general industrial sectors.	General Coating
39.	High-Coverage High-Solid Coating for Automotive Applications	Jan 2024 to Sep 2024	Developed SVR-type high-solid coating with 20% better performance for new models and facelifts; improves competitiveness in procurement bids.	Automotive Coating

No	Project Name	Development Period	Description	Product
40.	Business Model Development for Floor-Level Autonomous Painting Robot	Jan 2024 to Aug 2024	Developed painting robots for horizontal floor surfaces to address skilled labour shortages and improve quality and productivity in smart coating systems.	Coating Robot
41.	Development of Putty with Reduced Hazardous Substances for Auto Repair	Aug 2023 to Sep 2024	Developed putty by replacing newly regulated toxic substances. Ensured fast drying and good workability, aiming to strengthen global competitiveness and expand market share.	Automotive Coating
42.	Development of General-Purpose High-Solids Epoxy Paint with Aluminium for Ships	Feb 2023 to Aug 2024	Developed aluminium-based high-solids epoxy paint to meet HAPs and VOCs reduction. Designed for LNG vessels, the product enhances corrosion resistance and eco-friendliness.	Heavy-duty coating(ship)
43.	Development of Plant Exterior Coating System	Feb 2023 to Jul 2024	Developed epoxy primer to replace inorganic zinc primer, reducing from 3-coat to 2-coat system. Meets ISO12944 standards and improves productivity in high-corrosion environments.	Heavy-duty coating(plant)
44.	Development of Ice Going Coating for 1K Airless Sprayer Use	2021.01 to Oct 2024	Developed 1K coating for ease of use in shipyards, replacing high-viscosity 2K. Achieved excellent abrasion, adhesion, and anti-corrosion properties; RMRS Ice Class I certified.	Heavy-duty coating(ship)
45.	Development of Non-Cr Common Primer for PCM Building Materials	Jun 2022 to Dec 2024	Developed non-Cr primer using silica-based pigments to meet regulations. Achieved comparable performance, enabling PCM product lineup expansion and eco-friendly marketing appeal.	Pre-coated Metal, Coating
46.	Development of Solvent-Based 3C2B Automotive Coating for Overseas CKD Plants	Jan 2023 to Dec 2024	Aimed at increasing overseas market share by applying 3C2B technology to CKD plants. Secured new customers and expanded exports, reinforcing technology reliability.	Automotive Coating
47.	Development of Klenze ASA Colour & AL CAP+PVC Hybrid Window	Feb 2023 to Nov 2024	Designed high-performance hybrid window for energy-saving and premium housing needs. Offers high wind resistance, thermal insulation, and design flexibility for diverse markets.	PVC Window
48.	Development of Extrusion Composite for Flame-Retardant Windows	Jan 2023 to Nov 2024	Developed flame-retardant compound using inorganic additives and fibreglass. Enhanced safety and product uniqueness for windows in fire-sensitive buildings and environments.	PVC Window
49.	Resource Utilisation of Waste Glass Fibre	Jan 2023 to Dec 2024	Recycled glass fibre waste via separation and micronisation processes. Enabled reuse in composites, supporting sustainability, reducing costs, and generating high added value.	Long fibre
50.	Development of Low-Toxic SPC Antifouling Paint with ≤1% Pyrithione	2023.03 to Dec 2024	Developed antifouling paint minimising pyrithione content to comply with tightened regulations. Balanced eco-friendliness and performance, meeting shipyards' safety demands.	Heavy-duty coating(ship)
51.	Development of Potting Material for Hybrid Electric Vehicle Drive Motors	Feb 2023 to Dec 2024	Developed potting material for protecting HEV motor terminals with high Tg and excellent rheology; aims to enhance competitiveness and product reliability in global markets	Potting compound
52.	Development of UV Coating for Overseas Automotive Interior Material Approval	2023.03 to Dec 2024	Developed UV coating targeting global interior parts approval; verified high-quality properties and improved yield; expected to expand to global supply chains	Automotive Coating

No	Project Name	Development Period	Description	Product
53.	Development of High-Durability Epoxy Flooring	2023.11 to Oct 2024	Developed epoxy flooring with superior compressive and tensile strength to meet increasing market demands; expected to boost sales through product differentiation	Architectural, Coating
54.	Development of Coating System to Replace FRP in Water Tanks	Aug 2023 to Dec 2024	Developed FRP-free coating system using reinforced urea method to replace complex and costly FRP waterproofing; offers high durability and wide applicability	Architectural, Coating
55.	Development of Adhesion-Enhanced Coating for Silicone PC-Based Automotive Interiors	Jan 2024 to Oct 2024	Enhanced adhesion and durability by applying self-reactive acrylic resin and UV absorber to interior silicone-PC materials; expected to increase market share	Automotive Coating
56.	Development of HAPs-Reduced Epoxy Primer for Deck House of Ships	Sep 2023 to Dec 2024	Eco-friendly epoxy primer with reduced HAPs and VOCs for ship Deck House exterior; excellent re-coatability and workability for replacing conventional solvent-based coatings	Heavy-duty coating(ship)
57.	Development of Energy-Saving Coating for Reefer Containers	Sep 2023 to Dec 2024	Developed coating to reduce energy consumption of reefer containers by maintaining low surface temperature; applies without changing painting process, targeting eco-friendly markets	C/T
58.	Development of Epoxy Coating for ESS Containers	Jan 2024 to Nov 2024	Developed epoxy for ESS containers with high corrosion resistance; optimised for Southeast Asia climate and certified to meet harsh environment standards, expanding global competitiveness	C/T
59.	Development of Lite Version of Colour Matching System for Car Refinish	Jan 2024 to Nov 2024	Developed simplified CCM Lite system with excellent matching accuracy for easier use by overseas refinishers; supports global expansion through improved usability	Colour Matching System
60.	Development of Water-Based Metallic Coating for Interior & Exterior Use	Jan 2024 to Dec 2024	Developed low-VOC water-based metallic coating with low odour and high appearance quality; excellent workability for roller/spray and suitable for eco-friendly building use	Architectural, Coating
61.	Development of Floor Coating for U.S. Market	Jan 2024 to Dec 2024	This project aims to develop floor coatings that meet U.S. regulations and standards to enhance product credibility, reduce maintenance costs, and expand market share in the U.S.	Architectural, Coating
62.	Development of UV Coating for GPET Deco Film	Feb 2024 to Dec 2024	Developed UV coatings for GPET deco film used in furniture with high-gloss and matte finishes, enabling compatibility with various curing processes and expanding into new markets.	General Coating
63.	Improvement of SUS Clear Coating System for Home Appliances	Feb 2024 to Dec 2024	Improved acrylic clear coatings for SUS surfaces to meet customer specifications and ensure good workability through line testing, enabling immediate supply and revenue growth.	Pre-coated Metal, Coating
64.	Improvement of Low NOX Polyurethane Coating System	Jan 2024 to Dec 2024	Developed a low NOX polyurethane coating in response to emission regulations, ensuring minimal NOX generation and excellent properties, offering a competitive edge as the sole supplier.	Pre-coated Metal, Coating
65.	Development of Toxic-Free Urethane Waterproof and Flooring Products	May 2024 to Dec 2024	Developed toxic-free urethane products with less than 1% TDI residue to comply with upcoming regulations, enabling eco-friendly certification and expanding market presence.	Architectural, Coating

No	Project Name	Development Period	Description	Product
66.	Improvement of Elongation for Waterborne Basecoat for Car Repair	Mar 2024 to Dec 2024	Optimised elongation and storage stability of waterborne basecoats for automated mixing systems, improving work efficiency and consistency to increase sales at repair shops.	Automotive Coating
67.	Development of VOC-Reduced Urethane Topcoat for Ships	Jun 2024 to Dec 2024	Developed a VOC- and HAPs-reduced urethane topcoat for marine use that maintains equivalent performance, responding to environmental regulations and customer demand for eco-friendly products.	Heavy-duty coating(ship)
68.	Study on Louvre and Window Systems with Solar Panels	Mar 2024 to Dec 2024	Designed integrated louvre and window systems with solar modules to support zero-energy buildings, securing energy production capacity and promoting renewable energy commercialisation.	PVC Window
69.	Development of Silicone-Feel Coating for HNBR Watchband	May 2024 to Dec 2024	Developed a spray-type silicone-feel coating for HNBR watchbands, passing reliability tests and expanding applicability to new materials across multiple industries.	General Coating
70.	Improvement of Powder Coating for U.S. Transformer to Meet IEEE Standards	Apr 2024 to Dec 2024	Improved powder coatings to meet IEEE standards and corrosion/weather resistance for U.S. transformers, enabling entry into related applications like switchboards, ESS, and gas cylinders.	Powder Coating

Patents, trademarks and licences

On a separate basis, we have registered approximately 965 patents and 555 trademarks in Korea, and 247 patents and 546 trademarks abroad, with a significant portion covering products and processes of the silicon segment and coatings segment. Depending on the type of patent, applications for patent registration are approved for an initial period of one to three or more years. Thereafter, we selectively renew our patents depending on the continued importance of the patent. All patents in Korea expire 20 years from the date of application. We have registered trademarks in the U.S., Korea, Germany, Japan, China and Singapore. Once registered, trademarks in Korea are protected for an initial period of ten years, after which time they may be perpetually renewed.

We have not been involved in material litigation, arbitration or other dispute with respect to our intellectual property.

As of 31 December 2024, we had registered or made application for registration of the following patents and trademarks on a separate basis.

	Registered			Pending		
	Company	Joint applications	Total	Company	Joint applications	Total
Utility Patents	670 (247)	1 (-)	671 (247)	261 (222)	4 (2)	265 (224)
Design Patents	294 (-)	— (-)	294 (-)	10 (-)	— (-)	10 (-)
Trademarks . .	315 (113)	240 (433)	555 (546)	15 (-)	— (16)	15 (16)
Total	**1,279 (360)**	**240 (433)**	**1,520 (793)**	**286 (222)**	**4 (18)**	**290 (40)**

Note: Numbers in parentheses denote number of overseas registrations or applications.

We do not believe we rely on any one licence or these licences as a whole for the operation of our operating segments. Licence fees and royalty payments constituted 1.4% of total sales of products that are manufactured under these licences for the year ended 31 December 2024 on a separate basis. We also pay licensee fees and royalty payments on a fixed sum basis for certain licences. We have also issued one licence to each licensee, including related companies, to facilitate client demands and to

assist our related entities. We receive licensee fees and royalty payments between the range of 2% to 3% of net sales of products that are manufactured under such licences.

Technical assistance

We have entered into technical assistance agreements with Axalta Coating Systems Ltd. and others. In accordance with the agreements, we pay or receive technical assistance fees, calculated based on net sales of products or usage of the patents during the agreement term.

Property

The table below sets out our main office buildings and primary production facilities as of the date of this offering circular on a consolidated basis. We own all of the real property used for our operations in Korea.

	As of 31 December 2024		
	Purpose	Location	Ownership
		(square metres)	
Main Buildings	Head office	Korea	100%
Gimcheon Plant	Glass wool, mineral wool, mitone production	Korea	100%
Daejuk Plant	Gypsum Board Production	Korea	100%
Munmak Plant	Glass wool Production	Korea	100%
Sejong Plant	Fibre Glass Production	Korea	100%
Anseoung Plant	Paint, EMC Production	Korea	100%
Yeocheon Plant	Gypsum Board Production	Korea	100%
Ulsan Plant	Paint Production	Korea	100%
Jeonju 1 Plant	PVC Window, AM Production	Korea	100%
Jeonju 2 Plant	Paint, EMC Production	Korea	100%
Kunshan Plant	Paint Production	China	Leased
Guangzhou Plant	Paint Production	China	Leased
Tianjin Plant	Paint Production	China	Leased
India Plant	Paint Production	India	Leased
Saudi Arabia Plant	Paint Production	Saudi Arabia	100%
Malaysia Plant	Paint Production	Malaysia	100%
Türkiye Plant	Paint Production	Türkiye	100%
Vietnam Plant	Paint Production	Vietnam	Leased
Hanoi Plant	Paint Production	Vietnam	Leased
Vietnam Nhon Plant	AM Production	Vietnam	Leased
Waterford Plant	Formulated Specialties Production	U.S.A	100%
Sisterville Plant	Performance Additives Production	U.S.A	100%
Texas City Plant	Performance Additives Production	U.S.A	100%
Garrett Plant	Basics, Formulated Specialties Production	U.S.A	Leased

We consider our current facilities to be adequate for our present and anticipated near-term production needs. We are developing additional facilities in the following locations:

Environmental and other regulatory matters

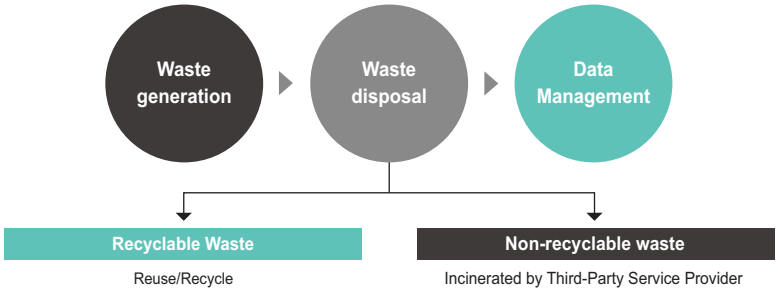
We are subject to a wide range of environmental regulations relating to our manufacturing facilities covering air and water quality, noise, solid waste and waste treatment. Sanctions for the violation of current regulations can result in official warnings, temporary suspension of operations or closure of the offending facility. See "*—Legal and Regulatory Proceedings.*"

Our production activities are subject to regulation under the Clean Air Conservation Act (the "**CACA**") and the Water Environment Conservation Act (the "**WECA**") of Korea. The CACA and WECA and the regulations thereunder prescribe the permits required for emitting air pollutants or wastewater and the maximum permissible levels of pollutants that can be contained in air emissions and wastewater, respectively, discharged by our production facilities. Pursuant to our environmental management policies we seek to comply with relevant environmental zoning requirements related to the operation of our facilities, maintain all relevant environmental permits required for air pollutant emissions or wastewater discharging at our facilities and operate environmental control facilities at our

production facilities that reduce the level of pollutants contained in air and water discharges to permissible levels.

We mainly use water to operate production lines and related facilities, such as manufacturing, cooling, and fire extinguishing. The wastewater generated from these procedures is sent to the central wastewater treatment facility along a separately installed wastewater pipe for safe treatment and then discharged at the designated treatment plant in compliance with the discharge requirements under the law. We establish and implement wastewater generation reduction targets and action plans by source of discharge to fundamentally reduce wastewater emissions. Also, we recycle water with low level contamination such as rainwater, wastewater, and living sewage after appropriate treatment when necessary. We are continuously promoting and implementing efforts to protect water resources by increasing the rate of wastewater recycling through process improvement.

Waste Management Flow by KCC's Business Site



We are also subject to the Soil Environment Conservation Act (the "**SECA**") which requires facilities that may cause any significant soil contamination such as underground storage tanks to undergo periodic soil contamination testing. The SECA and the regulations thereunder set the permissible levels of soil contamination and require persons deemed to have caused soil contamination pursuant to the SECA to carry out clean-up or other remedial action.

Furthermore, our production activities are subject to the Act on the Registration and Evaluation of Chemicals (the "**AREC**"), which is aimed at protecting the environment from risks caused by chemicals. Under the AREC, we are required to obtain a chemicals registration or file a chemicals report with the Ministry of Environment, which evaluates the degrees of hazard for such chemicals. We are also required to provide information regarding changes in intended usage, the degrees of hazard or annual production of chemicals, to the Ministry of Environment. To prevent leakage of hazardous chemicals, our business sites have established and implemented a hazardous chemicals management system, including monthly inspections on the storage facilities' detectors and shut-off devices, cheques on the status of protective gear that can be used in the event of emergencies, as well as periodic emergency drills for leakages. In addition, we pursue management based on a scientific approach with Toxics Release Inventory to reduce the average amount of hazardous chemicals emitted.

Our production activities may also be subject to other Korean environmental laws, such as the Noise and Vibration Act, Waste Management Act, Ground Water Act and Chemicals Control Act. Under such environmental laws, a business entity that conducts production activity which may cause environmental pollution as described therein must obtain a permit or file a report and must comply with the relevant regulations. Moreover, our production activities are subject to the Act on the Integrated Control of Pollutant Discharging Facilities (the "**ICPDF Act**"), which was enacted in December 2015. We have obtained permits for our pollutant-discharging facilities as required under the ICPDF Act and are currently in compliance with the maximum discharging criteria and the regulations prescribed thereunder. In addition, our production activities are subject to the Act on the Allocation and Trading of Greenhouse Gas Emission Permits (the "**Emission Permits Act**"). The Emission Permits Act and the regulations thereunder establish the Korean emissions trading scheme, under which companies whose greenhouse gas emission amounts for the past three years exceed certain thresholds are allocated a limited volume of emission allowances and are allowed to trade surplus or deficient emission allowances.

We are also subject to the laws and regulations of jurisdictions outside of Korea in which we have production facilities. For example, we and our operations involve the manufacture, use, handling,

processing, storage, transportation and disposal of hazardous materials and are subject to extensive and complex U.S. federal, state, local and non-U.S. supra-national, national, provincial and local environmental, health and safety laws and regulations. These environmental laws and regulations include those that govern the discharge of pollutants into the air and water, the generation, use, storage, transportation, treatment and disposal of, and exposure to, hazardous materials and wastes, the cleanup of contaminated sites, occupational health and safety and those requiring permits, licences or other government approvals for specified operations or activities. Our products are also subject to a variety of international, national, regional, state, local and provincial requirements and restrictions applicable to the manufacture, import, export, registration, labelling or subsequent use of such products. In addition, we are required to maintain, and may be required to obtain in the future, environmental, health and safety permits, licences or government approvals to continue current operations at most of our manufacturing and research facilities throughout the world. See "*Risk Factors—Risks relating to our business and the industry—We are subject to stringent environmental regulations, compliance with which could give rise to significant expenditures or liabilities*."

Domestic and international laws regulate the production and marketing of chemical substances. Although almost every country has its own legal procedure for registration and import, laws and regulations in the European Union, the United States, and China are the most significant to our business. These laws typically prohibit the import or manufacture of chemical substances unless the substances are registered or are on the country's chemical inventory list, such as the European inventory of existing commercial chemical substances and the U.S. Toxic Substances Control Act inventory. Chemicals that are on one or more of these lists can usually be registered and imported without requiring additional testing in countries that do not have such lists, although additional administrative hurdles may exist. Under such laws, countries may also require toxicity testing to be conducted on chemicals in order to register them or may place restrictions on the import, manufacture and/or use of a chemicals. The European Commission enacted a regulatory system in 2006 known as REACH, which requires manufacturers, importers and consumers of certain chemicals to register these chemicals and evaluate their potential impact on human health and the environment. As REACH matures, significant market restrictions could be imposed on the current and future uses of chemical products that we use as raw materials, or that we sell as finished products in the European Union. Other countries may also enact similar regulations. See "*Risk Factors—Risks relating to our business and the industry—Future chemical regulatory actions may decrease our profitability*."

While we believe that we are in compliance in all material respects with applicable environmental laws and regulations, our business and operations may nevertheless give rise to liabilities and may require us to incur costs to remedy the damage caused by such discharges. Furthermore, environmental laws may change in the future, which may require us to modify or curtail our production activities or make significant capital expenditures or may otherwise adversely affect our operations.

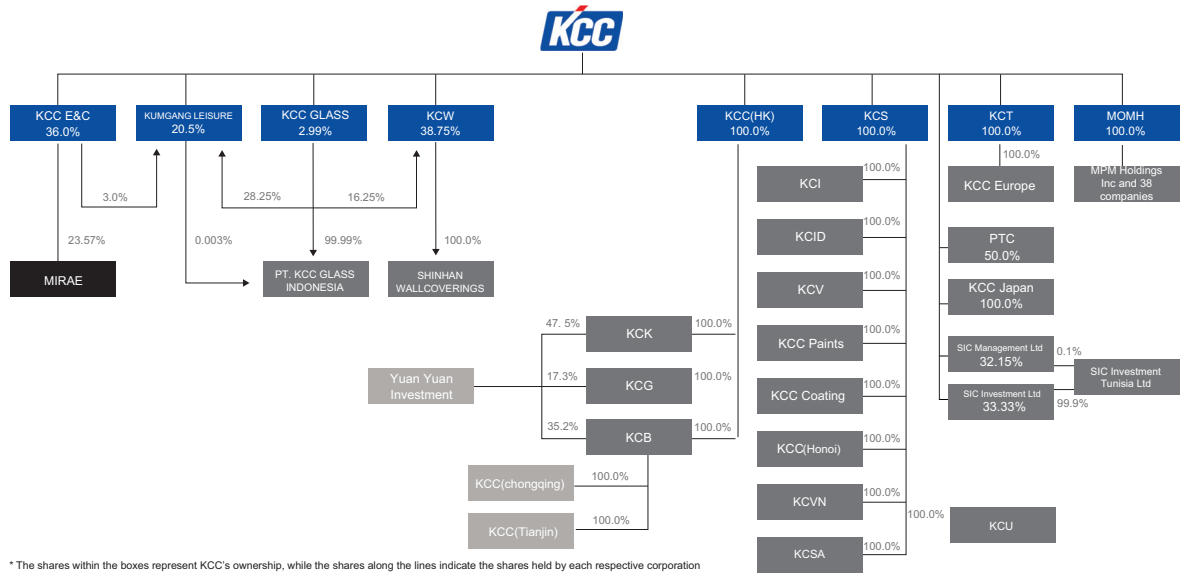
Insurance

As of 31 December 2024, we had general insurance coverage on equipment and general items in our facilities against fire and comprehensive liability. We also maintain automotive insurance coverage for our vehicles and product liability insurance coverage for potential claims. In the U.S., we are generally insured for losses and liabilities for workers' compensation, physical damage to property, business interruption and comprehensive general, product and vehicle liability under high-deductible insurance policies.

As is the norm in the industries in which we operate in Korea, we maintain environmental insurance coverage at the majority of our facilities. In our offshore operations, we maintain environmental insurance coverage in the U.S. We believe our insurance coverage is adequate in comparison to industry norms. See also "*Risk Factors—Risks relating to our business and the industry—Our production facilities are subject to significant operating hazards, which could cause environmental contamination, personal injury and loss of life, and severe damage to, or destruction of, property and equipment*."

Subsidiaries, associates and joint ventures

The following chart sets out our corporate structure as of 31 March 2025:



* The shares within the boxes represent KCC's ownership, while the shares along the lines indicate the shares held by each respective corporation

Subsidiaries

As of 31 March 2025, we had 60 consolidated subsidiaries in and outside Korea, as set forth in the table below. Consolidated subsidiaries are companies (i) which we directly or indirectly own more than 50.0% of equity interest or (ii) over which we are able to exercise power to affect our returns.

Name	Location	Principal Area of Activity	Shareholding[6] (%)
KCC Chemical (HK) Holdings Limited	Hong Kong	Other	100.0%
KCC Chemical (Kunshan) Co., Ltd.[1]	China	Coatings	100.0%
KCC Chemical (Guangzhou) Co., Ltd.[1]	China	Coatings	100.0%
Yuan Yuan Investment (Shanghai) Co., Ltd.[1]	China	Other	100.0%
KCC Chemical (Beijing) Co., Ltd.[1]	China	Coatings	100.0%
KCC Chemical (Chongqing) Co., Ltd.[2]	China	Coatings	100.0%
KCC Chemical (Tianjin) Co., Ltd.[2]	China	Coatings	100.0%
KCC (Singapore) Pte. Ltd.	Singapore	Coatings	100.0%
KCC Paint (India) Private Limited[3]	India	Coatings	100.0%
KCC Paints Sdn. Bhd.[3]	Malaysia	Coatings	100.0%
KCC Coating Sdn. Bhd.[3]	Malaysia	Coatings	100.0%
PT KCC Indonesia[3]	Indonesia	Other	100.0%
KCC (Vietnam) Company Limited[3]	Vietnam	Coatings	100.0%
KCC (Hanoi) Co., Ltd.[3]	Vietnam	Coatings	100.0%
KCC (Viet Nam Nhon Trach) Company Limited[3]	Vietnam	Material	100.0%
KCC International Paints Co., Ltd.[3]	Saudi Arabia	Coatings	100.0%
KCC PAINTS FE LLC[3][7]	Uzbekistan	Coatings	100.0%
KCC Boya Sanayi ve Ticaret Limited Sirketi	Turkey	Coatings	100.0%
KCC Europe GmbH[4]	Germany	Other	100.0%
KCC Japan Co., Ltd.	Japan	Other	100.0%
MOM Holding Company[8]	USA	Silicone	100.0%
MPM Holdings Inc.[5]	USA	Silicone	100.0%
MPM Intermediate Holdings Inc.[5]	USA	Silicone	100.0%
Momentive Performance Materials Inc.[5]	USA	Silicone	100.0%
Momentive Performance Materials Worldwide LLC[5]	USA	Silicone	100.0%
Momentive Performance Materials USA LLC[5]	USA	Silicone	100.0%
Juniper Bond Holdings III LLC[5]	USA	Silicone	100.0%
Juniper Bond Holdings IV LLC[5]	USA	Silicone	100.0%

Name	Location	Principal Area of Activity	Shareholding[6] (%)
Momentive Performance Materials South America Inc.[5]	USA	Silicone	100.0%
Momentive Performance Materials China SPV Inc.[5]	USA	Silicone	100.0%
MPM AR LLC[5]	USA	Silicone	100.0%
MPM Silicones, LLC[5]	USA	Silicone	100.0%
Momentive Performance Materials Nova Scotia ULC[5]	Canada	Silicone	100.0%
Momentive Performance Materials S. de R.L. de C.V.[5]	Mexico	Silicone	100.0%
Momentive Performance Materials Industria de Silicones Ltda[5]	Brazil	Silicone	100.0%
Momentive Performance Materials Limited[5]	UK	Silicone	100.0%
Momentive Performance Materials Kimya Sanayi Ve Ticaret Limited Sirketi[5]	Turkey	Silicone	100.0%
Momentive Performance Materials Benelux BV[5]	Belgium	Silicone	100.0%
Momentive Performance Materials France Sarl[5]	France	Silicone	100.0%
Momentive Performance Materials GmbH[5]	Germany	Silicone	100.0%
Momentive Performance Materials Italy Srl[5]	Italy	Silicone	100.0%
Momentive Performance Materials Specialties Srl[5]	Italy	Silicone	100.0%
Momentive Performance Materials Silicones BV[5]	Netherland	Silicone	100.0%
Momentive Performance Materials Shanghai Co., Ltd.[5]	China	Silicone	100.0%
Momentive Performance Materials (Nantong) Co., Ltd.[5]	China	Silicone	100.0%
Momentive (Shanghai) Investment Co., Ltd.[5]	China	Silicone	100.0%
Momentive Performance Materials (Shanghai) Trading Co., Ltd.[5]	China	Silicone	100.0%
Momentive Performance Materials Hong Kong Ltd[5]	Hong Kong	Silicone	100.0%
Momentive Performance Materials Pte Ltd[5]	Singapore	Silicone	100.0%
TA Holding Pte Ltd[5]	Singapore	Silicone	100.0%
Nautilus Pacific Two Pte Ltd[5]	Singapore	Silicone	100.0%
Momentive Performance Materials Asia Pacific Pte Ltd[5]	Singapore	Silicone	100.0%
Momentive Performance Materials (Thailand) Ltd[5]	Thailand	Silicone	100.0%
Momentive Performance Materials Japan LLC[5]	Japan	Silicone	100.0%
Ohta Kako LLC[5]	Japan	Silicone	100.0%
Momentive Performance Materials FZE[5]	UAE	Silicone	100.0%
Momentive Performance Materials (India) Private Limited[5]	India	Silicone	100.0%
KCC Silicone Corporation[5]	Korea	Silicone	100.0%
Momentive Performance Materials Holdings UK Limited[5]	UK	Silicone	100.0%
Basildon Chemical Co. Limited[5]	UK	Silicone	100.0%

Notes:

(1) A subsidiary of KCC Chemical (HK) Holdings Limited.
(2) A subsidiary of KCC Chemical (Beijing) Co., Ltd.
(3) A subsidiary of KCC (Singapore) Pte. Ltd.
(4) A subsidiary of KCC Boya Sanayi ve Ticaret Limited Sirketi.
(5) A subsidiary of MOM Holding Company.
(6) Based on the voting stock (including the holding of the subsidiary's shares).
(7) For the year ended 31 December 2024, KCC (Singapore) Pte. Ltd made a new investment and established KCC PAINTS FE LLC, classifying the entity as our subsidiary.
(8) For the year ended 31 December 2024, we acquired 40,941 shares of convertible preferred stock with voting rights issued by MOM Holding Company from MOM USA Limited Partnership, resulting in an increase in our ownership percentage in MOM holding Company.

Acquisition of Momentive

MPM Holdings Inc. ("**MPM Holdings**") is a holding company that conducts substantially all of its business through its subsidiaries. Momentive's wholly-owned subsidiary, MPM Intermediate Holdings Inc., is an intermediate holding company for the operations of its wholly-owned subsidiary, Momentive, and its subsidiaries. In 2019, as part of a Korean consortium, we acquired a minority stake in MPM Holdings, and in 2021 we increased our stake to 60%, and in 2024 acquired all the remaining shares in MPM Holdings.

Momentive is one of the world's largest producers of specialty silicones and silanes. Momentive is based in Waterford, New York and has a long track record of creating innovative products and solutions designed to meet the complex requirements of our more than 4,000 customers in over 100 countries. Momentive's strategic network of 24 production sites and 14 R&D facilities support its global leadership positions and facilitates its ability to serve its blue-chip customer base across a diverse array of consumer, automotive and various industrial end-markets. Momentive has invested significantly to develop and enhance its innovative and differentiated specialty product portfolio to address the evolving demands and trends of the markets that it serves.

Momentive generates revenue in three product lines, Performance Additives, Formulated and Specialties and Core Silicones and Intermediates, using direct and indirect approaches to selling a broad base of products to its customers. Momentive utilises technical and application support to enhance its value proposition to customers and drive penetration into attractive end-markets. Momentive also works with original equipment manufacturers to achieve specification of its products into theirs, which results in higher pull-through demand.

Momentive's silicone products have a wide range of applications due to their properties of heat and chemical resistance, weather and water resistance, long term elasticity, insulation, adherence and thermal stability. Momentive's major end-markets include the transportation, consumer goods, electronics, construction, personal care and healthcare markets. Momentive's silicones are used to manufacture flexible displays featured in electronics.

Associates and Joint Ventures

As of 31 December 2024, we had eight associates and joint ventures in and outside Korea. An associate is an entity over which we have significant influence, which is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Associates and joint ventures are accounted for under the equity method.

Name	Classification	Location	Principal Area of Activity	shareholding (%)
MOM No. 1 Private Equity Fund[1]	Associate	Korea	Financial investment	49.8%
KCC Engineering & Construction Co., Ltd.[2]	Associate	Korea	Construction	38.7%
KCW Corporation[3]	Associate	Korea	Financial investment	38.8%
Kumgang Leisure Co., Ltd.	Associate	Korea	Golf course operations	20.5%
SIC Management, Ltd[4]	Associate	UAE	Project management	32.2%
SIC Investment, Ltd[5]	Joint venture	UAE	Financial investment	33.3%
Zhejiang Xinan Momentive Performance Materials Co., Ltd.	Joint venture	China	Industrial chemistry	49.0%
Polysilicon Technology Company[6]	Joint venture	Saudi Arabia	Polysilicon	50.0%

Notes:

(1) For the year ended 31 December 2024, an additional investment of ₩388 million and capital reduction of ₩324,159 million were made in the MOM No. 1 Private Equity Fund, and there was no change in the ownership interests. For the year ended 31 December 2023, an additional investment of ₩1,709 million was contributed to MOM No. 1 Private Equity Fund, and there was no change in the ownership interests.

(2) We evaluated recoverable amount on investment on KCC E&C with an impairment indication as of 31 December 2024 and 2023. As a result of the impairment test performed as of 31 December 2024, there is no impairment loss recognised as the recoverable amount exceeds the carrying amount.
(3) For the year ended 31 December 2024, an additional investment of ₩6,781 million was made in KCW Corporation, and there was no change in the ownership interests.
(4) For the year ended 31 December 2024, an additional investment of ₩208 million was made in the SIC Management Ltd, and the ownership interests changed from 32.03% to 32.15%. For the year ended 31 December 2023, an additional investment of ₩448 million was made in the SIC Management Ltd, and the ownership interests changed from 31.62% to 32.03%.
(5) For the year ended 31 December 2024, an additional investment of ₩69 million was made in the SIC Investment, Ltd, and there was no change in the ownership interests. For the year ended 31 December 2023 it is classified to a joint venture as it was determined that we have joint control according to the agreement among the three investing parties.
(6) Before 2023, we performed assessment of impairment on the investments in PTC. As a result, the carrying amount was greater than the estimated recoverable amount. Therefore, we recognised an impairment loss on the entire carrying amount of our investments in the joint venture.

MOM No. 1 Private Equity Fund was formed in 2019 as a consortium between SJL Partners LLC and other limited partners. The fund was established for the purpose of acquiring equity in MOM Holding Company, a special purpose company formed to acquire Momentive. In 2021, we acquired a 49.81% stake in MOM No. 1 Private Equity Fund from the existing limited partners, thereby indirectly increasing our equity interest in MOM Holding Company. Subsequently, in 2024, we acquired the remaining stake, resulting in our effective acquisition of 100% ownership of MOM Holding Company.

KCC E&C was established in 1989 in Korea and is a general construction company and engages in a wide range of civil engineering and residential, commercial and plant construction projects. It has the following operating segments: civil works, plant, buildings, housing and overseas works. The civil works business constructs roads, tunnels, bridges, railways, water supply and sewerages, expressways, dams, harbours, and engages in land development. The plant business instals chemical, power and industrial plants. The buildings business builds business, culture and sports, education, medical and commercial facilities. The housing business constructs apartment and residential-commercial complexes and multi-purpose building with residential and commercial units. We have entrusted KCC E&C with the construction and expansion of certain production facilities, and also sells certain products and goods to KCC E&C. See Note 31 to our interim consolidated financial statements contained elsewhere in this offering circular for more information.

KCW Corporation is a management consulting company established in 2022 and is the parent company of Shinhan Wallpaper. Shinhan Wallpaper was founded in 1996 and is primarily engaged in the manufacturing and sales of wallpaper.

Kumgang Leisure Co., Ltd. was established in August 1989. Its main line of business is operating golf courses and restaurants in Korea.

SIC Management, Ltd was established in 2022 and is a management company established for the purpose of investing in renewable energy projects in the Middle East and Africa.

SIC Investment, Ltd was established in 2023 and is an investment company established to invest in renewable energy projects in the Middle East and Africa.

Zhejiang Xinan Momentive Performance Materials Co., Ltd. was formed in 2011 as a joint venture between Momentive and Zhejiang Xinan Chemical Industrial Group, a major provider of agricultural chemicals and organic silicone products. The joint venture company's plant in Jiande, China, produces siloxane, which is a key starting component in silicone production. The joint venture company is owned 51.0% by Zhejiang Xinan Chemical Industrial Group and 49.0% by MPM Holdings.

Polysilicon Technology Company was formed in 2009 in Saudi Arabia as a joint venture between Mutajadedah Energy Company and us. Polysilicon Technology Company is a high-purity solar grade polysilicon manufacturer in the Middle East and North Africa region. Mutajadedah Energy Company is a local Saudi Company owned by Swicorp Joussour Company and Chemical Development Company,

incorporated to invest across the solar energy value chain in Saudi Arabia. Polysilicon Technology Company is the first polysilicon manufacturer in the Middle East, producing high-purity solar grade polysilicon, using Hydrochlorination—Siemens process.

We will continue to pursue other acquisitions and joint venture opportunities in the attractive specialty silicone and silane, quartz, and specialty ceramics spaces. As a leading manufacturer of performance materials we have an advantage in pursuing add-on acquisitions and joint ventures in areas that allow us to build upon our core strengths and expand our product, technology and geographic portfolio to better serve our customers. We believe we will have the opportunity to consummate acquisitions at relatively attractive valuations due to the scalability of our existing global operations and deal-related synergies.

Capital expenditures

Our principal capital requirements include plant and facilities expansion, capital improvements and general compliance under environmental, health and safety laws. We had capital expenditures (which comprise cash used in the acquisition of property, plant and equipment) of ₩257.7 billion in 2024 and ₩379.0 billion in 2023. In 2024, our capital expenditures were primarily used for plant and production line upgrades.

Our planned capital expenditures for 2025 are approximately ₩104.3 billion. The amounts will be spent on upgrading facilities and a number of new projects, including the construction of a facility to manufacture silicone monomers and polysilicon, and domestic and overseas investments for business diversification purposes. The planned amount of capital expenditures may vary from the actual amount of capital expenditures for a variety of reasons, some of which may be outside our control. We plan to finance our proposed capital expenditures from various sources, including funds from the sale of some of our investment assets, our cash flow from operations, existing credit facilities and the international capital markets. Our ability to rely on alternative funding sources could be affected by the liquidity of the Korean and international capital and credit markets, prevailing interest rates and our operating results and financial condition.

Employee and labour relations

As of 31 December 2024, we had, on a separate basis, 3,426 full-time employees. Of these employees, 1,704 were involved in production, 677 in sales and 1,045 in other operations.

All of our employees, except the following, may join a labour union: (1) employees at the Principal Professional level or above; (2) staff in charge of human resources and labour affairs; (3) personnel in the accounting department engaged in screening tasks such as budgeting, disbursement, and IT systems; (4) those engaged in secretarial work, security, telephone exchange, or driving; and (5) employees hired on a daily basis or who are under a probationary period.

Each of our factories has its own labour union whereas three paint factories have employees in a labour union. As of 31 December 2024, approximately 950 employees across eight of our domestic production plants were members of a union and employees at our international plants are not members of any labour union. We are affiliated with the Korean Chemical, Textile & Food Workers' Union and Federation of Korean Chemical workers' Unions. We believe that we generally have a good relationship with the labour unions and there was no material strike by the labour unions in the period between 2023 to the date of this offering circular. In 2024, there were instances of general strikes involving employees of certain cities in Korea following stalled management-employee negotiations and involving a workplace fatality at our Jeonju 2 plant.

For employees based in Korea, in accordance with the National Pension Act of Korea, we contribute an amount equal to 4.5% of an employee's standard monthly income, and each employee contributes 4.5% of his or her standard monthly income, into a personal pension account for such employee. In addition, in accordance with the Act on the Guarantee of Employees' Retirement Benefits, we have adopted retirement pension plans for our employees. Contributions under the retirement pension plans are deposited annually into a financial institution, and an employee may elect to receive a monthly pension or a lump-sum amount upon retirement pursuant to either a defined benefit plan or a defined contribution plan. The defined benefit plan guarantees a certain payout at

retirement, according to a fixed formula based on the employee's average salary and the number of years for which the employee has been a plan member. For further information regarding our defined benefit plan, see Note 21 to our consolidated financial statements included elsewhere in this offering circular.

We are also subject to the local labour and employment laws of various jurisdictions outside of Korea in which we operate. For example, in China, pursuant to local laws and regulations, we contribute to several insurance and employee welfare schemes for our employees. We make contributions to our employees' social insurance plan, housing fund, basic pension insurance fund, basic medical insurance fund and unemployment, maternity and work-related insurance funds in accordance with applicable Chinese laws and regulations.

Health and Safety

We believe that we are in compliance with applicable health and safety laws and regulations in all material respects. Health and safety are a priority at all of our facilities. We have implemented a number of initiatives to create a safer workplace, including the establishment of an audit programme to register and monitor all on-site safety activities and risks and conducting regular training programmes for our employees. We have also established dedicated on-site departments at our facilities in charge of the health and safety of our employees and operate monitoring systems to facilitate timely identification of and reaction to accidents. We continue to review and improve the effectiveness and appropriateness of our systems and policies through periodic reviews and certifications by external experts.

Environmental, Social and Governance

We have committed to leverage technology and innovation to achieve sustainable growth and develop business strategies and policies with ESG considerations in mind. In 2015, we adopted an ISO 26000-based sustainability management system and first published our sustainability report. In 2020, we completed a sustainability-focused strategy and performance framework and in 2022, established a Sustainability Management Committee. In 2022 we also conducted a third-party verification exercise of our greenhouse gas emissions in Korea and ranked #1 in five categories of the Korea Standard-Quality Excellence Index ("**KS-QEI**"). In 2023, we also achieved an overall ESG rating of "A" by the Korea ESG Institute for two consecutive years and adopted a 2050 carbon neutrality roadmap. In 2024, we have disclosed index mapping for EU ESRS (European Sustainability Reporting Standards).

Recognising that environmental conservation efforts and activities are essential for a sustainable future, we strive to practice eco-friendly management and develop eco-certified products at our domestic and overseas sites. We actively engage in external development projects as an independent power producer based on the know-how accumulated from operating rooftop solar power plants at our business sites and plants.

Our approach to ESG is reflected in our R&D and product development efforts. For example, interest in eco-friendly ultraviolet paints for reducing carbon emissions is increasing due to the strengthening of environmental regulations worldwide. We developed biomass ultraviolet paints with a bio-carbon (C14) content of 25% or more in the paint by applying biomass-applied resins and monomers instead of manufacturing ultraviolet paints using resins, monomers and solvents manufactured in existing fossil fuel-based industries. For our biomass ultraviolet paints for decorative films and PVC flooring, certification has been completed by the USDA. By developing biomass ultraviolet paints, we have achieved the effect of reducing carbon emissions and established a product line-up in the eco-friendly ultraviolet paint market by implementing properties equivalent to those of

existing UV paints. We expect to be able to satisfy the demand for biomass ultraviolet paints from our customers in the automotive interior parts, decorative films and PVC flooring markets.

Certification	Number of products	Featured products	Certifier	Certification
Eco-label	167 types	Paint, thermal insulation material, windows, wall and ceiling finishing material, etc.	Korea Environmental Industry & Technology Institute	
Healthy Building Material	32 types	Paint, thermal insulation material, wall and ceiling finishing material, etc.	Korea Air Cleaning Association	
Environmental Product Declaration	2 types	Windows, ceiling materials, construction sealing material	Korea Environmental Industry & Technology Institute	
Low carbon products	4 types	Gypsum board, etc.	Korea Environmental Industry & Technology Institute	
Good recycled	1 type	Glass wool	Korea Resources Circulation Industry Promotion Association	

Legal and Regulatory Proceedings

Our industry and operations are highly regulated and we are exposed to legal and regulatory proceedings in connection with the ordinary course of business. Various claims, lawsuits and administrative proceedings are pending or threatened against us and/or our subsidiaries, arising from the ordinary course of business with respect to commercial, product liability, employee, environmental and toxic exposure matters. Historically, we have not faced any litigation matters or series of litigation matters that have had a material adverse impact on our business. In addition, we do not believe that there is any pending or threatened litigation, either individually or in the aggregate, that is likely to have a material adverse effect on our business. We cannot predict with certainty the outcome of any litigation or the potential for future litigation and any such matters, if they occur, could materially adversely affect our business and operations.

In 2024, we recognised provisions for ongoing litigation where our subsidiary, Momentive is a defendant. We are also involved in a merger objection lawsuit filed in Delaware on 28 August 2019, by then-shareholders of Momentive, who objected to the proposed merger offer that we made to acquire Momentive.

We and our operations are subject to extensive environmental, health and safety regulation at the federal, state, local and international level and our production facilities require operating permits that are subject to renewal or modification. Our operations also involve the use, handling, processing, storage, transportation and disposal of hazardous materials, and we may be exposed to the risk of claims for environmental remediation or restoration.

We have adopted and implemented environmental health and safety policies, which include systems and procedures governing emissions to air, water and other media, waste generation, process safety management, handling, storage and disposal of hazardous substances, worker health and safety requirements, emergency planning and response, and product stewardship. In order to comply with environmental, health and safety laws and regulations, including obtaining and maintaining permits, we have incurred and will continue to incur costs, including capital expenditures for projects related to environmental, health and safety improvements.

In 2021, we reached a US$2.3 million settlement with New York State Department of Environmental Conservation over violations of the State's air, water and hazardous waste laws and the facility's permit conditions at our eastern Saratoga County plant. In addition, pursuant to applicable hazardous waste regulations, we are required to provide financial assurances for contingent future costs associated with certain of our hazardous waste management and remedial activities.

While we do not anticipate material costs in excess of current reserves and/or available indemnification relating to known or potential environmental contamination, the discovery of additional contamination or the imposition of more stringent clean-up requirements, could require us to make significant expenditures in excess of such reserves and/or indemnification. See "*Risk Factors—Risks relating to our business and the industry—We are subject to stringent environmental regulations, compliance with which could give rise to significant expenditures or liabilities*" and also Notes 22 and 23 to the consolidated financial statements contained elsewhere in this offering circular.

Board of directors

The Board of Directors has ultimate responsibility for the administration of our affairs. Our articles of incorporation require that there be a minimum of three and a maximum of nine directors. We are required to have at least three outside directors and a majority of the board shall comprise outside directors. All directors are elected at the annual general meeting of shareholders.

The term of office for directors is three years and the term of office for an outside director is two years, but the term is extended to the close of the annual general meeting of shareholders convened with respect to the last fiscal year of the term.

The representative director is a director elected by a resolution of the Board of Directors (which resolution requires the affirmative vote of a majority of the directors present at the relevant board meeting in which a majority of the directors in office are present) and is empowered to make day-to-day business decisions. Chung Mong Jin and Jung Jae Hun currently serves as our representative director.

As of the date of this offering circular, the members of our Board of Directors were as follows:

Name	Title	Year of birth	Director since	Other current positions
Chung, Mong Jin	Representative Director	1960	1998	Chair of the Board of Directors
Jung, Jae Hun	Representative Director	1966	2021	Chief Executive Officer
Cha, Seung Lyeol	Director	1966	2025	Chief Safety & Environment Officer
Han, Moo Geun	Outside Director	1963	2020	Attorney at Law for Hae Song
Yun, Seok Hwa	Outside Director	1969	2020	Audit Committee Member, Outside Director at Hyundai Department Store, Professor at the College of Business Administration at Seoul National University
Jang, Sung Wan	Outside Director	1972	2020	Audit Committee Member, CPA at Gwanggyo Accounting Firm
Shin, Dong Ryul	Outside Director	1959	2021	Audit Committee Member, Tax Account at Newjoy Tax Firm, for Kyeryong Construction Industrial Co., Ltd.

Chung Mong Jin has served as our representative director since March 1998. He is also the chairman and co-chief executive officer, and the largest shareholder of our Company. Mr. Chung holds a Master of Business Administration degree from George Washington University in Washington, D.C.

Jung Jae Hun has served as our representative director since 2022. He is also the co-chief executive officer, has previously served as the executive of overseas subsidiary, the head of the administration department, as well as executive vice president. Mr. Jung holds a master's degree from Purdue University in Indiana.

Cha Seung Lyeol has newly joined our Company as a director since March 2025. He is also the Chief Safety & Environment Officer of our Company. Mr. Cha holds a Master of Environmental Engineering from Pusan National University.

Han Moo Geun has served as our outside director since 2020. Mr. Han previously served as a chief prosecutor at the Chuncheon and Changwon District Prosecutor's Offices. Mr. Han has also served as an attorney at Haesong Law Firm. He holds a Juris Doctor from Seoul National University.

Yun Seok Hwa has served as our outside director since 2020. He holds a master's degree in business administration from the Seoul National University and a Ph.D. in Management at the University of Maryland. Mr. Yun has also served as a professor at the College of Business Administration at Seoul National University.

Jang Sung Wan has served as our outside director since 2020. He is a chartered public accountant that currently works in Gwanggyo Accounting Firm while previously serving as a board member for Samjong KPMG. Mr. Jang has also provided consulting on accounting issues for various companies such as GC Biopharma, Daewon Pharmaceutical Co., Ltd. and Daewoo Engineering & Construction Co., Ltd.

Shin Dong Ryul has served as our outside director since 2021. He currently serves as a representative tax accountant at Newjoy Tax Corporation, and is also an outside director for Kyeryong Construction Industrial Co., Ltd. Mr. Shin has previously served as a Commissioner of Daejeon Regional Tax Office.

Committees

We have established the following committees under our board of directors: Audit Committee, Nomination Committee for Outside Directors and ESG Committee.

Audit Committee

Our articles of incorporation require that the audit committee be comprised of three or more members, and that not less than two-thirds of the total members of the audit committee be outside directors. Under the articles of incorporation, the audit committee has the duty to review our accounting records and business affairs. The audit committee also approves the appointment of an independent certified public accountant.

As of 31 March 2025, our three audit committee members were: Shin Dong Ryul, Yun Seok Hwa and Jang Sung Wan.

Nomination Committee for Outside Directors

The Nomination Committee for Outside Directors is responsible for reviewing and recommending candidates for outside directors to our board of directors for election at the general meeting of shareholders.

The Nomination Committee for Outside Directors consists of three directors: Han Moo Geun, Yun Seok Hwa and Jang Sung Wan. Meetings of the Nomination Committee for Outside Directors are held when an outside director needs to be appointed.

ESG Committee

The ESG Committee is responsible for establishing and enforcing policies and strategies relating to certain non-financial aspects of our business, generally consisting of environment, social responsibility and corporate governance matters, in order to promote sustainable development and enhance our corporate value.

The ESG Committee currently consists of three directors: Yun Seok Hwa, Han Moo Geun and Jang Sung Wan. Meetings of the ESG Committee are held quarterly, and more often on an *ad hoc* basis if necessary.

Senior management

All of our senior management are employed on a full-time basis. The names and positions of our senior management are set out below:

Name	Title	Year of Birth	Position since	Other current positions
Kim, Young-Ho	Vice Chairman	1950	2019	—
Baek, Chang-Kee	Chief Marketing Officer	1963	2024	—
Lee, Jae-Won	Chief Operating Officer	1965	2024	—
Kim, Sang-Hoon	Chief Technology Officer	1957	2022	—
Jung, Se-Eui	Chief Financial Officer	1969	2024	Head of Accounting
Khim, Seung-Won	Chief Global Officer	1969	2021	—
Park, Chi-Hyung	Chief Information Officer	1960	2014	—
Kim, Myung-Soo	Head of Engineering Division	1964	2021	—
Kwon, Sung-Wook	Compliance Programme Manager	1974	2024	Executive for Business Strategy
Choi, Hyoung-Gil	Executive for Sports Support	1961	2007	

Compensation

We regard registered internal and external directors who have significant controls and responsibilities in planning, operating and controlling our business activities as key management personnel. The aggregate amount of key management personnel compensation, which comprises short-term employee benefits and severance benefits, on a separate basis, was ₩4.5 billion for the year ended 31 December 2024.

Interests of Directors and Executive Officers

As of 31 March 2025, there were no outstanding transactions other than in the ordinary course of business undertaken by us in which our directors or executive officers were interested parties. Certain of our directors and executive officers have direct or indirect beneficial interests in our common shares and may have directly or beneficially engaged in transactions, including those in the ordinary course of business. As a result, potential conflicts of interest between their duties to us and their private interests could arise. See "*Risk Factors—Risks relating to our business and the industry—Related party transactions are subject to scrutiny by the Korean tax authorities*."

Share ownership

The following table sets out the beneficial ownership of our common shares held by members of the board of directors as of 31 March 2025.

	Number of Common Shares	Percentage of Shares Beneficially Owned(1)
Chung Mong Jin	1,777,295	20.0
Jung Jae Hun	—	—
Cha Seung Lyeol	—	—
Han Moo Geun	—	—
Yun Seok Hwa	—	—
Jang Sung Wan	—	—
Shin Dong Ryul	—	—
Total	**1,777,295**	**20.0%**

Note:

(1) The total number of common shares used to calculate the percentage of common shares.

PRINCIPAL SHAREHOLDERS

As of 31 March 2025, the Company had a total of 8,886,471 issued common shares, including 1,532,300 common shares held in treasury. The following table sets forth certain information relating to our principal shareholder as of such date.

	Number of Common Shares	Percentage of ownership
Chung Mong Jin and affiliates . .	3,164,639	35.61%
National Pension Service	1,109,350	12.48%
Total	**4,273,989**	**48.10%**

Except as described above, no other person or entity or group of persons or entities known by us to be acting in concert, directly or indirectly, owned 5% or more of our issued common shares or exercised control or could exercise control over us as of the date of this offering circular.

GENERAL DESCRIPTION OF KSOE

The information contained in this section is extracted from, qualified in its entirety by, and should be read in conjunction with, information that has been made publicly available by KSOE. None of the Company, the Managers, the Trustee, or any Agent or any of their respective directors, officers, employees, affiliates, representatives, advisers or agents or any person who controls any of them accepts any responsibility for the accuracy, completeness or sufficiency of the information relating to KSOE. The information relating to KSOE has not been prepared in connection with the offering of the Bonds but has been derived from public sources and none of the Company, the Managers, the Trustee, or any Agent or any of their respective directors, officers, employees, affiliates, representatives, advisers or agents or any person who controls any of them has made any investigation or enquiry with respect to such public sources or such information. None of the foregoing persons makes any representation that such publicly available sources of the information relating to KSOE are accurate or complete or is in a position to verify such information. Each of the Company, the Managers, the Trustee, or any Agent or any of their respective directors, officers, employees, affiliates, representatives, advisers or agents or any person who controls any of them disclaims any liability with respect to the accuracy, completeness or sufficiency of any such information. The information contained on, or that can be accessed through, the websites described below is not incorporated by reference into this offering circular and you should not consider that information to be a part of this offering circular.

KSOE is a shipbuilding and offshore operations company headquartered in Korea. It offers shipbuilding, offshore and industrial plant engineering, special and naval shipbuilding, marine engine and machinery production and energy solutions. KSOE offers commercial ship products including tankers, container ships, and special-purpose ships including drillships and offshore support vessels. For further information on KSOE, please refer to its corporate website at https://www.hd.com and its public disclosure on the website of the Financial Services Commission at https://englishdart.fss.or.kr/.

KSOE's Shares are listed and admitted for trading on the KRX KOSPI Market. Subject as provided in the Conditions, each Bond shall entitle the holder to exchange such Bond into common shares of par value Won 5,000 each of KSOE's Shares credited as fully paid or Exchange Property at any time during the Exchange Period. See "*Terms and Conditions of the Bonds*."

The table below sets forth the closing prices and the daily trading volume of the Shares on the KRX KOSPI Market for the periods indicated:

	Closing Share Price			Daily average trading volume of Shares
	High	Low	End of Period	
		(in ₩)		(in millions)
2024				
First quarter	127,900	104,400	118,400	0.19
Second quarter	158,800	111,700	158,800	0.27
Third quarter	213,000	155,700	187,700	0.41
Fourth quarter	235,500	180,000	228,000	0.28
2025				
First quarter	251,000	196,400	201,000	0.33
Second quarter	392,000	186,200	366,000	0.27

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

We and our subsidiaries have entered into, and will continue to enter into, related party transactions with our direct and indirect shareholders and affiliates. We believe that each of these arrangements have been or will be entered into on arm's-length terms or on terms that we believe have been or will be at least as favourable to us as similar transactions with non-related parties would have been or will be. See Note 35 to our consolidated financial statements included elsewhere in this offering circular for more information on our related party transactions.

Under the Monopoly Regulation and Fair Trade Act of Korea and the regulations thereunder, in the event that (i) we provide funds, securities or assets to, or enter into certain transactions with, a "specially-related" party, which includes affiliates, and (ii) the value of such transaction or provision is equal to or greater than the lower of (x) 5% of the greater of our paid-in capital and total capital or (y) Won 10 billion, we are required to obtain approval for such transaction or provision by resolution of our board of directors, and to disclose the main terms and conditions of such transaction or provision to the public. We are currently required to disclose any such transaction or provision within three business days following adoption of the relevant resolution.

Under the Korean Commercial Code, in the event that we plan to enter into a transaction with (i) a major shareholder who owns or beneficially owns more than 10% of the total number of our issued and outstanding shares (other than non-voting shares) or exerts influence on our important management issues, (ii) a director, (iii) a spouse or lineal ascendant or descendent of the persons described in (i) and (ii), (iv) a lineal ascendant or descendent of a spouse of the persons described in (i) or (ii), (v) a company in which half or more of the total number of issued and outstanding voting shares is held by a person falling under (i) through (iv), solely or jointly with others, or its subsidiary company, or (vi) a company in which half or more of the total number of issued and outstanding voting shares is held by a person falling under (i) through (iv) together with a company falling under (v), we are required to obtain prior approval by more than two-thirds of our board of directors. In connection with the approval by the board of directors, the major terms of the transaction must be disclosed, and the terms and conditions as well as the procedure of the transaction are required to be structured and conducted in a fair manner.

Furthermore, as a publicly listed company in Korea, we are restricted under the Korean Commercial Code from providing any loan, guarantee or collateral to or for the benefit of any of our major shareholders or their specially-related parties, directors (including de facto directors for the purpose of this restriction as provided in the Korean Commercial Code), executive officers or auditors, unless certain exceptions apply. In addition, as a company listed on the Korea Exchange with total assets of not less than Won 2 trillion as of the end of the most recent fiscal year, if we intend to engage in any of the following transactions with or for the benefit of our largest shareholder (or such shareholder's specially-related parties) or with or for the benefit of any of our other specially-related parties, the Korean Commercial Code generally requires us to obtain approval of our board of directors for such transaction and report relevant information (such as the purpose of the transaction, the identities of the counterparties, the terms and conditions of the transaction and the estimated value of the transaction) at the first regular general meeting of shareholders held after the board meeting approving such transaction, unless certain exceptions apply: (i) any single transaction the value of which amounts to 1% or more of our total assets or total revenue as of the end of the most recent fiscal year; or (ii) any transaction the value of which, when aggregated with all other transactions executed with the relevant counterparty during the same fiscal year, amounts to 5% or more of our total assets or total revenue as of the end of the most recent fiscal year.

KOREAN FOREIGN EXCHANGE AND SECURITIES REGULATIONS

General

The Foreign Exchange Transaction Act and Presidential Decree and Regulations under that Act and Decree (collectively, the "**FETL**") regulate investment in Korean securities by non-residents and issuance of securities outside Korea by Korean companies. Under the FETL, non-residents may invest in Korean securities only to the extent specifically allowed by these laws or otherwise permitted by the Ministry of Economy and Finance (the "**MOEF**"). The FSC has also adopted, pursuant to its authority under the FSCMA, regulations that restrict investment by foreigners in Korean securities and regulate issuance of securities outside Korea by Korean companies.

Under the FETL, (1) if the Korean government deems that it is inevitable due to the outbreak of natural calamities, wars, conflict of arms or grave and sudden and significant changes in domestic or foreign economic circumstances or other situations equivalent thereto, the MOEF may temporarily suspend payment, receipt or performance under any or all foreign exchange transactions, in whole or in part, to which the FETL apply (including suspension of payment and receipt of foreign exchange) or impose an obligation to safe-keep, deposit or sell precious metal or means of payment to the Bank of Korea, foreign exchange equalisation funds, certain Korean governmental agencies or financial institutions; and (2) if the Korean government concludes that international balance of payments and international financial markets are confronted or are likely to be confronted with serious disruption or that the movement of capital between Korea and other countries is likely to adversely affect its currency policies, exchange rate policies or other macroeconomic policies, the MOEF may take measures to require any person who intends to perform capital transactions to obtain permission or to require any person who performs capital transactions to deposit part of the payments received in such transactions at the Bank of Korea, foreign exchange equalisation funds or financial institutions, in each case subject to certain limitations.

Such authority of the MOEF would not, however, be applicable to foreign investments made pursuant to the Foreign Investment Promotion Act of Korea.

Reporting requirements for holders of substantial interests

Report on substantial shareholding (5% report)

Under the FSCMA, any person whose direct or indirect holding of (a) shares having voting rights issued by a listed company (the "**Voting Shares**"), (b) securities related to the Voting Shares issued by a listed company, including (i) certificates representing the right to subscribe for the Voting Shares, (ii) convertible bonds, (iii) bonds with warrants, (iv) exchangeable bonds with a right to claim to exchange them with Voting Shares or any of items set forth in (i) through (iii), (v) derivative-linked securities based on, as the underlying asset, Voting Shares or any of items set forth in (i) through (iv) (only in cases where the underlying asset can be acquired through the exercise of a right) and (c) securities related to the Voting Shares issued by a person other than the listed company, including (i) depository receipts for Voting Shares or other securities set forth in (b), (ii) exchangeable bonds with a right to claim to exchange them with Voting Shares or other securities set forth in (b) or (c)(i) and (iii) derivative-linked securities based on, as underlying asset, the aforementioned securities (only in cases where the underlying asset can be acquired through the exercise of a right)(collectively, the "**Equity Securities**"), together with the Equity Securities directly or indirectly held by certain related persons or by any person acting in concert with the person accounts for 5.0% or more of the total issued and outstanding Equity Securities of such listed company is required to report the status and purpose (in terms of whether the purpose of the shareholding is to exercise control over the management of the issuer) of the holdings, the major terms and conditions of the agreement relating to the Equity Securities and other matters prescribed by the Enforcement Decree to the FSC and the Korea Exchange within five business days after reaching the 5.0% ownership interest.

In addition, after filing the aforementioned report, the occurrence of any of the following subsequent changes with respect to such person's shareholdings must be reported to the FSC and the Korea Exchange within five (5) business days from the date of such change:

- any change to the shareholding of such person in a shareholding ratio equal to or greater than 1% of the total number of issued and outstanding Equity Securities;

- any change to the purpose of shareholding (which means whether a person has 'purpose to participate in management' (as explained in detail below) of the listed company or not);
- any change to the purpose of shareholding between 'general investment purpose' (as explained in detail below) and 'simple investment purpose' (as explained in detail below) (either of which is only applicable to the case where a person does not have 'purpose to participate in management' of the listed company);
- any change to the material terms or conditions of any agreements (such as trust agreement or security agreement) relating to such person's shareholding (with this item (a) applying only to the case where the purpose of shareholding is 'purpose to participate in management' or 'general investment purpose' and (b) being triggered only if the number of the Equity Securities held by such person subject to such changed agreements are equal or greater than 1% of the total number of issued and outstanding Equity Securities of the listed company); or
- any change to the form of shareholding of such person (which means change to the form of shareholding between direct holding and indirect holding, and this item (a) applies only to the case where the purpose of shareholding is 'purpose to participate in management' and (b) is triggered only if the number of the Equity Securities held by such person subject to such change of the form of shareholding are equal or greater than 1% of the total number of issued and outstanding Equity Securities of the listed company).

In regards to the aforementioned '*purpose to participate in management*' of the listed company, such purpose will be regarded to exist if and when an investor has any intention to exercise de facto influence over the listed company or its executive officers with respect to any of the following matters concerning the listed company (the term 'exercising de facto influence' includes (i) exercising the minority shareholders' rights under the Korean Commercial Code to convene an extraordinary shareholders meeting or to propose an agenda to be dealt with at the extraordinary shareholders meeting or having 3rd parties exercise such minority shareholders' rights, (ii) soliciting others to exercise their voting rights by proxy in accordance with the FSCMA, but excludes merely expressing its intention to the company or others):

- Appointment or dismissal of an executive officer, or suspension of the performance of duties of an executive officer subject to certain exceptions;
- Amendment of the articles of incorporation with respect to the organisation of the listed company under the Korean Commercial Code such as the board of directors, subject to certain exceptions;
- Change of the listed company's capital subject to certain exceptions;
- Merger, split-off, and merger after a split-off of the listed company;
- Comprehensive exchange or transfer of stocks;
- Complete transfer and acquisition of business or transfer and acquisition of an essential part of business as prescribed by the FSC;
- Disposal of all assets or disposal of an essential part of the assets as prescribed by the FSC;
- Execution of, amendments to, or termination of a contract for leasing all business or delegating business administration, or entirely sharing the profit and loss with another person, or any other similar contract; or
- Dissolution.

The '*general investment purpose*' means the purpose other than 'purpose to participate in management' and 'simple investment purpose' and primarily includes shareholder's activities for matters unrelated to the control of the listed company (such as dividends or executive officer's remuneration) or professional investor's activities for general improvement of corporate governance of the listed company carried out in accordance with its policy disclosed in advance such as Stewardship Code.

The '*simple investment purpose*' means the purpose to exercise only such rights granted under the laws with respect to the Equity Securities and which can be exercised irrespective of the number of such Equity Securities held, and includes voting rights, pre-emptive rights to shares and dividend rights.

There are some exceptions to the above reporting rule in terms of (i) the matters required to be reported and (ii) the reporting period in the case where (a) the purpose of holding is not the 'purpose to participate in management' and/or (b) the holder is the professional investor under the FSCMA. However, the foreign investors do not fall within the professional investor for the purpose of the above reporting rule.

Violation of these reporting requirements may subject a person to criminal sanctions such as fines or imprisonment and may result in a prohibition on the exercise of voting rights with respect to the ownership of Equity Securities exceeding 5.0%. Furthermore, the FSC may issue an order to dispose of non-reported Equity Securities.

Report by the officer or major shareholder on its shareholding status (10% report)

In addition to the reporting requirements described above, any person whose direct or beneficial ownership of our voting stock and/or depositary receipts for our voting stock accounts for 10% or more of the total issued and outstanding voting stock, whom we refer to as a major shareholder, or officers of a listed company prescribed by the Presidential Decree of the FSCMA must file a report to the Securities and Futures Commission of Korea and to the Korea Exchange within five business days after the date on which the person reached such shareholding percentage. Unlike the 5% threshold, which includes not only ownership but also holdings of issued and outstanding stock, the 10% threshold is based solely on ownership. In addition, such person must file a report to the Securities and Futures Commission of Korea and to the Korea Exchange regarding any subsequent change in its shareholding. Such report on subsequent change in shareholding must be filed within five business days of the occurrence of any such change. Violation of these reporting requirements may subject a person to criminal sanctions such as fines and/or imprisonment.

Report by the officer or major shareholder of its transaction plan of specific securities

If an officer (including directors, auditors and de facto executives such as persons who direct business operations) or a major shareholder (holding at least 10% of shares or having the power to exercise de facto influence, excluding those prescribed in the Enforcement Decree of the FSCMA) intends to buy or sell shares (including equity securities, convertible bonds, bonds with warrants and related depository receipts) issued by a listed company, certain reporting obligations arise. Such person must report the purpose of the transfer, the expected transfer price, the volume and expected transfer period (which shall be 30 days as prescribed by the Enforcement Decree of the FSCMA) to the Securities and Futures Commission and the KRX, respectively, prior to the expected trading date if either (i) the trading volume and amount of shares and equity-linked securities aggregated over the past six months are 1% or more of the total number of issued and outstanding shares of the listed company or (ii) the total value of transactions is Won 5 billion or more, as specified by the Enforcement Decree of the FSCMA. Flexibility of up to 30% of the amount set out in the transaction plan is allowed to accommodate the market situation at the time of the transaction.

However, under the Enforcement Decree of the FSCMA, the following entities and any foreign entities equivalent thereto are excluded from being classified as major shareholders for the purpose of the reporting obligations mentioned above: (i) the Government, (ii) the Bank of Korea, (iii) a bank under the Banking Act, (iv) the Korea Development Bank, (v) the Industrial Bank of Korea, (vi) the Export-Import Bank of Korea, (vii) the National Agricultural Cooperative Federation, (viii) the National Federation of Fisheries Cooperatives, (ix) an insurance company under the Insurance Business Act, (x) a financial investment firm under the FSCMA, (xi) the Korea Securities Finance Corporation, (xii) a merchant bank under the FSCMA, (xiii) a money brokerage corporation under the FSCMA, (xiv) a financial holding company under the Financial Holding Companies Act, (xv) a specialised credit financial company under the Specialised Credit Financial Business Act, (xvi) the Korea Federation of Savings Bank and a mutual savings bank under the Mutual Savings Bank Act, (xvii) the National Forest Cooperatives Federation, (xviii) the Korean Federation of Community Credit Cooperatives, (xix) the National Credit Union Federation, (xx) the Korea Deposit Insurance Corporation and a financial resolution institution under the Depositor Protection Act, (xxi) the Korea Asset Management Corporation, (xxii) the Korea Housing Finance Corporation, (xxiii) the Korea Investment Corporation, (xxiv) the Korea Financial Investment Association, (xxv) the Korea Securities Depositary, (xxvi) an electronic registration institution under the Act on Electronic Registration of Stocks, Bonds, Etc., (xxvii) the KRX, (xxviii) the FSS, (xxix) a collective investment vehicle (fund) established under the FSCMA,

(xxx) a credit guarantee fund established under the Credit Guarantee Fund Act, (xxxi) a technology credit guarantee fund established under the Technology Credit Guarantee Fund Act, (xxxii) a fund or pension fund established pursuant to Korean law (excluding the credit guarantee fund and the technology credit guarantee fund above) or a company that manages such fund or pension fund, (xxxiii) a company that engages in the mutual aid business pursuant to Korean law, (xxxiv) the local governments of Korea, (xxxv) a special purpose vehicle of a private equity fund under the FSCMA, (xxxvi) the Korea SMEs and Startups Agency, and (xxxvii) a privately placed collective investment scheme excluded from the definition of collective investment under Article 6, Paragraph 5(1) of the FSCMA (except for an individual investment association under the Venture Investment Promotion Act).

The Enforcement Decree of the FSCMA also exempts certain types of transactions from the aforementioned reporting obligations. Such transactions include acquisition of specific securities by inheritance or stock dividend and acquisition of securities through exercise of the exchange rights under exchangeable bonds.

Restrictions applicable to the Bonds

In order for us to issue the Bonds outside Korea, we are required to file a prior report of issuance with the MOEF. No further Korean governmental approval is necessary for the initial offering and issuance of the Bonds. In addition, no further Korean governmental approval is necessary for the delivery of the Shares deliverable upon exchange of the Bonds. Upon acquisition of such Shares by a non-Korean, such non-Korean or his or her standing proxy in Korea must immediately file an over-the-counter transaction report of such acquisition to the Governor of the FSS.

Restrictions applicable to shares

As a result of amendments to the FETL and the regulations of the FSC adopted in connection with the stock market opening from January 1992, which we refer to collectively as the Investment Rules, and after that date, foreigners may invest, with limited exceptions and subject to procedural requirements, in all shares of Korean companies listed on the KRX KOSPI Market, the KRX KOSDAQ Market or the KRX KONEX Market on the Korea Exchange (the "**KRX KONEX Market**") unless prohibited by specific laws. Foreign investors must trade shares listed on the KRX KOSPI Market, the KRX KOSDAQ Market or the KRX KONEX Market, except in limited circumstances, including:

- odd-lot trading of shares;
- acquisition of shares by exercise of warrant, conversion right, exchange right under bonds with warrants, convertible bonds or exchangeable bonds or withdrawal right under depositary receipts issued outside of Korea by a Korean company;
- acquisition of shares as a result of inheritance, donation, bequest or exercise of shareholders' rights, including preemptive rights or rights to participate in free distributions and receive dividends;
- over-the-counter transactions between foreigners of a class of shares for which the ceiling on aggregate acquisition by foreigners, as explained below, has been reached or exceeded;
- shares acquired by way of a foreign direct investment and/or the disposal of such shares by the investor;
- the disposal of shares pursuant to the exercise of appraisal rights of dissenting shareholders;
- the acquisition or disposal of shares in connection with a tender offer;
- the acquisition of shares by a foreign depositary in connection with the issuance of depositary receipts;
- the acquisition and disposal of shares through overseas stock exchange market if such shares are simultaneously listed on the KRX KOSPI Market, the KRX KOSDAQ Market or the KRX KONEX Market and such overseas stock exchange; and
- arm's length transactions between foreigners, if all of such foreigners belong to the investment group managed by the same person.

For over-the-counter transactions of shares of a public service corporation between foreigners outside the KRX KOSPI Market, the KRX KOSDAQ Market or the KRX KONEX Market for shares with

respect to which the limit on aggregate foreign ownership has been reached or exceeded, an investment broker licenced in Korea must act as an intermediary. Odd-lot trading of shares outside the KRX KOSPI Market, the KRX KOSDAQ Market or the KRX KONEX Market must involve an investment dealer licenced in Korea as the other party. Foreign investors are prohibited from engaging in margin transactions by borrowing shares from investment brokers or investment dealers with respect to shares that are subject to a foreign ownership limit.

Before the amendment to the Presidential Decree of FSCMA to abolish the foreign investors' registration requirement which came into effect on 14 December 2023, the Investment Rules required a foreign investor who wished to invest in or dispose of shares on the KRX KOSPI Market, the KRX KOSDAQ Market or the KRX KONEX Market (including shares being issued or sold for initial listing on the KRX KOSPI Market, the KRX KOSDAQ Market or the KRX KONEX Market) to register its identity with the FSS prior to making any such investment or disposal unless it has previously registered.

However, the Government approved a bill that revises the Presidential Decree of FSCMA to abolish the foreign investors' registration requirement at a cabinet meeting held on 5 June 2023. The foreign investor registration system, which had been in place for over three decades since 1992, has been abolished starting from 14 December 2023, six months after promulgation of the revised presidential decree on 13 June 2023.

As the revised Presidential Decree of the FSCMA has taken effect, foreign investors are now able to open investment accounts at securities firms without having to go through a prior registration process with the FSS. Foreign corporate entities can use their legal entity identifiers (LEIs), and foreign individuals can use their passport numbers, to open investment accounts. Foreign investors that already have obtained investment registration certificates can continue to use their investor registration number so that potential inconvenience caused by changing the system may be minimised.

Under the previous laws and regulations, foreign investors could only trade listed securities on the Korea Exchange, and over-the-counter transactions are permitted only for certain exceptional circumstances. Over-the-counter transactions of foreign investors involving listed securities had been limited in practice, because a prior review and approval had to be obtained from financial supervisory authorities for such transactions with the exception of certain specific types of transactions that can be reported on an ex-post basis (e.g., foreign direct investment, exercise of appraisal rights of dissenting shareholders, exercise of stock options, inheritance/gift, exercise of the rights associated with CBs/BWs and repurchase agreement).

However, following the above-described amendment to the Financial Investment Business Regulations and the abolition of the registration system for foreign investors, which came into effect on 14 December 2023, such regulatory changes have significantly expanded the scope of over-the-counter transactions eligible for ex-post reporting to cover those transactions that do not require a close review and are highly demanded by market participants. Specifically, ex-post reporting is permitted for the following types of over-the-counter transactions: (i) acquisition and disposition of shares resulting from spin-offs and mergers of a foreign entity, (ii) acquisition and disposition of securities resulting from dividends in kind paid by a foreign entity, (iii) over-the-counter transfer of securities between foreigners where there is no change in the beneficial owner and (iv) acquisition and disposition of shares resulting from in-kind delivery following the liquidation of a foreign fund.

A foreign investor may appoint a standing proxy from among the Korea Securities Depository, foreign exchange banks (including domestic branches of foreign banks), investment dealers, investment brokers and collective investment companies ("**financial investment firms**") (including domestic branches of foreign financial investment firms) and internationally recognised custodians which will act as a standing proxy to exercise shareholders' rights or perform any matters related to the foregoing activities if the foreign investor does not perform these activities itself. Generally, a foreign investor may not permit any person, other than its standing proxy, to exercise rights relating to its shares or perform any tasks related thereto on its behalf. However, a foreign investor may be exempted from complying with these standing proxy rules with the approval of the Governor of the FSS in cases deemed inevitable by reason of conflict between the laws of Korea and those of the home country of the foreign investor.

Shares of a Korean company owned by a foreign investor must be electronically registered by an eligible custodian. Only foreign exchange banks (including domestic branches of foreign banks),

financial investment firms (including domestic branches of foreign financial investment firms), the Korea Securities Depository and internationally recognised custodians are eligible to act as a custodian of shares for a foreign investor. The custodian of a foreign investor must deposit such foreign investor's shares with the Korea Securities Depository. However, a foreign investor may be exempted from complying with this deposit requirement when such shares are electronically registered pursuant to applicable laws.

Under the Investment Rules, with certain exceptions, foreign investors may own shares of a Korean company without being subject to any foreign investment ceiling. As one such exception, no person may hold for its own account shares issued by a designated public service corporation in excess of certain ceilings, regardless of the legal ownership of such shares. However, as of the date of this offering circular, we are not such a designated public service corporation.

Furthermore, in the case of investments amounting to Won 100 million or more, (i) an investment by a foreign investor in 10% or more of the outstanding shares with voting rights of a Korean company or (ii) an acquisition of the right by a foreign investor holding shares of a Korean company to second or appoint directors or officers of such company constitutes a foreign direct investment for purposes of the Foreign Investment Promotion Act of Korea. Generally, under the Foreign Investment Promotion Act of Korea, a foreign direct investment must be reported to a foreign exchange bank or Korea Trade-Investment Promotion Agency designated by the Ministry of Trade, Industry and Energy prior to such investment (within 60 days after the date of such investment, if the investment is made by acquiring outstanding shares of a Korean company listed on the Korea Exchange). The acquisition of shares of a Korean company by a foreign investor may also be subject to certain foreign or other shareholding restrictions in the event that the restrictions are prescribed in a specific law that regulates the business of the Korean company. Changes in ownership of shares of a Korean company by a foreign direct investor, as well as changes in certain aspects of the foreign direct investment (including change in the foreign direct investor's name, address or business), are subject to reporting requirements.

Under the FETL, a foreign investor who wishes to trade shares without obtaining separate governmental approvals or submitting separate reports to the Government must designate a foreign exchange bank and open a foreign currency account and a Won account with the bank exclusively for stock investments. No approval is required for remittance of foreign currency funds into Korea or for deposit of foreign currency funds in the foreign currency account. Foreign currency funds may be transferred from the foreign currency account to a Won account opened with an investment dealer or an investment broker at the time the foreign investor is required to place a deposit for, or settle the purchase price of, a stock purchase transaction to an investment dealer or investment broker's Won account. Funds in the foreign currency account may be remitted abroad without any governmental approval.

Dividends on shares of Korean companies are paid in Won. No governmental approval is required for foreign investors to receive dividends on, or the Won proceeds of the sale of, any shares to be paid, received and retained in Korea. Dividends paid on, and the Won proceeds of the sale of, any shares held by a non-resident of Korea may be deposited either in a Won account with the investor's investment dealer or investment broker or its Won account with the foreign exchange bank. Funds in the investor's Won account may be transferred to its foreign currency account or withdrawn for local living expenses, provided that any withdrawal of local living expenses in excess of a certain amount must be reported to the Governor of the FSS by the foreign exchange bank at which the Won account is maintained. Funds in the Won account in Korea may also be used for future investment in shares or for payment of the subscription price of new shares acquired through the exercise of preemptive rights.

Investment dealers and investment brokers are allowed to open foreign currency accounts with foreign exchange banks exclusively for accommodating foreign investors' stock investments in Korea. Through these accounts, investment dealers and investment brokers may enter into foreign exchange transactions on a limited basis, such as conversion of foreign currency funds and Won funds, either as a counterparty to or on behalf of foreign investors, without the investors having to open their own accounts with foreign exchange banks.

The Korea Exchange

On 27 January 2005, the Korea Exchange was established pursuant to the Korea Securities and Futures Exchange Act by consolidating the Korea Stock Exchange, the Korea Futures Exchange, the KOSDAQ Stock Market, Inc., or the KOSDAQ, and the KOSDAQ Committee of the Korea Securities Dealers Association, which had formerly managed the KOSDAQ. On 1 July 2013, the Korea Exchange launched the Korea New Exchange (KONEX, a new securities exchange market that focuses on small- and medium-sized enterprises). There are four different markets operated by the Korea Exchange: the KRX KOSPI Market, the KRX KOSDAQ Market, the KRX KONEX Market and the KRX Derivatives Market. The Korea Exchange has three trading floors located in Seoul, one for the KRX KOSPI Market, one for the KRX KOSDAQ Market and one for the KRX KONEX Market, and one trading floor in Busan for the KRX Derivatives Market. The Korea Exchange is a stock corporation ("*jusik hoesa*" in Korean), the shares of which are held by (i) investment brokers and investment dealers that were formerly members of the Korea Futures Exchange or the Korea Stock Exchange and (ii) the stockholders of the KOSDAQ. Currently, the Korea Exchange is the only stock exchange in Korea and is operated by membership, having as its members most of the Korean investment brokers and investment dealers and some Korean branches of foreign investment brokers and investment dealers.

According to data published by the Korea Exchange, as of 31 March 2025, the aggregate market value of equity securities listed on the KRX KOSPI Market was approximately Won 2,017 trillion, and the average daily trading volume of equity securities in the first quarter of 2025 was approximately 456 million shares with an average daily transaction value of Won 10,860 billion.

The Korea Exchange has the power in some circumstances to suspend trading in the shares of a specific company or to de-list a security pursuant to the Regulation on Listing on the Korea Exchange. The Korea Exchange also restricts share price movements. All listed companies are required to file accounting reports annually, semi-annually and quarterly and to release immediately certain information that may affect trading in a security.

The Korea Exchange publishes the KOSPI every ten seconds, which is an index of all equity securities listed on the KRX KOSPI Market. On 1 January 1983, the method of computing KOSPI was changed from the Dow Jones method to the aggregate value method. In the new method, the market capitalisations of all listed companies are aggregated, subject to certain adjustments, and this aggregate is expressed as a percentage of the aggregate market capitalisation of all listed companies as of the base date, 4 January 1980.

Movements in KOSPI are set out in the following table:

	Opening	High	Low	Closing
1979	131.28	131.28	104.38	118.97
1980	100.00	119.36	100.00	106.87
1981	97.95	165.95	93.14	131.37
1982	123.60	134.48	106.00	128.99
1983	122.52	134.46	115.59	121.21
1984	115.25	142.46	115.25	142.46
1985	139.53	163.37	131.40	163.37
1986	161.40	279.67	153.85	272.61
1987	264.82	525.11	264.82	525.11
1988	532.04	922.56	527.89	907.20
1989	919.61	1,007.77	844.75	909.72
1990	908.59	928.82	566.27	696.11
1991	679.75	763.10	586.51	610.92
1992	624.23	691.48	459.07	678.44
1993	697.41	874.10	605.93	866.18
1994	879.32	1,138.75	855.37	1,027.37
1995	1,013.57	1,016.77	847.09	882.94
1996	888.85	986.84	651.22	651.22
1997	653.79	792.29	350.68	376.31

	Opening	High	Low	Closing
1998	385.49	579.86	280.00	562.46
1999	587.57	1,028.07	498.42	1,028.07
2000	1,059.04	1,059.04	500.60	504.62
2001	520.95	704.50	468.76	693.70
2002	724.95	937.61	584.04	627.55
2003	635.17	822.16	515.24	810.71
2004	821.26	936.06	719.59	895.92
2005	893.71	1,379.37	870.84	1,379.37
2006	1,389.27	1,464.70	1,203.86	1,434.46
2007	1,435.26	2,064.85	1,355.79	1,897.13
2008	1,853.45	1,888.88	938.75	1,124.47
2009	1,157.40	1,723.17	992.69	1,682.77
2010	1,696.14	2,052.97	1,548.78	2,051.00
2011	2,070.08	2,228.96	1,652.71	1,825.74
2012	1,826.37	2,049.28	1,769.31	1,997.05
2013	2,031.10	2,059.58	1,780.63	2,011.34
2014	1,967.19	2,082.61	1,886.85	1,915.59
2015	1,926.44	2,173.41	1,829.81	1,961.31
2016	1,918.76	2,068.72	1,835.28	2,026.46
2017	2,026.16	2,557.97	2,026.16	2,467.49
2018	2,479.65	2,598.19	1,996.05	2,041.04
2019	2,010.00	2,248.63	1,909.71	2,197.67
2020	2,175.17	2,873.47	1,457.64	2,873.47
2021	2,944.45	3,305.21	2,839.01	2,977.65
2022	2,988.77	2,989.24	2,155.49	2,236.40
2023	2,225.67	2,667.07	2,218.67	2,655.28
2024	2,669.81	2,891.35	2,360.58	2,399.49
2025 (through 2 July)	2,398.94	3,108.25	2,293.70	3,075.06

Source: The Korea Exchange

Shares are quoted "ex-dividend" on the trading day immediately preceding the last trading day of the relevant company's accounting period. Since the calendar year is the accounting period for the majority of listed companies, this may account for the drop in KOSPI between the closing price of the second trading day preceding the last trading day of one calendar year and the opening price of the trading day immediately preceding the last trading day of such calendar year.

In January 2023, the Ministry of Justice of Korea has recently issued an official ruling to the effect that (i) a record date for determining shareholders entitled to exercise of their voting rights at the general meeting of shareholders for declaration of dividends and (ii) a record date for determining the shareholders entitled to payment of dividends so declared may be separately set. Based on the foregoing official ruling, the Government has recommended the listed companies to set the record date for determining the shareholders entitled to payment of dividends after the date of the general meeting of shareholders by resolution of their board of directors so that the investors may invest in the shares of the listed companies after checking whether the dividend is declared and the amount of dividend so declared. As a result of the recommendation of the Government, many listed companies are expected to amend their articles of incorporation which generally provide the shareholders shown at the register of shareholders as of the end of the fiscal year are entitled to both (i) exercise of their voting rights at the general meeting of shareholders for declaration of dividends and (ii) payment of dividends so declared. The above change of the past practice is also expected to affect the practice of "ex-dividend" in the Korean securities markets including the KRX KOSPI Market.

With certain exceptions, principally to take account of a share being quoted "ex-dividend" and "ex-rights," permitted upward and downward movements in share prices of any category of shares on any trading day are limited under the rules of the Korea Exchange to 30% of the previous trading day's closing price of the shares, rounded down as set out below:

Previous trading day's closing price (Won)	Rounded down to (Won)
Less than 2,000	1
2,000 to less than 5,000	5
5,000 to less than 20,000	10
20,000 to less than 50,000	50
50,000 to less than 200,000	100
200,000 to less than 500,000	500
500,000 or more	1,000

As a consequence, if a particular closing price is the same as the price set by the fluctuation limit, the closing price may not reflect the price at which persons would have been prepared, or would be prepared to continue, if so permitted, to buy and sell shares. Orders are executed on an auction system with priority rules to deal with competing bids and offers.

Due to deregulation of restrictions on brokerage commission rates, the brokerage commission rate on equity securities transactions may be determined by the parties, subject to commission schedules being filed with the Korea Exchange by the investment brokers and the investment dealers. In addition, a securities transaction tax (including agricultural and fishery special surtax thereon) of 0.15% of the sales price will generally be imposed on the transfer of shares or certain securities representing rights to subscribe for shares on the Korea Exchange. See "*Taxation—Korean Taxation*."

The number of companies listed on the KRX KOSPI Market, the corresponding total market capitalisation at the end of the periods indicated and the average daily trading volume for those periods are set forth in the following table:

	Market capitalisation on the last day of each period		Average daily trading volume, value	
Year	Number of listed companies	(Billions of Won)	Thousands of shares	(Millions of Won)
1984	336	5,149	14,847	10,642
1985	342	6,570	18,925	12,315
1986	355	11,994	31,755	32,870
1987	389	26,172	20,353	70,185
1988	502	64,544	10,367	198,364
1989	626	95,477	11,757	280,967
1990	669	79,020	10,866	183,692
1991	686	73,118	14,022	214,263
1992	688	84,712	24,028	308,246
1993	693	112,665	35,130	574,048
1994	699	151,217	36,862	776,257
1995	721	141,151	26,130	487,762
1996	760	117,370	26,571	486,834
1997	776	70,989	41,525	555,759
1998	748	137,799	97,716	660,429
1999	725	349,504	278,551	3,481,620
2000	704	188,042	306,163	2,602,211
2001	689	255,850	473,241	1,997,420
2002	683	258,681	857,245	3,041,598
2003	684	355,363	542,010	2,216,636
2004	683	412,588	372,895	2,232,108
2005	702	655,075	467,629	3,157,662
2006	731	704,588	279,096	3,435,180
2007	745	951,900	363,732	5,539,588
2008	763	592,635	355,205	5,189,643
2009	770	887,935	485,657	5,795,426

Year	Market capitalisation on the last day of each period		Average daily trading volume, value	
	Number of listed companies	(Billions of Won)	Thousands of shares	(Millions of Won)
2010	777	1,141,885	380,859	5,619,768
2011	791	1,041,999	353,759	6,863,146
2012	784	1,154,294	486,480	4,823,643
2013	777	1,185,974	328,325	3,993,422
2014	773	1,119,253	278,082	3,983,580
2015	770	1,242,832	455,256	5,351,734
2016	779	1,308,440	376,772	4,523,044
2017	774	1,605,821	340,457	5,325,760
2018	788	1,343,972	397,972	6,548,622
2019	799	1,475,909	470,723	4,989,807
2020	795	1,980,543	895,256	12,200,417
2021	824	2,203,367	844,811	13,400,335
2022	826	1,767,235	595,197	9,008,398
2023	839	2,126,373	538,210	9,602,689
2024	848	1,963,329	486,868	10,741,556
2025 (through 2 July)	849	2,516,192	489,523	10,781,661

Source: The Korea Exchange

The Korean securities markets are principally regulated by the FSC under the regulations set forth in the FSCMA. In August 2007, the National Assembly of Korea enacted the FSCMA. The FSCMA, which came into effect on 4 February 2009, comprehensively regulates the Korean capital markets, the financial investment businesses (including collective investment businesses and trust businesses) and financial investment products (such as securities and derivatives). The FSCMA imposes, among others, restrictions on insider trading and price manipulation, requires specified information to be made available by listed companies to investors and establishes rules regarding margin trading, proxy solicitation, takeover bids, acquisition of treasury shares and reporting requirements for shareholders holding substantial interests. The FSCMA regulates the operation and monitoring of the securities and derivatives markets.

Protection of Customer's Interest in Case of Insolvency of Investment Brokers or Investment Dealers

Under Korean law, the relationship between a customer and an investment broker or an investment dealer in connection with a securities sell or buy order is deemed to be a consignment and the securities acquired by a consignment agent (i.e., the investment broker or the investment dealer) through such sell or buy order are regarded as belonging to the customer insofar as the customer and the consignment agent's creditors are concerned. Therefore, in the event of a bankruptcy or reorganisation procedure involving an investment broker or an investment dealer, the customer of the investment broker or the investment dealer is entitled to claim the securities acquired by the investment broker or the investment dealer for the customer's account.

Under the FSCMA, the Korea Exchange is obliged to indemnify any loss or damage incurred by a counterparty as a result of a breach by members of the KRX KOSPI Market, the KRX KOSDAQ Market or the KRX KONEX Market. If an investment broker or an investment dealer that is a member of the KRX KOSPI Market, the KRX KOSDAQ Market or the KRX KONEX Market breaches its obligation in connection with a buy order, the Korea Exchange is obliged to pay the purchase price on behalf of the breaching member. Therefore, the customer can acquire the securities subject to the buy order that it has placed with the breaching member.

When a customer places a buy order with a non-member company and the non-member company places a buy order with a member company, the customer has the legal right to the securities received by the non-member company from the member company because the purchased securities are regarded as belonging to the customer insofar as the customer and the non-member company's creditors are concerned.

As cash deposited with an investment broker or an investment dealer is regarded as belonging to the investment broker or investment dealer, which is liable to return the same at the request of its customer, the customer cannot take back deposited cash from the investment broker or the investment dealer if a bankruptcy or rehabilitation procedure is instituted in respect of the investment broker or the investment dealer and, therefore, can suffer a loss or damage as a result. However, the Depositor Protection Act provides that the Korea Deposit Insurance Corporation will, upon the request of an investor, pay the investor up to Won 50 million of cash deposited with an investment broker or an investment dealer in case of the investment broker or the investment dealer's bankruptcy, liquidation, cancellation of investment broker or investment dealer licence or other insolvency events. Investment brokers and investment dealers pay premiums to the Korea Deposit Insurance Corporation for this insurance. Pursuant to the FSCMA, investment brokers or investment dealers are required to deposit cash received from its customers at the Korea Securities Finance Corporation, a special entity established pursuant to the FSCMA. Set-off or attachment of any such cash deposits by investment brokers or investment dealers is prohibited.

Clearance and Settlement

The settlement of trades on the Korea Exchange is required to be handled by a settlement agency of the Korea Exchange. The KSD is the institution commissioned by the Korea Exchange to handle all such settlement of trades.

The settlement of trades on the Korea Exchange takes place through a clearance and settlement procedure. The Korea Exchange has adopted the multilateral netting system and carries out the clearance of the trades by netting the sales and purchases of each KSD participant. The Korea Exchange is required to provide the daily net settlement results of the trades to the KSD by 6 p.m. on the business day immediately prior to the settlement date. The KSD then handles settlement of the securities and the funds based on the information received from the Korea Exchange. The securities are settled through book-entry changes in the accounts of KSD participants and the funds are settled by transfer to accounts at a bank designated by the KSD. Settlement of trades is generally required to take place on the third trading day following the day of the sale and purchase contract (with the day of the sale and purchase contract being the first trading day).

TAXATION

The following is a summary of the principal Korean tax consequences to owners of the Bonds or the Shares, as the case may be, who are non-resident individuals or non-Korean corporations without a permanent establishment in Korea to which the relevant income is attributable or with which the relevant income is effectively connected. The statements regarding Korean tax laws set forth below are based on the laws in force and as interpreted by the Korean taxation authorities as of the date hereof. This summary is not exhaustive of all possible tax considerations which may apply to a particular investor and potential investors are advised to satisfy themselves as to the overall tax consequences of the acquisition, ownership and disposition of the Bonds or the Shares, including specifically the tax consequences under Korean law, the laws of the jurisdiction of which they are resident, and any tax treaty between Korea and their country of residence, by consulting their own tax advisors.

Korean Taxation Relating to the Bonds

The information provided below does not purport to be a complete summary of Korean tax law and practice currently applicable. Prospective investors who are in any doubt as to their tax position should consult with their own professional advisors.

The taxation of non-resident individuals and non-Korean corporations ("**Non-Residents**") depends on whether they have a "permanent establishment" (as defined under Korean law and applicable tax treaty) in Korea to which the relevant Korean source income is attributable or with which such income is effectively connected. Non-Residents without a permanent establishment in Korea are taxed in the manner described below. Non-Residents with permanent establishments in Korea are taxed in accordance with different rules.

Tax on Interest

Interest on the Bonds paid to Non-Residents, being foreign currency denominated bonds issued outside of Korea, is exempt from income tax and corporation tax (whether payable by withholding or otherwise) pursuant to the Special Tax Treatment Control Law (the "**STTCL**").

If the tax exemption under the STTCL referred to above were to cease to be in effect, the rate of income tax or corporation tax applicable to interest on the Bonds, for a Non-Resident without a permanent establishment in Korea, would be 14% of income. In addition, a tax surcharge called a local income tax would be imposed at the rate of 10% of the income tax or corporation tax (raising the total tax rate to 15.4%).

The tax rates may be reduced by an applicable tax treaty, convention or agreement between Korea and the resident country of the recipient of the income. The relevant tax treaties are discussed below.

Tax on Capital Gains

Korean tax laws currently exclude from Korean taxation gains made by a Non-Resident without a permanent establishment in Korea from the sale of the Bonds to Non-Residents (other than to their permanent establishments in Korea) under the Corporation Tax Law ("**CTL**"). In addition, capital gains earned by Non-Residents with or without permanent establishments in Korea from the transfer taking place outside Korea of the Bonds are currently exempt from taxation by virtue of the STTCL, provided that the issuance of the Bonds is deemed to be an overseas issuance under the STTCL.

If the exclusion or exemption from Korean taxation referred to above were to cease to be in effect, in the absence of an applicable tax treaty reducing or eliminating tax on capital gains, the applicable rate of tax would be the lower of 11% (including local income tax) of the gross realisation proceeds and (subject to the production of satisfactory evidence of the acquisition cost and certain direct transaction costs of the relevant Bond) 22% (including local income tax) of the realised gain (i.e., the excess of the gross realisation proceeds over the acquisition cost and certain direct transaction costs) made. If such evidence shows that no gain (or a loss) was made on the sale, no Korean tax is payable. With respect to computing the above-mentioned 22% withholding tax (including local income tax) on the realised gain, please note that there is no provision under relevant Korean law for offsetting gains and losses or

otherwise aggregating transactions for the purpose of computing the net gain attributable to sales of Bonds issued by Korean companies. The purchaser or any other designated withholding agent of Bonds is obliged under Korean law to withhold the applicable amount of Korean tax and make payment thereof to the relevant Korean tax authority. Unless the seller can claim the benefit of an exemption from tax under an applicable tax treaty or on the failure of the seller to produce satisfactory evidence of his acquisition cost and certain direct transaction costs in relation to the instruments being sold, the purchaser or such withholding agent must withhold an amount equal to 11% of the gross realisation proceeds. Any amounts withheld by the purchaser or withholding agent must be paid to the competent Korean tax office. The purchaser or withholding agent must pay any withholding tax no later than the tenth day of the month following the month in which the payment for the purchase of the relevant instruments occurred. Failure to transmit the withheld tax to the Korean tax authorities in time subjects the purchaser or the withholding agent to penalties under Korean tax laws. The Korean tax authorities may attempt to collect such tax from a Non-Resident who is liable for payment of any Korean tax on gains, as a purchaser or withholding agent who is obliged to withhold such tax, through proceedings against payments due to the Non-Resident from its Korean investments and the assets or revenues of any of the Non-Resident's branch or representative offices in Korea.

Share Exchange

The tax liability in connection with the Bonds and the capital gains resulting from the exchange of Bonds into the Shares is not clear.

Upon the exchange of Bonds into the Shares, if the relevant payment is made by cash, then it is likely to trigger a taxable event for Korean income tax purposes, and the gain from the exchange will be subject to Korean withholding tax on the income tax and/or corporation tax. However, it is not clear whether the gain from the exchange will be treated as interest income, capital gains, or "other income" and how the amount subject to such tax would be calculated. If treated as interest income, the gain from the exchange will be subject to Korean withholding tax at the rate of 15.4% (including local income tax) unless exempt under an applicable Korean tax treaty. If treated as capital gains, the gain from the exchange may be exempt from Korean taxation under an applicable Korean tax treaty or by virtue of the CTL and the STTCL as discussed above. However, if treated as "other income," the gain from the exchange will be subject to the Korean withholding tax at the rate of 22% (including local income tax) unless exempt under an applicable Korean tax treaty.

If cash payment is made to a Non-resident Holder in lieu of the exchange of the Bonds into the Shares, the amount in excess of the principal and the accrued interest of the Bonds may be deemed to be a taxable event by the Korean tax authorities, and such Non-resident Holder may be subject to Korean withholding tax. Although it is uncertain whether the gain arising from such cash payment is treated as interest income, capital gains or "other income" and how the amount subject to such tax would be calculated, the Korean National Tax Service issued a ruling to the effect that the cash payments received by the non-resident holders of a foreign currency denominated exchangeable bonds in excess of the issuance price and the accrued interest of such bonds should be treated as premium, and thus, Korean source interest income, which is exempt from Korean income taxation under Article 21 of the STTCL.

Early Redemption and Redemption at Maturity

Upon exercise of the put option by either the Company or the Bondholder, the Bonds will be redeemed at their Early Redemption Amount. Under the interpretation of the Korean tax authorities, the excess of the Early Redemption Amount over the principal of the Bonds will be classified as Korean source interest income. Since Article 21 of the STTCL only exempts interest income from foreign currency denominated bonds from income taxation, such interest income from the Bonds which is denominated in Won is subject to withholding tax at the rate of 15.4% (including local income tax) unless exempt under an applicable Korean tax treaty.

When redeemed at the Maturity Date, the Bonds will be redeemed at the Final Redemption Amount. Although there is currently no express ruling concerning redemption of exchangeable bonds at maturity, it is likely that the Korean tax authorities will equally treat the excess of the Final Redemption Amount over the principal of the Bonds as Korean source interest income that is subject to withholding tax at the rate of 15.4% (including local income tax) unless exempt under an applicable Korean tax treaty.

Korean Taxation Relating to the Shares

Tax on Dividends

Dividends on the Shares paid (whether in cash or in shares) to a Non-resident Holder will be subject to Korean withholding taxes at the rate of 22% (including local income tax) or such lower rate as is applicable under a treaty between Korea and such Non-resident Holder's country of tax residence. Free distributions of shares representing a capitalisation of certain capital surplus reserves may be subject to Korean withholding taxes.

The tax is withheld by the payor of the dividend. In order to obtain a reduced rate of withholding tax pursuant to an applicable tax treaty, a Non-resident Holder must submit to us, prior to the dividend payment date, such evidence of tax residence as the Korean tax authorities may require in order to establish its entitlement to the benefits of the applicable tax treaty.

Tax on Capital Gains

As a general rule, capital gains earned by Non-resident Holders upon transfer of the Shares are subject to Korean withholding tax at the lower of (i) 11% (including local income tax) of the gross proceeds realised or (ii) 22% (including local income tax) of the net realised gains (subject to the production of satisfactory evidence of the acquisition costs and certain direct transaction costs), unless exempt from Korean income taxation under the effective Korean tax treaty with the Non-resident Holder's country of tax residence.

However, a Non-resident Holder will not be subject to Korean income taxation on capital gains realised upon the sale of the Shares through the Korea Exchange if the Non-resident Holder (i) has no permanent establishment in Korea and (ii) did not or has not owned (together with any shares owned by any entity with certain special relationships with such Non-resident Holder) 25% or more of our total issued and outstanding shares at any time during the calendar year in which the sale occurs and during the five calendar years prior to the calendar year in which the sale occurs.

Korean Inheritance Tax and Gift Tax

Korean inheritance tax is imposed upon (a) all assets (wherever located) of the deceased if at the time of his death he was domiciled in Korea or resided in Korea for at least 183 days immediately prior to the death and (b) all property located in Korea which passes on death (irrespective of the domicile or residence of the deceased). Gift tax is imposed in similar circumstances to the above. The taxes are imposed if the value of the relevant property is above a certain limit and the tax rates vary from 10% to 50% according to the value of the relevant property and the identity of the persons involved. At present, Korea has not entered into any tax treaties regarding its inheritance or gift taxes.

Under Korean inheritance and gift tax laws, notes issued by Korean corporations are deemed located in Korea irrespective of where they are physically located or by whom they are owned. Consequently, the Korean inheritance and gift taxes will be imposed on transfers of the Bonds by inheritance or gift. Holders should consult their personal tax advisers regarding the consequences of the imposition of the Korean inheritance or gift tax.

Korean Stamp Duty and Securities Transaction Tax

No stamp, issue or registration duties will be payable in Korea by the Holders in connection with the issue of the Bonds except for a nominal amount of stamp duty on certain documents executed in Korea which will be paid by us.

No securities transaction tax will be imposed upon the transfer of the Bonds.

Securities transaction tax is imposed on the transfer of shares issued by a Korean corporation generally at the rate of 0.35% of the sales price. In the case of the transfer of shares listed on the KRX KOSPI Market (such as the common shares), no securities transaction tax is imposed, but an agriculture and fishery special tax is levied at a rate of 0.15%, calculated based on the sales price of the shares if traded on the KRX KOSPI Market. However, subject to certain exceptions, the securities transaction tax is imposed at the rate of 0.35% if traded outside the KRX KOSPI Market.

Securities transaction tax or the agricultural and fishery special surtax is not applicable if (i) the shares are listed on a designated foreign stock exchange and (ii) the sale of the shares takes place on such exchange.

Securities transaction tax, if applicable, must be paid by the transferor of the shares, in principle. When the transfer is effected through a securities settlement company, such settlement company is generally required to withhold and pay (to the tax authority) the tax, and when such transfer is made through a financial investment company with a brokerage licence only, such company is required to withhold and pay the tax. Where the transfer is effected by a Non-resident Holder without a permanent establishment in Korea, other than through a securities settlement company or a financial investment company with a brokerage licence, the transferee is required to withhold the securities transaction tax. Failure to do so will result in the imposition of penalties equal to the sum of (i) between 10% and 60% of the tax amount due, depending on the nature of the improper reporting, and (ii) 8.03% per annum on the tax amount due for the default period.

Tax Treaties

At the date of this offering circular, Korea has tax treaties with, inter alia, Australia, Austria, Belgium, Brazil, Bulgaria, Canada, China, Czech Republic, Denmark, Egypt, Finland, France, Germany, India, Indonesia, Ireland, Italy, Japan, Luxembourg, Malaysia, Mexico, Mongolia, the Netherlands, New Zealand, Norway, Pakistan, Philippines, Poland, Republic of Fiji, Romania Singapore, Spain, Sri Lanka, Sweden, Switzerland, Thailand, Tunisia, Turkey, the United Kingdom, the United States of America and Vietnam under which the rate of withholding tax on interest is reduced, generally to between 5.0% and 16.5% (including local income tax), and the tax on capital gains is often eliminated.

Each Holder should inquire whether he is entitled to the benefit of a tax treaty with respect to any transaction involving the Bonds. It is the responsibility of the party claiming the benefits of a tax treaty in respect of interest payments to file with the payer or the Company a certificate as to his country of tax residence. In the absence of sufficient proof, the payer or the Company, as the case may be, must withhold taxes in accordance with the above discussion.

In order for a Non-resident Holder to obtain the benefit of a tax exemption on certain Korean source income, such as capital gains, under an applicable tax treaty, Korean tax law requires such Non-resident Holder (or its agents) to submit to the purchaser or the securities company (or through the depositary), as the case may be, prior to the first payment, an application for tax exemption, together with the documents proving the beneficial owner of such Korean source income including a certificate of tax residence issued by a competent authority of such Non-resident Holder's country of residence, provided that, if such tax exemption amount being sought to be applied is Won 1 billion or more (including where the aggregate amount exempted within one year from the last day of the month in which the payment was made is Won 1 billion or more), in addition to the certificate of tax residence issued by a competent authority of such Non-resident Holder's country of residence, such Non-resident Holder will also be required to submit the names and addresses of all of the members of its board of directors, the identities and shareholding percentages of all of its shareholders (provided that if such Non-resident Holder has more than 100 shareholders, it may instead provide a statement showing the total number of shareholders and aggregate investment amount from each country), and financial statements (including attached documents), tax returns, or audit reports for the most recent three years submitted to the tax authorities of the country of residence (or, if it has been in existence for less than three years, such documents since incorporation). These documents must be submitted along with a Korean translation. However, the only documents prepared in English may be submitted if approved by the Korean tax authority. If the Korean source income is paid to an overseas investment vehicle, such investment vehicle, subject to certain exceptions, must obtain an application for tax exemption along with the documents proving the beneficial owner of such Korean source income including a certificate of tax residency from each of its non-resident beneficial owners seeking a tax exemption under an applicable tax treaty and submit to the payer of such Korean source income a report of overseas investment vehicle, together with the applications for tax exemption prepared by the non-resident beneficial owners and a schedule of non-resident beneficial owners. The payer of such Korean source income, in turn, is required to submit such application to the relevant district tax office by the ninth day of the month following the date of the first payment of such income. However, this requirement does not apply to exemptions under Korean tax law.

Furthermore, in order for a Non-resident Holder to obtain the benefit of a tax reduction on certain Korean source income, such as interest and dividends, under an applicable tax treaty, Korean tax law generally requires such Non-resident Holder (or its agents) to submit to the payer of such Korean source income an application for entitlement to a reduced tax rate prior to the Non-resident Holder's receipt of such Korean source income, together with the documents proving the beneficial owner of such Korean source income including a certificate of tax residence issued by a competent authority of such Non-resident Holder's country of residence. If the Korean source income is paid to an overseas investment vehicle, such investment vehicle must, subject to certain exceptions, obtain an application for entitlement to a reduced tax rate along with the documents proving the beneficial owner of such Korean source income including a certificate of tax residency from each of its non-resident beneficial owners seeking a tax reduction under an applicable tax treaty and submit to the payer of such Korean source income a report of overseas investment vehicle together with the application for entitlement to a reduced tax rate prepared by the non-resident beneficial owners and a schedule of non-resident beneficial owners. An application for entitlement to a reduced tax rate submitted by a Non-resident Holder remains effective for three years from submission, and if any changes occur with respect to information provided in the application, an application reflecting such change must be newly submitted.

Starting from 1 January 2022, an overseas investment vehicle is deemed to be a beneficial owner of the Korean source income if (i) under the applicable tax treaty, the overseas investment vehicle bears tax liabilities in its country of organisation or the overseas investment vehicle is deemed to be the beneficial owner of the Korean source income, and (ii) the Korean source income is eligible for benefits under the applicable tax treaty. The benefits under an applicable tax treaty between Korea and the overseas investment vehicle's country of organisation will apply with respect to the relevant income paid to such overseas investment vehicle, subject to certain application requirements as prescribed by the CTL and the Individual Income Tax Law such as an application for tax exemption or application for entitlement to a reduced tax rate, as the case may be, along with a certificate of tax residency of such overseas investment vehicle, a report of overseas investment vehicle treated as beneficial owner of Korean source income and documents required to be attached thereto.

Withholding and Gross Up

In the event that the payer or we are required by law to make any withholding or deduction for or on account of any Korean taxes (as more fully described in "*Terms and Conditions of the Bonds — Taxation*") we have agreed to pay (subject to the customary exceptions as set out in "*Terms and Conditions of the Bonds — Taxation*") such Additional Amounts as may be necessary in order that the net amounts received by the Holder of any Bond after such withholding or deduction shall equal the respective amounts which would have been received by such Holder in the absence of such withholding or deduction.

SUBSCRIPTION AND SALE

The Company has entered into a subscription agreement (the "**Subscription Agreement**") dated 3 July 2025 with the Managers pursuant to which, and subject to certain conditions contained therein, it has agreed to sell to the Managers and the Managers have agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds at the issue price of 100.00% of the aggregate principal amount of the Bonds less a combined management and underwriting commission as agreed among the Managers and the Company.

The Company has agreed to indemnify the Managers against certain liabilities incurred in connection with the issue of the Bonds. The Subscription Agreement provides that the obligations of the Managers are subject to certain conditions precedent and entitle the Managers to terminate it in certain circumstances prior to payment of the issue price to the Company.

The Company has undertaken to the Managers that neither it nor any person acting on its behalf will, beginning from the date of the Subscription Agreement up to 90 days after the Closing Date, without the prior written consent of the Managers, (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe for or purchase any interest in, or any securities exchangeable into, exchangeable for or which carry rights to subscribe for or purchase, the Shares or securities of the same class as the Shares or other instruments representing interests in the Shares or other securities of the same class as them (collectively, the "**Securities**"), (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, whether any such transaction of the kind described in (a) or (b) is to be settled by delivery of the Shares or other securities, in cash or otherwise or (c) announce or otherwise make public an intention to do any of the foregoing; except for (i) the Shares delivered on exchange of the Bonds or (ii) the transfer of the Shares related to the Company's employee stock ownership programme.

In connection with the offering of the Bonds, the Managers or any of its affiliates may purchase the Bonds for its own account and enter into transactions, including (i) credit derivatives (including convertible asset swaps, repackaging transactions and credit default swaps) relating to the Bonds and/or our securities and (ii) equity derivatives and stock loan transactions relating to the Shares. Such transactions may occur either at the same time as the offer and sale of the Bonds, or in secondary market transactions. Such transactions would be carried out as bilateral transactions with selected counter-parties and separately from any existing sale or resale of the Bonds to which this offering circular relates (notwithstanding that such selected counter-parties may also be purchasers of the Bonds).

The Managers and certain of its affiliates may have performed certain investment banking and advisory, brokerage, commercial banking, financial advisory and fiduciary services for the Company, our affiliates and/or any other persons from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Company and/or our affiliates in the ordinary course of their business and which may have conflicting interests with respect to any potential investor of the Bonds (including, without limitation, the provision of services in respect of acquiring long or short positions in the Bonds or derivatives or in the Shares or buy or sell the Bonds or derivatives or the Shares).

Important Notice to CMIs (including private banks)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Company, a CMI or its group companies would be considered under the SFC Code as having an Association with the Company, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Bonds. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Company or any CMI (including its group companies) and inform the Managers accordingly.

CMIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions set out elsewhere in this offering circular.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Bonds (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Company. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Bonds.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, the Managers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Bonds, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a "principal" basis may require the Managers to categorise it as a proprietary order and apply the "proprietary orders" requirements of the SFC Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any "Associations" (as used in the SFC Code);
- Whether any underlying investor order is a "Proprietary Order" (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to: ECM.Omnibus@citi.com; and omnibus_equity@morganstanley.com.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Company, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such

information should be used only for submitting orders in this offering. The Managers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the Managers with such evidence within the timeline requested.

Selling Restrictions

General

No representation is made by the Company that any action has been or will be taken in any jurisdiction by the Company that would permit a public offering of the Bonds, or possession or distribution of this offering circular in any country or jurisdiction where action for that purpose is required.

United States

The Bonds have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds are being offered and sold outside of the United States in reliance on Regulation S. In addition, until 40 days after the commencement of the offering of the Bonds, an offer or sale of Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Korea

The Bonds have not been and will not be registered with the Financial Services Commission of Korea under the Financial Investment Services and Capital Markets Act. Each of the Managers represents and agrees that it has not offered, sold or delivered and will not offer, sell or deliver, directly or indirectly, any Bonds in Korea or to, or for the account or benefit of, any Korean resident (as such term is defined in the Foreign Exchange Transaction Act of Korea and the decree, rules and regulations promulgated thereunder), except as otherwise permitted under applicable Korean laws and regulations. Furthermore, each of the Managers is aware that a holder of any Bonds will be prohibited from transferring any Bonds, directly or indirectly, in Korea or to any resident of Korea (as such term is defined in the Foreign Exchange Transaction Act of Korea and the decree, rules and regulations promulgated thereunder) for a period of one (1) year from the date of issuance of the Bonds, except as otherwise permitted by applicable Korean laws and regulations; provided that any investor to which any Manager sells the Bonds confirms that it is purchasing such Bonds as principal and agrees that it will comply with the restrictions described above. Each of the Managers further represents that it will take commercially reasonable best measures as underwriter in the ordinary course of its business to prevent any Bonds from being transferred to any resident of Korea within one (1) year from the issuance of the Bonds.

Singapore

Each Manager has acknowledged that this offering circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this offering circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA, or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275, of the SFA.

Hong Kong

Each of the Managers has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Japan

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). Accordingly, each of the Managers represents and agrees that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Prohibition of Sales to EEA Retail Investors

Each of the Managers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(1) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(2) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Consequently, no key information document required by the PRIIPs Regulation for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Prohibition of Sales to UK Retail Investors

Each of the Managers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(1) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

(2) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Consequently no key information document required by the UK PRIIPs Regulation for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

Transfer Restrictions

Because of the following restrictions, purchasers are advised to consult with legal counsel prior to making any offer, resale, pledge or other transfers of the Bonds, or the Shares deliverable upon exchange of the Bonds.

Transfer restrictions under Korean law

Each purchaser of the Bonds, by accepting delivery of this offering circular, will be deemed to have acknowledged, represented and agreed that the Bonds have not been registered with the Financial Services Commission of Korea under the FSCMA, and that accordingly, the Bonds may not be offered, sold or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined under the Foreign Exchange Transaction Act of Korea and the decree, rules and regulations promulgated thereunder) except as otherwise permitted under applicable Korean laws and regulations. In addition, until the expiration of one year after the issuance of the Bonds, the Bonds may not be transferred to any resident of Korea except as otherwise permitted by applicable Korean laws and regulations.

Transfer restrictions applicable to the Bonds, and the Shares deliverable upon exchange of the Bonds

The Bonds and the Shares deliverable upon exchange of the Bonds have not been and will not be registered under the Securities Act. The Bonds and the Shares deliverable upon exchange of the Bonds may not be offered or sold to any person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Except in certain limited circumstances, interests in the Bonds may only be held through interests in the Global Certificate. Such interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their respective direct and indirect participants. See "*Terms and Conditions of the Bonds*" and "*The Global Certificate*."

Each purchaser of the Bonds, by accepting delivery of this offering circular, will be deemed to have acknowledged and represented and agreed as follows:

1. The Bonds and the Shares deliverable upon exchange of the Bonds have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and are subject to significant restrictions on transfer.
2. Until 40 days after the commencement of offering of the Bonds, an offer or sale of the Bonds or the Shares to be delivered upon exchange of the Bonds within the United States by any dealer (whether or not participating in the offering of the Bonds) may violate the registration requirements of the Securities Act.
3. Such purchaser will not offer, sell, pledge or otherwise transfer any interest in the Bonds, or the Shares deliverable upon exchange of the Bonds, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.
4. The Bonds will bear legends to the following effect, unless the Company determines otherwise in compliance with applicable law, and such purchaser will observe the restrictions contained therein:

THE BONDS EVIDENCED HEREBY (THE "BONDS") HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT").

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE FINANCIAL SERVICES COMMISSION OF KOREA UNDER THE FINANCIAL INVESTMENT SERVICES AND CAPITAL MARKETS ACT OF KOREA. ACCORDINGLY, THE BONDS HAVE NOT BEEN AND WILL NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, IN KOREA OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY RESIDENT OF KOREA (AS SUCH TERM IS DEFINED UNDER THE FOREIGN EXCHANGE TRANSACTIONS ACT OF KOREA AND THE DECREE, RULES AND REGULATIONS PROMULGATED THEREUNDER) EXCEPT AS OTHERWISE PERMITTED UNDER APPLICABLE KOREAN LAWS AND REGULATIONS. IN ADDITION, UNTIL THE EXPIRATION OF ONE YEAR AFTER THE ISSUANCE OF THE BONDS, THE BONDS MAY NOT BE TRANSFERRED TO ANY RESIDENT OF KOREA EXCEPT AS OTHERWISE PERMITTED UNDER APPLICABLE KOREAN LAWS AND REGULATIONS.

LEGAL MATTERS

Certain legal matters with respect to the issue and sale of the Bonds will be passed upon for us by Allen Overy Shearman Sterling LLP as to matters of English law and by Shin & Kim LLC as to matters of Korean law. Certain legal matters relating to the issue and sale of the Bonds will be passed upon for the Managers by Linklaters LLP as to matters of English law and by Kim & Chang as to matters of Korean law. Allen Overy Shearman Sterling LLP and Linklaters LLP may rely as to all matters of Korean law on the opinions of Shin & Kim LLC and Kim & Chang. Shin & Kim LLC and Kim & Chang may rely as to all matters of English law on the opinions of Allen Overy Shearman Sterling LLP and Linklaters LLP.

INDEPENDENT ACCOUNTANTS

Our annual consolidated financial statements as of and for the years ended 31 December 2024 and 2023 included in this offering circular have been audited by Ernst & Young Han Young, independent accountants, as stated in their report dated 13 March 2025.

With respect to our unaudited interim consolidated and separate financial statements as of 31 March 2025 and for the three months ended 31 March 2025 and 2024 included in this offering circular, Ernst & Young Han Young reported that they have applied limited procedures in accordance with professional standards for a review of such information. In addition, their review reports dated 15 May 2025 appearing herein state that they did not audit and they do not express an opinion on such interim financial information. Accordingly, the degree of reliance on their reports on such information should be restricted in light of the limited nature of the review procedures applied.

INDEX TO FINANCIAL STATEMENTS

Report on Review of Interim Consolidated Financial Statements by Ernst & Young Han Young F-3
Interim Consolidated Statements of Financial Position as of 31 March 2025, 31 December 2024 and 31 January 2024 . . . . . F-6
Interim Consolidated Statements of Profit or Loss and Other Comprehensive Income for each of the three-month periods ended 31 March 2025 and 2024 . . . . . F-7
Interim Consolidated Statements of Changes in Equity for each of the three-month periods ended 31 March 2025 and 2024 . . . . . F-8
Interim Consolidated Statements of Cash Flows for each of the three-month periods ended 31 March 2025 and 2024 . . . . . F-9
Notes to the Interim Consolidated Financial Statements F-11

Report on Review of Interim Financial Statements by Ernst & Young Han Young F-69
Interim Statements of Financial Position as of 31 March 2025, 31 December 2024 and 1 January 2024 . . . . . F-72
Interim Statements of Profit or Loss and Other Comprehensive Income for each of the three-month periods ended 31 March 2025 and 2024 . . . . . F-73
Interim Statements of Changes in Equity for each of the three-month periods ended 31 March 2025 and 2024 . . . . . F-74
Interim Statements of Cash Flows for each of the three-month periods ended 31 March 2025 and 2024 . . . . . F-75
Notes to the Interim Financial Statements F-77

Independent Auditor's Report by Ernst & Young Han Young F-126
Consolidated Statements of Financial Position as of 31 December 2024 and 2023 . . . . . F-131
Consolidated Statements of Profit or Loss and Other Comprehensive Income for each of the two years in the period ended 31 December 2024 . . . . . F-133
Consolidated Statements of Changes in Equity for each of the two years in the period ended 31 December 2024 . . . . . F-134
Consolidated Statements of Cash Flows for each of the two years in the period ended 31 December 2024 . . . . . F-135
Notes to the Consolidated Financial Statements F-137

KCC Corporation and its subsidiaries

Interim consolidated financial statements
for each of the three-month periods ended March 31, 2025 and 2024
with the independent auditor's review report

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Report on review of interim consolidated financial statements

(English translation of a report originally issued in Korean)

The Shareholders and Board of Directors
KCC Corporation

We have reviewed the accompanying interim consolidated financial statements of KCC Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the interim consolidated statement of financial position as of March 31, 2025, and the related interim consolidated statements of profit or loss and other comprehensive income, interim consolidated statements of changes in equity and interim consolidated statements of cash flows for each of the three-month periods ended March 31, 2025 and 2024, and a summary of material accounting policy information and other explanatory information.

Management's responsibility for the interim consolidated financial statements

Management is responsible for the preparation and presentation of these interim consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS") 1034 *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

We conducted our review in accordance with the Review Standards for Quarterly and Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing ("KSA") and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements are not prepared, in all material respects, in accordance with KIFRS 1034 *Interim Financial Reporting*.

Emphasis of matter

Without qualifying our review opinion, we draw attention to Note 3 to the interim consolidated financial statements, which describes that the Group changed its subsequent measurement method for land classified as property, plant and equipment and the related right-of-use assets from the cost model to the revaluation model for the three-month period ended March 31, 2025, without restating the consolidated financial statements for the year ended December 31, 2024 presented for comparative purposes in accordance with KIFRS 1016 *Property, Plant and Equipment*. In addition, the Group also changed the subsequent measurement method for investment properties from the cost model to the fair value model, which was applied retrospectively, resulting in the consolidated financial statements for the year ended December 31, 2024 to be restated accordingly.

EY 한영

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Other matters

We have audited the consolidated statement of financial position of the Group as of December 31, 2024, and the related consolidated statement of profit or loss and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended (not presented herein) in accordance with KSA, and our report dated March 13, 2025 expressed an unqualified opinion thereon. The accompanying consolidated statement of financial position as of December 31, 2024, presented for comparative purposes, is not different, in all material respects, from the above audited consolidated statement of financial position, except for the adjustments resulting from the change in the accounting policy for investment properties as described in Note 3 to the accompanying interim consolidated financial statements.

Ernst & Young Han Young

May 15, 2025

This review report is effective as of May 15, 2025, the independent auditor's review report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's review report to the time this report is used. Such events and circumstances could significantly affect the accompanying interim consolidated financial statements and may result in modifications to this review report.

KCC Corporation and its subsidiaries

Interim consolidated financial statements
for each of the three-month periods ended March 31, 2025 and 2024

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

Mong-Jin Chung and Jae-Hun Jung
Chief Executive Officers
KCC Corporation

KCC Corporation and its subsidiaries
Interim consolidated statements of financial position
as of March 31, 2025, December 31, 2024 and January 1, 2024

(Korean won)

	Notes	March 31, 2025	December 31, 2024 (Restated)	January 1, 2024 (Restated)
Assets				
Current assets				
Cash and cash equivalents	4,17	₩ 906,545,127,761	₩ 501,329,763,430	₩ 1,045,142,107,132
Short-term financial instruments	17	531,205,280,620	510,145,132,540	509,868,880,834
Short-term trade receivables	5,15,17,31	1,215,685,432,942	1,213,492,615,213	1,039,818,291,729
Other short-term receivables	6,16,17,31	179,967,706,392	95,247,085,439	89,234,553,349
Advanced payments	34	15,380,795,883	16,911,153,066	16,696,258,276
Prepaid expenses		40,337,400,683	50,561,936,755	45,249,447,613
Other current financial assets	8,9,17	3,308,780,593	21,694,681,916	32,224,008,079
Income tax refund		1,931,281,544	1,870,038,922	959,695,669
Inventories	7	1,601,323,187,426	1,583,235,991,296	1,398,999,724,007
		4,495,684,993,844	3,994,488,398,577	4,178,192,966,688
Non-current assets				
Long-term trade receivables	5,17	455,962,798	492,399,886	1,655,272,037
Other long-term receivables	6,14,17,31	85,025,556,820	84,824,473,699	80,741,049,639
Long-term advanced payments		2,212,372,487	2,191,287,240	-
Long-term prepaid expenses		6,424,374,415	7,164,930,454	8,473,851,983
Other non-current financial assets	8,9,17	2,735,746,904,285	2,767,067,321,178	2,723,865,225,479
Investment accounted for using equity method	3,10	400,439,813,088	345,895,486,281	711,195,401,371
Right-of-use assets	33,35	294,427,131,294	204,204,042,447	199,176,066,356
Property, plant and equipment	11,14,31	4,564,881,099,302	3,525,478,447,439	3,447,106,244,857
Intangible assets	12	391,671,030,634	394,698,974,348	393,389,670,767
Goodwill	12	1,010,847,670,718	1,012,559,922,828	888,470,256,499
Investment property	3,13,14	1,047,443,861,658	1,039,100,462,305	960,347,747,039
Deferred tax assets		27,242,591,505	18,341,411,572	15,738,478,639
Net defined benefit assets	18	3,667,322,097	9,759,641,098	6,763,957,443
		10,570,485,691,101	9,411,778,800,775	9,436,923,222,109
Total assets		**₩ 15,066,170,684,945**	**₩ 13,406,267,199,352**	**₩ 13,615,116,188,797**
Liabilities				
Current liabilities				
Trade payables	17,31	₩ 726,303,830,340	₩ 770,281,368,251	₩ 647,424,598,087
Short-term borrowings	14,15,17,35	1,008,542,409,166	910,081,138,384	1,217,352,890,343
Current portion of long-term borrowings	14,15,17,35	12,465,250,000	150,080,700,000	553,484,414,966
Current bonds	15,17,35	464,798,166,010	319,909,993,834	369,805,196,612
Short-term other payables	16,17,31,33,34	845,877,930,847	817,905,836,527	756,534,133,095
Other current financial liabilities	8,9,17	-	-	164,369,968,258
Current provisions	19	32,723,049,435	32,737,475,143	21,080,877,716
Current income tax payables		196,845,677,319	229,862,801,760	106,391,953,671
		3,287,556,313,117	3,230,859,313,899	3,836,444,032,748
Non-current liabilities				
Long-term borrowings	14,15,17,35	2,594,514,913,355	2,499,421,725,661	2,261,570,424,089
Non-current bonds	15,17,35	1,561,826,923,197	1,307,469,089,709	748,637,262,344
Long-term other payables	14,16,17,31,33,35	227,636,887,649	210,023,649,006	184,048,640,080
Net defined benefit liabilities	18	310,642,282,775	304,997,406,924	300,680,990,223
Long-term employee benefit liabilities	18	60,645,415,041	61,280,310,309	55,856,693,888
Non-current provisions	19	25,673,966,132	24,331,399,660	21,640,366,161
Deferred tax liabilities	3	737,437,769,139	501,921,676,390	563,656,430,619
		5,518,378,157,288	4,909,445,257,659	4,136,090,807,404
Total liabilities		8,805,934,470,405	8,140,304,571,558	7,972,534,840,152
Equity				
Issued capital	21	48,084,660,000	48,084,660,000	48,084,660,000
Capital surplus	21	349,758,885,697	349,758,885,697	552,912,603,380
Capital adjustments	22	(504,350,306,344)	(504,350,306,344)	(304,846,768,510)
Accumulated other comprehensive income (loss)	3,23	995,115,728,048	(20,268,840,611)	(19,620,542,431)
Retained earnings	3,24	5,371,627,247,139	5,392,738,229,052	5,095,885,181,264
Equity attributable to the equity holders of the Parent Company		6,260,236,214,540	5,265,962,627,794	5,372,415,133,703
Non-controlling interests	-	-	-	270,166,214,942
Total equity		6,260,236,214,540	5,265,962,627,794	5,642,581,348,645
Total equity and liabilities		**₩ 15,066,170,684,945**	**₩ 13,406,267,199,352**	**₩ 13,615,116,188,797**

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

KCC Corporation and its subsidiaries
Interim consolidated statements of profit or loss and other comprehensive income
for each of the three-month periods ended March 31, 2025 and 2024

(Korean won)	Notes	For the three-month period ended March 31, 2025	March 31, 2024 (Restated)
Sales	25,31,32,34	₩ 1,599,305,256,419	₩ 1,588,371,739,025
Cost of sales	7,27,31,34	1,204,395,861,118	1,228,576,492,332
Gross profit		**394,909,395,301**	**359,795,246,693**
Selling and administrative expenses	25,27,31	291,465,554,896	252,888,207,159
Operating profit	32	**103,443,840,405**	**106,907,039,534**
Share of profit (loss) of associates and joint ventures	3,10	6,099,351,127	(2,633,100,231)
Net finance income (costs):	17,28,31		
Finance income		179,435,717,777	656,804,143,838
Finance costs		(230,105,292,238)	(133,758,481,217)
Other non-operating income (expenses):	3,26,31		
Other non-operating income		44,443,332,797	13,184,698,733
Other non-operating expenses		(27,921,528,981)	(9,503,410,586)
Profit before tax		**75,395,420,887**	**631,000,890,071**
Income tax expense	3,29	31,345,333,788	172,763,850,902
Net profit for the period		**₩ 44,050,087,099**	**₩ 458,237,039,169**
Other comprehensive income (loss)			
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods			
Share of other comprehensive income (loss) of associates and joint ventures	10	₩ 3,689,697,660	₩ (3,915,303,710)
Effective portion of changes in fair value of cash flow hedges	9,17	-	(23,135,727,410)
Exchange differences on translation of foreign operations, etc	3	61,223,403,474	19,844,911,528
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods		**₩ 64,913,101,134**	**₩ (7,206,119,592)**
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods			
Share of other comprehensive income (loss) of associates and joint ventures		₩ 45,322,610,209	₩ -
Gain on revaluation		907,417,696,774	-
Re-measurement of defined benefit plans	18	-	(1,717,013,353)
Share of retained earnings of associates and joint ventures	10	1,026,469,988	(344,103,424)
Loss on valuation of financial assets at fair value through other comprehensive income	8,17	(2,268,839,458)	(507,918,497)
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods (net of tax)		**₩ 951,497,937,513**	**₩ (2,569,035,274)**
Total comprehensive income for the period, net of tax		**₩ 1,060,461,125,746**	**₩ 448,461,884,303**
Profit (loss) for the period attributable to			
Equity holders of the parent		₩ 44,050,087,099	₩ 475,510,554,959
Non-controlling interests		-	(17,273,515,790)
		₩ 44,050,087,099	**₩ 458,237,039,169**
Total comprehensive income (loss) attributable to			
Equity holders of the parent		₩ 1,060,461,125,746	₩ 482,286,624,844
Non-controlling interests		-	(33,824,740,541)
		₩ 1,060,461,125,746	**₩ 448,461,884,303**
Earnings per share attributable to the equity holders of the Parent Company	30		
Basic earnings per share		₩ 5,990	₩ 64,659
Diluted earnings per share		5,990	64,659

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

KCC Corporation and its subsidiaries
Interim consolidated statements of changes in equity
for each of the three-month periods ended March 31, 2025 and 2024

(Korean won)

	Attributable to the equity holders of the Parent Compay						
	Issued capital	Capital surplus	Capital adjustments	Accumulated other comprehensive income (loss)	Retained earnings	Non-controlling interests	Total equity
As of January 1, 2024	₩ 48,084,660,000	₩ 552,912,603,380	₩ (304,846,768,510)	₩ (21,227,448,772)	₩ 4,902,440,148,479	₩ 270,166,214,942	₩ 5,447,529,409,519
Change in accounting policy (Note 3)	-	-	-	1,606,906,341	193,445,032,785	-	195,051,939,126
As of January 1, 2024 (Adjusted)	48,084,660,000	552,912,603,380	(304,846,768,510)	(19,620,542,431)	5,095,885,181,264	270,166,214,942	5,642,581,348,645
Total comprehensive income							
Profit for the year	-	-	-	-	475,510,554,959	(17,273,515,790)	458,237,039,169
Loss on valuation of financial assets at fair value through other comprehensive income, net o	-	-	-	(507,918,497)	-	-	(507,918,497)
Share of other comprehensive income (loss) of associates and joint ventures, net of tax	-	-	-	(2,917,778,895)	-	(997,524,815)	(3,915,303,710)
Share of retained earnings of associates and joint ventures, net of tax	-	-	-	-	(344,103,424)	-	(344,103,424)
Exchange differences on translation of foreign operations, etc	-	-	-	25,453,478,018	-	(5,608,566,490)	19,844,911,528
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	(13,881,391,332)	-	(9,254,336,078)	(23,135,727,410)
Re-measurement of defined benefit plans	-	-	-	-	(1,026,215,985)	(690,797,368)	(1,717,013,353)
Transactions with the equity holders of the Parent Company, recognized directly in equity							
Annual dividends	-	-	-	-	(51,479,197,000)	-	(51,479,197,000)
As of March 31, 2024 (Restated)	**₩ 48,084,660,000**	**₩ 552,912,603,380**	**₩ (304,846,768,510)**	**₩ (11,474,153,137)**	**₩ 5,518,546,219,814**	**₩ 236,341,474,401**	**₩ 6,039,564,035,948**
As of January 1,	₩ 48,084,660,000	₩ 349,758,885,697	₩ (504,350,306,344)	₩ (20,268,840,611)	₩ 5,392,738,229,052	₩ -	₩ 5,265,962,627,794
Total comprehensive income							
Profit for the year	-	-	-	-	44,050,087,099	-	44,050,087,099
Loss on valuation of financial assets at fair value through other compreshensive income, net	-	-	-	(2,268,839,458)	-	-	(2,268,839,458)
Share of other comprehensive loss of associates and joint ventures, net of tax	-	-	-	49,012,307,869	-	-	49,012,307,869
Share of retained earnings of associates and joint ventures, net of tax	-	-	-	-	1,026,469,988	-	1,026,469,988
Revaluation surplus	-	-	-	907,417,696,774	-	-	907,417,696,774
Exchange differences on translation of foreign operations, etc	-	-	-	61,223,403,474	-	-	61,223,403,474
Transactions with the equity holders of the Parent Company, recognized directly in equity							
Annual dividends	-	-	-	-	(66,187,539,000)	-	(66,187,539,000)
As of March 31, 2025	**₩ 48,084,660,000**	**₩ 349,758,885,697**	**₩ (504,350,306,344)**	**₩ 995,115,728,048**	**₩ 5,371,627,247,139**	**₩ -**	**₩ 6,260,236,214,540**

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

KCC Corporation and its subsidiaries
Interim consolidated statements of cash flows
for each of the three-month periods ended March 31, 2025 and 2024

(Korean won)

	March 31, 2025	March 31, 2024 (Restated)
Operating activities		
Profit for the quarter	₩ 44,050,087,099	₩ 458,237,039,169
Adjustments to reconcile profit (loss) for the year to net cash provided by operating activities:	231,454,391,719	(199,143,995,666)
Income tax expenses	31,345,333,788	172,763,850,902
Interest expenses	78,864,286,522	66,011,168,987
Interest income	(4,696,690,836)	(9,658,645,465)
Dividend income	(62,913,240,801)	(48,061,814,300)
Loss on foreign currency translation	49,263,888,632	34,257,709,371
Gain on foreign currency translation	(37,598,454,168)	(45,192,809,769)
Loss on valuation of derivatives	747,510,157	4,887,012,992
Gain on valuation of derivatives	-	(6,092,540,860)
Loss on transaction of derivatives	744,623,362	516,697,022
Gain on transaction of derivatives	(5,394,589,387)	(663,974,161)
Financial guarantee costs	384,901,990	357,067,656
Loss on valuation of financial assets at fair value through profit or loss	74,806,620,625	15,340,981,393
Gain on valuation of financial assets at fair value through profit or loss	(52,388,940,842)	(514,488,151,114)
Loss on disposal of financial assets at fair value through profit or loss	6,283,929,636	391,982,158
Gain on disposal of financial assets at fair value through profit or loss	(543,203,313)	(3,661,008,366)
Depreciation	95,227,179,759	90,207,737,613
Depreciation expenses on right-of-use assets	7,955,589,548	7,059,709,367
Amortization of intangible assets	12,507,984,745	12,560,405,250
Depreciation expenses on assets not in use	164,361,548	130,527,164
Retirement and severance benefits	22,827,127,457	19,382,942,519
Other long-term employee benefits	459,702,536	376,574,168
Loss on disposal of property, plant and equipment	1,384,412,497	199,092,028
Gain on disposal of property, plant and equipment	(151,254,033)	(253,930,805)
Gain on disposal of right-of-use assets	(30,102,267)	-
Loss on disposal of intangible assets	12,473,002	3,518,232
Repair and maintenance expenses	105,948,858	373,747,739
Rental revenues	(521,889,623)	-
Impairment loss on property, plant and equipment, net	25,911,082	1,758,484,755
Loss on revaluation of property, plant and equipment (land)	14,590,351,164	-
Loss on revaluation of right-of-use assets	5,129,771,449	-
Reversal of impairment loss on right-of-use assets	(3,811,979,575)	-
Provisions for product warranties and others	266,543,720	726,304,315
Provisions for customer points	102,812,827	89,959,528
Provisions for site restoration (reversal)	1,275,255,485	(163,394,256)
Contribution to provisions for litigation (reversal)	(14,526,610)	(26,560,830)
Bad debt expenses	191,120,063	583,334,785
Loss on investments under equity method	2,393,046,757	6,367,016,602
Gain on investments under equity method	(8,492,397,884)	(3,733,916,371)
Gain on revaluation of investment properties	(393,906,702)	(3,572,100,427)
Loss on revaluation of investment properties	1,344,880,551	2,079,026,512
Changes in operating assets and liabilities:	(70,194,151,955)	(119,816,235,415)
Trade receivables	(5,305,888,115)	(95,799,328,856)
Current other receivables	(20,304,512,373)	(41,613,817,702)
Advance payments	1,527,354,909	(1,856,745,595)
Prepaid expenses	9,406,004,213	5,034,866,784
Long-term prepaid expenses	66,610,330	436,184,601
Inventories	(25,261,800,165)	18,699,851,371
Long-term trade receivables	25,743,618	(224,487,825)
Non-current other receivables	596,186,256	(396,919,672)
Trade payables	(7,031,765,890)	18,427,764,493
Current other payables	(22,803,438,203)	(54,250,007,939)
Non-current other payables	23,422,191,047	48,472,955,387
Decrease in the National Pension Fund	3,087,300	3,260,600
Retirement and severance benefits paid	(27,313,178,456)	(19,380,340,250)
Decrease in plan assets	4,005,855,547	4,522,285,102
Other long-term employee benefits paid	(727,861,365)	(542,136,521)
Provision for product warranties and others paid	(222,520,760)	(352,164,182)
Provisions for litigation paid	-	(896,362,331)
Provisions for site restoration paid	(142,944,010)	-
Provisions for customer points paid	(133,275,838)	(101,092,880)
Income taxes paid	(96,171,842,129)	(25,539,049,072)
Net cash flows provided by operating activities	**₩ 109,138,484,734**	**₩ 113,737,759,016**

(Continued)

KCC Corporation and its subsidiaries
Interim consolidated statements of cash flows
for each of the three-month periods ended March 31, 2025 and 2024 (cont'd)

(Korean won)

	March 31, 2025	March 31, 2024 (Restated)
Investing activities		
Derivative instruments settlement amount, net	₩ 22,274,689,663	₩ 1,508,877,553
Short-term financial instruments, net	(21,113,203,661)	(26,625,126,791)
Acquisition of long-term financial instruments	(1,752,906)	(35,701,018)
Increase in short-term loans	(257,191,224)	(308,826,624)
Increase in long-term loans	(850,000,000)	(1,273,138,820)
Acquisition of government bonds	-	(615,000)
Acquisition of financial assets at fair value through profit or loss	-	(786,583,493)
Acquisition of equity method investments	-	(387,830,339)
Acquisition of property, plant and equipment	(91,179,112,494)	(55,864,072,364)
Acquisition of intangible assets	(1,224,814,561)	(1,292,967,921)
Increase in guarantee deposits	(546,296,750)	(171,921,570)
Disposal of long-term financial instruments	90,566,088	-
Decrease in short-term loans	1,509,948,654	1,053,499,538
Decrease in long-term loans	191,179,560	66,752,700
Maturity of government bonds	23,390,000	38,800,000
Disposal of property, plant and equipment	336,625,451	788,050,902
Disposal of intangible assets	92,245,738	-
Receipt of government grants	-	175,000,000
Decrease in guarantee deposits	(23,194,064)	1,482,493,357
Interest received	1,182,946,624	8,656,630,891
Dividends received	205,000,000	143,500,000
Net cash flows used in investing activities	**₩ (89,288,973,882)**	**₩ (72,833,178,999)**
Financing activities		
Increase (decrease) in short-term borrowings, net	101,282,553,522	(150,252,230,969)
Increase in long-term guarantee deposits	5,979,057,000	13,890,000,000
Decrease in long-term guarantee deposits	(70,084,318)	(216,291,310)
Repayment of long-term borrowings	(141,407,310,595)	(402,822,956,250)
Issuance of bonds	398,851,076,800	578,380,440,000
Proceeds from long-term borrowings	100,000,000,000	-
Lease liabilities paid	(9,113,864,010)	(8,229,383,165)
Interest paid	(72,092,561,765)	(50,542,716,463)
Net cash flows provided by (used in) financing activities	**₩ 383,428,866,634**	**₩ (19,793,138,157)**
Net increase in cash and cash equivalents	₩ 403,278,377,486	₩ 21,111,441,860
Cash and cash equivalents as of January 1	501,329,763,430	1,045,142,107,132
Effect of exchange rate fluctuations on cash and cash equivalents	1,936,986,845	17,394,304,402
Cash and cash equivalents as of March 31	**₩ 906,545,127,761**	**₩ 1,083,647,853,394**

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

1. Corporate information

(1) Description of the Controlling Company

KCC Corporation (the "Parent Company", "Controlling Company" or the "Company") was established on August 12, 1958. On June 25, 1973, the Controlling Company was listed on the Korea Exchange. On February 25, 2005, the Controlling Company changed its name from Kumgang Korea Chemicals to KCC Corporation. Meanwhile, the Controlling Company demerged KCC Glass Corporation, which engaged in the glass, HomeCC and flooring segments, through a spin-off as of January 1, 2020, and demerged KCC Silicone Corporation, which engaged in the silicone segment, through a split-off as of December 1, 2020.

The interim consolidated financial statements for the three-month ended March 31, 2025 comprise the Controlling Company and its subsidiaries (collectively referred to as the "Group") and the Group's interests in associates and joint ventures.

Information about the Controlling Company's head office, plants and major business units are as follows:

1) Locations of head office and plants

① Location of head office: 344, Sapyungdaero, Seocho-gu, Seoul, South Korea
② 9 plants, a central research center and 15 branches are located in various regions throughout Korea.

2) Major business units

Manufacturing and sales of construction materials, PVC, paints and coatings for automotive and ships & construction works

3) Chief executive officer

Mong-Jin Chung and Jae-Hun Jung

4) Major shareholders and percentage of ownership

	Number of shares (In shares)	Percentage of ownership
Mong-Jin Chung and 2 other individuals	2,705,886	30.45%

1. Corporate information (cont'd)

(2) Consolidated subsidiaries

1) The consolidated subsidiaries as of March 31, 2025 and December 31, 2024 are as follows:

	Location	Primary business	Closing date	Ownership percentage (%) (*6)			Ownership percentage for the prior year (%)
				Controlling Company	Subsidiaries	Total	
KCC Chemical (HK) Holdings Limited	Hong Kong	Other	December 31	100	-	100	100
KCC Chemical (Kunshan)Co., Ltd. (*1)	China	Coating	December 31	-	100	100	100
KCC Chemical (Guangzhou) Co., Ltd. (*1)	China	Coating	December 31	-	100	100	100
Yuan Yuan Investment (Shanghai) Co., Ltd. (*1)	China	Other	December 31	-	100	100	100
KCC Chemical (Beijing) Co., Ltd. (*1)	China	Coating	December 31	-	100	100	100
KCC Chemical (Chongqing) Co., Ltd. (*2)	China	Coating	December 31	-	100	100	100
KCC Chemical (Tianjin) Co., Ltd. (*2)	China	Coating	December 31	-	100	100	100
KCC (Singapore) Pte. Ltd.	Singapore	Sales	December 31	100	-	100	100
KCC Paint (India) Private Limited (*3)	India	Coating	March 31	-	100	100	100
KCC Paints Sdn. Bhd. (*3)	Malaysia	Coating	December 31	-	100	100	100
KCC Coating Sdn. Bhd. (*3)	Malaysia	Coating	December 31	-	100	100	100
PT KCC Indonesia (*3)	Indonesia	Sales	December 31	-	100	100	100
KCC (Vietnam) Company Limited (*3)	Vietnam	Coating	December 31	-	100	100	100
KCC (Hanoi) Co., Ltd. (*3)	Vietnam	Coating	December 31	-	100	100	100
KCC (Viet Nam Nhon Trach) Company Limited (*3)	Vietnam	Material	December 31	-	100	100	100
KCC International Paints Co., Ltd. (*3)	Saudi Arabia	Coating	December 31	-	100	100	100
KCC PAINTS FE LLC (*3) (*7)	Uzbekistan	Coating	December 31	-	100	100	100
KCC Boya Sanayi ve Ticaret Limited Sirketi	Türkiye	Coating	December 31	100	-	100	100
KCC Europe GmbH (*4)	Germany	Sales	December 31	-	100	100	100
KCC Japan Co., Ltd.	Japan	Sales	December 31	100	-	100	100
MOM Holding Company (*8)	USA	Silicone	December 31	100	-	100	100
MPM Holdings Inc. (*5)	USA	Silicone	December 31	-	100	100	100
MPM Intermediate Holdings Inc. (*5)	USA	Silicone	December 31	-	100	100	100
Momentive Performance Materials Inc. (*5)	USA	Silicone	December 31	-	100	100	100
Momentive Performance Materials Worldwide LLC (*5)	USA	Silicone	December 31	-	100	100	100
Momentive Performance Materials USA LLC (*5)	USA	Silicone	December 31	-	100	100	100
Juniper Bond Holdings III LLC (*5)	USA	Silicone	December 31	-	100	100	100
Juniper Bond Holdings IV LLC (*5)	USA	Silicone	December 31	-	100	100	100
Momentive Performance Materials South America Inc. (*5)	USA	Silicone	December 31	-	100	100	100
Momentive Performance Materials China SPV Inc. (*5)	USA	Silicone	December 31	-	100	100	100
MPM AR LLC (*5)	USA	Silicone	December 31	-	100	100	100
MPM Silicones, LLC (*5)	USA	Silicone	December 31	-	100	100	100
Momentive Performance Materials Nova Scotia ULC (*5)	Canada	Silicone	December 31	-	100	100	100
Momentive Performance Materials S. de R.L. de C.V. (*5)	Mexico	Silicone	December 31	-	100	100	100

1. Corporate information (cont'd)

(2) Consolidated subsidiaries (cont'd)

1) The consolidated subsidiaries as of March 31, 2025 and December 31, 2024 are as follows: (cont'd)

Momentive Performance Materials Industria de Silicones Ltda (*5)	Brazil	Silicone	December 31	-	100	100	100
Momentive Performance Materials Limited (*5)	UK	Silicone	December 31	-	100	100	100
Momentive Performance Materials Kimya Sanayi Ve Ticaret Limited Sirketi (*5)	Türkiye	Silicone	December 31	-	100	100	100
Momentive Performance Materials Benelux BVBA (*5)	Belgium	Silicone	December 31	-	100	100	100
Momentive Performance Materials France Sarl (*5)	France	Silicone	December 31	-	100	100	100
Momentive Performance Materials GmbH (*5)	Germany	Silicone	December 31	-	100	100	100
Momentive Performance Materials Italy Srl (*5)	Italy	Silicone	December 31	-	100	100	100
Momentive Performance Materials Specialties Srl (*5)	Italy	Silicone	December 31	-	100	100	100
Momentive Performance Materials Silicones BV (*5)	Netherland	Silicone	December 31	-	100	100	100
Momentive Performance Materials Shanghai Co., Ltd. (*5)	China	Silicone	December 31	-	100	100	100
Momentive Performance Materials (Nantong) Co., Ltd. (*5)	China	Silicone	December 31	-	100	100	100
Momentive (Shanghai) Investment Co., Ltd. (*5)(*10)	China	Silicone	December 31	-	100	100	100
Momentive Performance Materials (Shanghai) Trading Co., Ltd. (*5)	China	Silicone	December 31	-	100	100	100
Momentive Performance Materials Hong Kong Ltd (*5)	Hong Kong	Silicone	December 31	-	100	100	100
Momentive Performance Materials Pte Ltd (*5)	Singapore	Silicone	December 31	-	100	100	100
TA Holding Pte Ltd (*5)	Singapore	Silicone	December 31	-	100	100	100
Nautilus Pacific Two Pte Ltd (*5)	Singapore	Silicone	December 31	-	100	100	100
Momentive Performance Materials Asia Pacific Pte Ltd (*5)	Singapore	Silicone	December 31	-	100	100	100
Momentive Performance Materials (Thailand) Ltd (*5)	Thailand	Silicone	December 31	-	100	100	100
Momentive Performance Materials Japan LLC (*5)	Japan	Silicone	December 31	-	100	100	100
Ohta Kako LLC (*5)	Japan	Silicone	December 31	-	100	100	100
Momentive Performance Materials Korea Co., Ltd (*5)(*9)	Korea	Silicone	December 31	-	-	-	100
Momentive Performance Materials FZE (*5)	UAE	Silicone	December 31	-	100	100	100
Momentive Performance Materials (India) Private Limited (*5)	India	Silicone	March 31	-	100	100	100
KCC Silicone Corporation (*5)	Korea	Silicone	December 31	-	100	100	100
Momentive Performance Materials Holdings UK Limited (*5)	UK	Silicone	December 31	-	100	100	100
Basildon Chemical Co. Limited (*5)	UK	Silicone	December 31	-	100	100	100

1. Corporate information (cont'd)

(2) Consolidated subsidiaries (cont'd)

1) The consolidated subsidiaries as of March 31, 2025 and December 31, 2024 are as follows: (cont'd)

(*1) It is a subsidiary of KCC Chemical (HK) Holdings Limited.

(*2) It is a subsidiary of KCC Chemical (Beijing) Co., Ltd.

(*3) It is a subsidiary of KCC (Singapore) Pte. Ltd.

(*4) It is a subsidiary of KCC Boya Sanayi ve Ticaret Limited Sirketi.

(*5) It is a subsidiary of MOM Holding Company.

(*6) It is based on the voting stock (including the holding of the subsidiary's shares).

(*7) For the year ended December 31, 2024, KCC (Singapore) Pte. Ltd, a subsidiary, made a new investment and established KCC PAINTS FE LLC, classifying the entity as a subsidiary of the Company.

(*8) For the year ended December 31, 2024, the Company acquired 40,941 shares of convertible preferred stock with voting rights issued by MOM Holding Company from MOM USA Limited Partnership, resulting in an increase in its ownership percentage in MOM holding Company.

(*9) For the three-month period ended March 31, 2025, Momentive Performance Materials Korea Co., Ltd. was merged into KCC Silicone Corporation.

(*10) For the three-month period ended March 31, 2025, Momentive Performance Materials (Shanghai) Management Co., Ltd. was renamed to Momentive (Shanghai) Investment Co., Ltd.

1. Corporate information (cont'd)

(2) Consolidated subsidiaries (cont'd)

2) The summarized financial information on the subsidiaries as of and for the three-month period ended March 31, 2025 is as follows (Korean won in thousands):

	As of and for the three-month period ended March 31, 2025					
	Total assets	Total liabilities	Total equity	Sales	Net income (loss)	Total comprehensive income (loss)
KCC Chemical (HK) Holdings Limited	₩ 294,373,797	₩ 18,478	₩ 294,355,319	₩ -	₩ -	₩ (702,519)
KCC Chemical (Kunshan) Co., Ltd.	296,041,050	80,170,986	215,870,064	70,711,368	5,381,909	8,830,482
KCC Chemical (Guangzhou) Co., Ltd.	99,089,461	7,767,114	91,322,347	11,533,003	(60,213)	9,297,644
Yuan Yuan Investment (Shanghai) Co., Ltd.	190,793,049	2,768,712	188,024,337	-	633,738	1,959,314
KCC Chemical (Beijing) Co., Ltd.	221,540,431	7,872,524	213,667,907	-	1,328,914	9,885,879
KCC Chemical (Chongqing) Co., Ltd.	9,657,836	5,965,202	3,692,634	-	2,201,178	6,511,654
KCC Chemical (Tianjin) Co., Ltd.	77,432,588	8,864,238	68,568,350	12,139,210	56,027	4,968,049
KCC (Singapore) Pte. Ltd.	382,248,624	2,092,281	380,156,343	2,872,990	101,078	(805,010)
KCC Paint (India) Private Limited	53,380,308	17,551,288	35,829,020	21,397,444	1,660,783	2,454,992
KCC Paints Sdn. Bhd.	35,887,808	5,860,988	30,026,820	5,693,193	461,784	6,379,383
KCC Coating Sdn. Bhd.	415,423	1,172,879	(757,456)	382,385	(76,990)	(80,558)
PT KCC Indonesia	2,598,346	2,355,432	242,914	745,590	(245,489)	(258,418)
KCC (Vietnam) Company Limited	92,828,450	21,910,205	70,918,245	23,212,745	1,465,514	18,115,325
KCC (Hanoi) Co., Ltd.	52,074,712	6,806,711	45,268,001	8,598,482	789,088	4,147,108
KCC (Viet Nam Nhon Trach) Company Limited	195,933,518	8,967,169	186,966,349	11,107,941	(852,611)	10,363,263
KCC Boya Sanayi ve Ticaret Limited Sirketi	77,078,076	33,270,168	43,807,908	17,614,215	(374,341)	14,527,510
KCC Europe GmbH	971,825	85,119	886,706	141,561	(4,588)	28,428
KCC Japan Co., Ltd.	3,664,990	14,398	3,650,592	196,181	4,958	173,239
KCC International Paints Co., Ltd.	45,096,960	21,071,928	24,025,032	10,487,157	2,186,807	2,182,316
KCC PAINTS FE LLC	2,550,299	17,702	2,532,597	-	(69,379)	(128,282)
MOM Holding Company and subsidiaries	4,588,126,217	3,784,842,092	803,284,125	776,272,093	(78,986,757)	65,211,511
	₩ 6,721,783,768	₩ 4,019,445,614	₩ 2,702,338,154	₩ 973,105,558	₩ (64,398,590)	₩ 163,061,310

2. Basis of preparation

(1) Basis of interim consolidated financial statements

The Group prepares its statutory interim consolidated financial statements in the Korean language in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS") 1034 *Interim Financial Reporting,* enacted by the *Act on External Audit of Stock Companies*. The accompanying interim consolidated financial statements have been translated into English from the Korean language financial statements. In the event of any differences in interpreting the financial statements or the independent auditor's review report thereon, the Korean version, which is used for regulatory reporting purposes, shall prevail.

The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as of December 31, 2024.

(2) Use of estimates and judgments

The preparation of the interim consolidated financial statements in conformity with KIFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The resulting accounting estimates will, by definition, seldom equal the related actual results.

In preparing these interim condensed consolidated financial statements, the judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same, except for changes in accounting policies for the three-month period ended March 31, 2024, as those applied to the annual financial statements as of and for the year ended December 31, 2024.

3. Summary of material accounting policies

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2024, except for the adoption of new standards and interpretations effective as of January 1, 2025.

(1) Changes in accounting policies and disclosures

① Revaluation of property, plant and equipment and right-of-use assets

The Group re-assessed its accounting for property, plant and equipment and right-of-use assets with respect to measurement of a certain class of property, plant and equipment and right-of-use assets after initial recognition. The Group had previously measured all property, plant and equipment using the cost model in accordance with paragraph 30 of KIFRS 1016 *Property, Plant and Equipment* whereby, after initial recognition of the asset classified as property, plant and equipment, the asset was carried at cost less accumulated depreciation and accumulated impairment losses. Similarly, the Group had previously measured all right-of-use assets using the cost model in accordance with paragraph 30 of KIFRS 1116 *Leases* whereby, after initial recognition of the asset classified as right-of-use assets, the asset was carried at cost less accumulated depreciation and accumulated impairment losses.

On January 1, 2025, the Group elected to change the method of accounting for land classified as property, plant and equipment and all right-of-use assets related to land, as the Group believes that the revaluation model provides more relevant information to the users of its financial statements as it is aligned to practices adopted by its competitors. In addition, available valuation techniques provide reliable estimates of the land's fair value. The Group applied the revaluation model prospectively.

After initial recognition, revaluation model shall be applied for the subsequent measurement and land classified as property, plant and equipment and all related right-of-use assets are measured at fair value at the date of the revaluation.

For the three-month period ended March 31, 2025, as the Group applied the revaluation model to property, plant and equipment and right-of-use assets for the first time, the carrying amounts of the property, plant and equipment and right-of-use assets related to the land were measured at the fair values as of revaluation date, March 31, 2025. In accordance with paragraph 17 of KIFRS 1008 *Accounting Policies, Changes in Accounting Estimates and Errors*, the change was not applied retrospectively to the consolidated financial statements as of December 31, 2024.

② Fair value model for investment property

The Group re-assessed its accounting for investment property with respect to measurement of investment property after initial recognition. The Group had previously measured all investment property using the cost model in accordance with paragraph 56 of KIFRS 1040 *Investment property* whereby, after initial recognition of the investment property, the asset was carried at cost less accumulated depreciation and accumulated impairment losses.

On January 1, 2025, the Group elected to change the method of accounting for investment property, as the Group believes that the fair value model provides more relevant information to the users of its financial statements as it is aligned to practices adopted by its competitors. In addition, available valuation techniques provide reliable estimates of the land and buildings' fair value. The Group applied the fair value model retrospectively.

After initial recognition, investment property is measured at fair value at the date of the revaluation.

3. Summary of material accounting policies (cont'd)

(1) Changes in accounting policies and disclosures (cont'd)

② Fair value model for investment property (cont'd)

The financial effects of changes in the accounting policy for the periods prior to the three-month period ended March 31, 2025 are as follows:

-Consolidated statements of financial position

	As of December 31, 2024			As of January 1, 2024		
	As previously reported	Adjustment	As adjusted	As previously reported	Adjustment	As adjusted
Investments in associates and joint ventures	₩ 335,787,979	₩ 10,107,507	₩ 345,895,486	₩ 704,809,321	₩ 6,386,080	₩ 711,195,401
Investment property	751,490,913	287,609,549	1,039,100,462	705,088,716	255,259,031	960,347,747
Total assets	13,108,550,143	297,717,056	13,406,267,199	13,353,471,078	261,645,111	13,615,116,189
Deferred tax liabilities	430,851,841	71,069,835	501,921,676	497,063,259	66,593,172	563,656,431
Total liabilities	8,069,234,736	71,069,835	8,140,304,571	7,905,941,668	66,593,172	7,972,534,840
Accumulated other comprehensive income (loss)	(20,214,982)	(53,859)	(20,268,841)	(21,227,448)	1,606,906	(19,620,542)
Retained earnings	5,166,037,149	226,701,080	5,392,738,229	4,902,440,148	193,445,033	5,095,885,181
Total equity	₩ 5,039,315,407	₩ 226,647,221	₩ 5,265,962,628	₩ 5,447,529,410	₩ 195,051,939	₩ 5,642,581,349

-Consolidated statements of profit or loss and other comprehensive income

	For the three-month period ended March 31, 2024			For the year ended December 31, 2024		
	Before adjustments	Adjustment	After adjustment	Before adjustment	Adjustment	After adjustment
Share of profit (loss) of associates and joint ventures	₩ (2,633,100)	₩ -	₩ (2,633,100)	₩ 72,334,833	₩ 3,721,428	₩ 76,056,261
Other non-operating income	9,612,598	3,572,101	13,184,699	42,801,762	23,527,701	66,329,463
Other non-operating expenses	(9,870,537)	367,126	(9,503,411)	(55,925,848)	10,483,582	(45,442,266)
Income tax expense	172,150,731	613,120	172,763,851	176,574,132	4,476,664	181,050,796
Net profit for the period	454,910,932	3,326,107	458,237,039	293,294,513	33,256,047	326,550,560
Other comprehensive income (loss)	(9,150,786)	(624,369)	(9,775,155)	(3,676,418)	(1,660,765)	(5,337,183)
Total comprehensive income (loss)	₩ 445,760,146	₩ 2,701,738	₩ 448,461,884	₩ 289,618,095	₩ 31,595,282	₩ 321,213,377

The effect of changes in accounting policy on the consolidated statements of cash flows is not significant. The cash flows from operating activities, including profit for the period, income tax expenses, depreciation, and gains or losses on revaluation of investment properties, have been adjusted accordingly.

(2) Accounting policy for hyperinflation in foreign operations

In cases where the functional currency of a foreign operation is the currency of a hyperinflationary economy, all items in the foreign operation's statement of financial position and statement of comprehensive income (excluding statements presented for comparative purposes) are translated at the closing exchange rate at the end of the reporting period.

For the subsidiary KCC Boya Sanayi ve Ticaret Limited Sirketi within the Group, its functional currency is the Turkish Lira, and it has been deemed to be operating in a hyperinflationary economy in accordance with KIFRS 1029, as the cumulative inflation rate over the past three years has exceeded 100%. Consequently, the interim financial statements have been restated in accordance with KIFRS 1029 *Financial Reporting in Hyperinflationary Economies* to reflect changes in the general purchasing power of the functional currency as of December 31, 2023, and are presented in the unit of measurement at the end of the reporting period.

The price index as of March 31, 2025 in Türkiye reflects the producer price index disclosed by the Turkish Statistical Institute, and the conversion factors applied during the past three years for the producer price index and the restatement of the financial statements are as follows.

3. Summary of material accounting policies (cont'd)

(2) Accounting policy for hyperinflation in foreign operations (cont'd)

Date	Producer Price Index (PPI)	Conversion factor
March 31, 2025	4,017.30	1.00
December 31, 2024	3,746.52	1.07
December 31, 2023	2,915.02	1.38
December 31, 2022	2,021.19	1.99

Monetary assets and monetary liabilities are already presented in the monetary units as of March 31, 2025, and therefore have not been restated. Non-monetary assets and liabilities have been restated using a conversion factor that considers the Producer Price Index of Türkiye. The impact of hyperinflation on the company's monetary assets and monetary liabilities is included in the profit or loss from the transition effects under the KIFRS 1029 *Financial Reporting in Hyperinflationary Economies*. During the periods of hyperinflation, holding excessive monetary assets compared to monetary liabilities results in a loss of purchasing power, leading to monetary losses. Monetary gains and losses arise from non-monetary assets and non-monetary liabilities, as well as from foreign currency translation gains and losses on the interim consolidated statement of comprehensive income.

(3) New and amended standards and interpretations

① Amendments to KIFRS1021: *Lack of exchangeability*
The amendments to KIFRS 1021 *The Effects of Changes in Foreign Exchange Rates* specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. When applying the amendments, an entity does not restate comparative information.
The amendments are not expected to have a material impact on the Group's interim consolidated financial statements.

4. Cash and cash equivalents

Cash and cash equivalents as of March 31, 2025 and December 31, 2024 are summarized as follows (Korean won in thousands):

	March 31, 2025	December 31, 2024
Cash on hand	₩ 63,129	₩ 30,482
Bank deposits	593,510,587	437,044,016
Short-term financial instruments	312,971,412	64,255,265
	₩ 906,545,128	₩ 501,329,763

Above cash and cash equivalents have short-term maturity with the floating interest rate which reflects the current market rate. The difference between the carrying amount and fair value of the above cash and cash equivalents is insignificant.

5. Trade receivables

(1) Trade receivables are presented in the interim consolidated financial statements, net of allowance for doubtful accounts and present value discount. Details of the gross amounts of trade receivables, allowances for doubtful accounts and present value discounts as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025			
	Gross amount	Allowance for doubtful accounts	Present value discount (*2)	Carrying amount
Trade receivables (*1)	₩ 1,224,899,032	₩ (9,213,599)	₩ -	₩ 1,215,685,433
Non-current trade receivables	15,703,492	(15,205,547)	(41,982)	455,963
	₩ 1,240,602,524	₩ (24,419,146)	₩ (41,982)	₩ 1,216,141,396

	December 31, 2024			
	Gross amount	Allowance for doubtful accounts	Present value discount (*2)	Carrying amount
Trade receivables (*1)	₩ 1,222,428,434	₩ (8,935,819)	₩ -	₩ 1,213,492,615
Non-current trade receivables	16,324,182	(15,788,302)	(43,480)	492,400
	₩ 1,238,752,616	₩ (24,724,121)	₩ (43,480)	₩ 1,213,985,015

(*1) The difference between the carrying amount and fair value of trade receivables is insignificant for short-term receivables.
(*2) Effective interest rates range from 2.20% to 4.03%.

5. Trade receivables (cont'd)

(2) Changes in allowances for doubtful accounts for the three-month period ended March 31, 2025 and the year ended December 31, 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the year ended December 31, 2024
Beginning balance	₩ 24,724,121	₩ 28,356,629
Provision(reversal)	191,120	(617,508)
Write-off, etc.	(496,095)	(3,015,000)
Ending balance	₩ 24,419,146	₩ 24,724,121

6. Other receivables

(1) Other receivables are presented net of allowance for doubtful accounts and present value discount. The gross amounts of other receivables, allowances for doubtful accounts, present value discounts as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025			
	Gross amount	Allowance for doubtful accounts	Present value discount	Carrying amount
Current loans receivables	₩ 13,731,511	₩ -	₩ -	₩ 13,731,511
Current non-trade receivables	162,838,432	(1,686)	-	162,836,746
Accrued incomes	3,681,288	(2,100,838)	-	1,580,450
Current guarantee deposits	480,441	-	-	480,441
Right of return assets	1,338,558	-	-	1,338,558
Current	₩ 182,070,230	₩ (2,102,524)	₩ -	₩ 179,967,706
Non-current guarantee deposits	8,787,302	-	(532,223)	8,255,079
Non-current loans receivables	26,039,930	(15,232,000)	-	10,807,930
Non-current non-trade receivables	73,741,016	-	(9,840,982)	63,900,034
Other investment assets	2,062,514	-	-	2,062,514
Non-current	₩ 110,630,762	₩ (15,232,000)	₩ (10,373,205)	₩ 85,025,557
	₩ 292,700,992	₩ (17,334,524)	₩ (10,373,205)	₩ 264,993,263

	December 31, 2024			
	Gross amount	Allowance for doubtful accounts	Present value discount	Carrying amount
Current loans receivables	₩ 14,213,693	₩ -	₩ -	₩ 14,213,693
Current non-trade receivables	78,057,695	(1,686)	-	78,056,009
Accrued incomes	2,594,225	(2,100,838)	-	493,387
Current guarantee deposits	1,497,163	-	-	1,497,163
Right of return assets	986,833	-	-	986,833
Current	₩ 97,349,609	₩ (2,102,524)	₩ -	₩ 95,247,085
Non-current guarantee deposits	8,421,269	-	(255,480)	8,165,789
Non-current loans receivables	26,157,990	(15,232,000)	-	10,925,990
Non-current non-trade receivables	73,797,679	-	(10,049,883)	63,747,796
Other investment assets	1,984,899	-	-	1,984,899
Non-current	₩ 110,361,837	₩ (15,232,000)	₩ (10,305,363)	₩ 84,824,474
	₩ 207,711,446	₩ (17,334,524)	₩ (10,305,363)	₩ 180,071,559

6. Other receivables (cont'd)

(2) Changes in allowances for doubtful accounts in relation to other receivables for the three-month period ended March 31, 2025 and the year ended December 31, 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the year ended December 31, 2024
Beginning balance	₩ 17,334,524	₩ 17,334,524
Ending balance (*1)	₩ 17,334,524	₩ 17,334,524

(*1) Allowance for doubtful accounts related to loans receivables, non-trade receivables and accrued incomes for the joint venture POLYSILICON TECHNOLOGY COMPANY (hereinafter, "PTC") is included. As other receivables of PTC stated above are unlikely to be recovered, the entire carrying amount of the receivables are recognized as the allowance for doubtful accounts prior to the year ended December 31, 2024.

7. Inventories

(1) Details of inventories as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025		
	Acquisition cost	Allowance	Carrying amount
Finished goods	₩ 903,286,035	₩ (57,958,249)	₩ 845,327,786
Semi-finished goods	196,097,295	(587,457)	195,509,838
Merchandises	46,107,181	(431,386)	45,675,795
Work in process	40,979,674	(1,352,547)	39,627,127
Raw materials	326,466,669	(5,788,701)	320,677,968
Supplies	83,885,650	(2,593)	83,883,057
Material-in-transit	70,621,616	-	70,621,616
	₩ 1,667,444,120	₩ (66,120,933)	₩ 1,601,323,187

	December 31, 2024		
	Acquisition cost	Allowance	Carrying amount
Finished goods	₩ 906,184,727	₩ (60,166,478)	₩ 846,018,249
Semi-finished goods	195,429,642	(842,923)	194,586,719
Merchandises	55,616,521	(364,373)	55,252,148
Work in process	43,382,283	(1,441,415)	41,940,868
Raw materials	313,838,314	(5,810,748)	308,027,566
Supplies	83,174,101	(2,583)	83,171,518
Material-in-transit	54,238,923	-	54,238,923
	₩ 1,651,864,511	₩ (68,628,520)	₩ 1,583,235,991

(2) The Group recognized a reversal of loss on valuation of inventories amounting to ₩2,400 million and ₩650 million as cost of sales for each of the three-month periods ended March 31, 2025 and 2024, respectively.

8. Other financial assets and financial liabilities

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

	March 31, 2025		
	Current	Non-current	Total
Other financial assets:			
Financial assets measured at fair value through profit or loss	₩ -	₩ 2,720,774,698	₩ 2,720,774,698
Financial assets measured at fair value through other comprehensive income	-	14,779,439	14,779,439
Government bonds	131,122	192,767	323,889
Derivative assets	3,177,659	-	3,177,659
	₩ 3,308,781	₩ 2,735,746,904	₩ 2,739,055,685

	December 31, 2024		
	Current	Non-current	Total
Other financial assets:			
Financial assets measured at fair value through profit or loss	₩ -	₩ 2,748,880,048	₩ 2,748,880,048
Financial assets measured at fair value through other comprehensive income	-	17,984,042	17,984,042
Government bonds	144,789	203,231	348,020
Derivative assets	21,549,893	-	21,549,893
	₩ 21,694,682	₩ 2,767,067,321	₩ 2,788,762,003

8. Other financial assets and financial liabilities (cont'd)

(2) Financial assets measured at fair value through profit or loss

① Details of financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025		December 31, 2024
	Acquisition cost	Carrying amount	Carrying amount
Financial assets measured at fair value through profit or loss:			
Marketable equity securities	₩ 1,411,672,577	₩ 2,660,490,128	₩ 2,688,595,478
Non-marketable equity securities	48,628,930	58,340,570	58,340,570
Debt instruments (compound financial instruments)	1,944,000	1,944,000	1,944,000
	₩ 1,462,245,507	₩ 2,720,774,698	₩ 2,748,880,048
Financial assets measured at fair value through other comprehensive income:			
Marketable equity securities	54,219,741	14,779,439	17,984,042
	₩ 1,516,465,248	₩ 2,735,554,137	₩ 2,766,864,090

② Changes in financial assets measured at fair value through profit or loss classified at level 3 for the three-month period ended March 31, 2025 and the year ended December 31, 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the year ended December 31, 2024
Beginning balance	₩ 60,284,570	₩ 57,908,774
Acquisitions	-	2,125,093
Unrealized gain (loss) on valuation	-	250,703
Ending balance	₩ 60,284,570	₩ 60,284,570
Interim consolidated statement of financial position:		
Non-current	₩ 60,284,570	₩ 60,284,570

9. Derivative instruments

(1) The Group entered into a currency forward contract with Hana Bank prior to the year ended December 31, 2024 in order to hedge the risk of fluctuations in the fair value of foreign currency trade receivables.

The aforementioned derivative contracts, in accordance with risk management policy of the Group, provide hedging effects; however, the Group does not apply hedge accounting described in KIFRS 1109 to these derivative contracts.

(2) Details of derivative instruments as of March 31, 2025 and December 31, 2024 are as follows:

	March 31, 2025			
	Transaction purpose	Derivative instruments type	Accounting method	Contract contents
Trade receivables denominated in foreign currency	Fair value hedge	Currency forward contract	Trading	Counterparty: Hana Bank Period: Apr. 24, 2020 – Dec. 17, 2025 Contract amount: JPY 10.98 billion and KRW 125.487 billion

	December 31, 2024			
	Transaction purpose	Derivative instruments type	Accounting method	Contract contents
Long-term borrowings (including current portion of long-term borrowings)	Fair value hedge	Interest rate swap	Trading	Counterparty: Shinhan Bank Period: Mar. 4, 2022 – Mar. 4, 2025 Interest rate swap: KRW CD (91 days) +0.70% and KRW 3.005% Principal: KRW 150 billion
	Fair value hedge	Currency swap	Trading	Counterparty: Hana Bank Period: Mar. 18, 2022 – Mar. 18, 2025 Contract amount: EUR 90 million and interest, KRW 120.780 billion and interest
Trade receivables in foreign currency	Fair value hedge	Currency forward contract	Trading	Counterparty: Hana Bank Period: Apr. 24, 2020 – Dec. 17, 2025 Contract amount: JPY 10.98 billion and KRW 125.487 billion

(3) There were no changes in the derivatives classified at Level 3 for the three-month period ended March 31, 2025.

(4) Changes in derivatives classified at Level 3 for the year ended December 31, 2024 are summarized as follows (Korean won in thousands):

		For the year ended December 31, 2024		
	Contents	Beginning balance	Settlement	Ending balance
Other derivatives	Drag-Along Right (liabilities)	₩ (164,369,968)	₩ 164,369,968	₩ -

10. Investments in associates and joint ventures

(1) Details of associates and joint ventures as of March 31, 2025 is as follows:

	Classification	Main business area	Fiscal year end	Main business activities
MOM No. 1 Private Equity Fund (*1)	Associate	Korea, Republic of	December 31	Financial investment
KCC Engineering & Construction Co., Ltd. (*2)	Associate	Korea, Republic of	December 31	Construction
KCW Corporation (*3)	Associate	Korea, Republic of	December 31	Financial investment
Kumgang Leisure Co., Ltd.	Associate	Korea, Republic of	December 31	Operation of golf course
SIC Management, Ltd (*4)	Associate	UAE	December 31	Project management
SIC Investment, Ltd (*5)	Joint venture	UAE	December 31	Financial investment
Zhejiang Xinan Momentive Performance Materials Co., Ltd.	Joint venture	People's Republic of China	December 31	Industrial chemistry
Polysilicon Technology Company (*6)	Joint venture	Saudi Arabia	December 31	Manufacture of polysilicon

Details of investments in associates and joint ventures as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025		December 31, 2024	
	% Ownership	Carrying amount	% Ownership	Carrying amount
MOM No.1 Private Equity Fund (*1)	49.81	₩ 70,138,971	49.81	₩ 67,548,534
KCC Engineering & Construction Co., Ltd (*2)	38.66	153,143,330	38.66	141,216,787
KCW Corporation (*3)	38.75	20,800,804	38.75	20,069,941
Kumgang Leisure Co., Ltd	20.50	40,514,986	20.50	9,627,452
SIC Management, Ltd (*4)	32.15	-	32.15	15,512
SIC Investment, Ltd (*5)	33.33	1,886,811	33.33	1,901,524
Zhejiang Xinan Momentive Performance Materials Co., Ltd.	49.00	113,954,911	49.00	105,515,736
Polysilicon Technology Company (*6)	50.00	-	50.00	-
Total		₩ 400,439,813		₩ 345,895,486

(*1) For the year ended December 31, 2024, an additional investment of ₩388 million and capital reduction of ₩324,159 million were made in the MOM No. 1 Private Equity Fund, and there was no change in the ownership interests.

(*2) As of March 31, 2025, the Group has changed its accounting policy for the subsequent measurement of investment property from the cost model to the fair value model, and applied the same accounting policy to the investment property of KCC Engineering & Construction Co., Ltd. The financial effects of this change in accounting policy for periods prior to the three-month period ended March 31, 2025 are described in Note 3.

(*3) For the year ended December 31, 2024, an additional investment of ₩6,781 million was made in KCW Corporation, and there was no change in the ownership interests.

(*4) For the year ended December 31, 2024, an additional investment of ₩208 million was made in the SIC Management, Ltd, and the ownership interests changed from 32.03% to 32.15%.

(*5) The Group has classified SIC Investment, Ltd, as a joint venture because the Group has concluded that the Group has a joint control according to the agreement among the three investing parties. For the year ended December 31, 2024, an additional investment of ₩69 million was made in the SIC Investment, Ltd, and there was no change in the ownership interests.

(*6) Prior to the year ended December 31, 2024, the Group performed assessment of impairment on the investments in PTC. As a result, the carrying amount was greater than the estimated recoverable amount. Therefore, the Group recognized an impairment loss on the entire carrying amount of its investments in the joint venture.

10. Investments in associates and joint ventures (cont'd)

(2) Changes in the Group's interests in associates and joint ventures for the three-month period ended March 31, 2025 are as follows (Korean won in thousands):

	Beginning balance	Gain (loss) on investments under equity method	Acquisition	Other increase (decrease) (*1)	Ending balance
MOM No. 1 Private Equity Fund (*2)	₩ 67,548,534	₩ (1,457,001)	₩ -	₩ 4,047,438	₩ 70,138,971
KCC Engineering & Construction Co., Ltd.	141,216,787	6,912,964	-	5,013,579	153,143,330
KCW Corporation	20,069,941	(636,025)	-	1,366,888	20,800,804
Kumgang Leisure Co., Ltd.	9,627,452	(271,858)	-	31,159,392	40,514,986
SIC Management, Ltd	15,512	(15,512)	-	-	-
SIC Investment, Ltd	1,901,524	(12,650)	-	(2,063)	1,886,811
Zhejiang Xinan Momentive Performance Materials Co., Ltd.	105,515,736	1,579,433	-	6,859,742	113,954,911
Total	₩ 345,895,486	₩ 6,099,351	₩ -	₩ 48,444,976	₩ 400,439,813

(*1) Other increases(decreases) includes changes in equity, dividends, disposals, impairments, acquisitions, business combinations, and translations resulting from the application of the equity method. For the three-month period ended March 31, 2025, dividends of ₩1,234 million, and ₩205 million were deducted from the carrying amount of the investments in KCC Engineering & Construction Co., Ltd. and Kumgang Leisure Co., Ltd., respectively.

(*2) Since the share to be attributed to the investor is determined by a separate agreement rather than the ownership interest, equity-method accounting is applied based on the agreement rather than the ownership interest.

10. Investments in associates and joint ventures (cont'd)

(3) The market prices of marketable investments in associates and joint ventures as of March 31, 2025 are as follows (Korean won in thousands):

	Fair value	Carrying amount
KCC Engineering & Construction Co., Ltd.	₩ 30,072,939	₩ 153,143,330

(4) The summarized financial information on associates as of March 31, 2025 and December 31, 2024 and for the three-month period ended March 31, 2025 and the year ended December 31, 2024, prepared in accordance with accounting policies consistent with those applied by the Group, is as follows (Korean won in thousands): (cont'd)

	MOM No. 1 Private Equity Fund	
	March 31, 2025	December 31, 2024
Current assets	₩ 567,209	₩ 649,050
Non-current assets	140,310,322	135,035,615
Current liabilities	71,565	79,077
Non-current liabilities	-	-
Sales	-	-
Operating profit (loss)	(1,291,355)	111,787,726
Net income (loss)	(1,291,355)	111,787,726

	KCC Engineering & Construction Co, Ltd.	
	March 31, 2025	December 31, 2024
Current assets	₩ 1,061,689,037	₩ 908,709,365
Non-current assets	566,307,032	542,169,051
Current liabilities	859,819,975	678,107,978
Non-current liabilities	261,375,159	292,541,399
Sales	449,516,103	1,827,039,600
Operating profit	28,886,508	64,596,859
Net income	13,575,342	15,933,143

	KCW Corporation	
	March 31, 2025	December 31, 2024
Current assets	₩ 27,673,056	₩ 28,834,027
Non-current assets	139,625,645	136,557,712
Current liabilities	32,225,858	23,042,494
Non-current liabilities	81,393,756	90,556,255
Sales	13,860,911	74,077,015
Operating profit (loss)	(499,825)	6,116,926
Net loss	(1,632,699)	(209,331)

	Kumgang Leisure Co., Ltd.	
	March 31, 2025	December 31, 2024
Current assets	₩ 26,926,370	₩ 31,141,896
Non-current assets	225,076,298	71,822,226
Current liabilities	5,368,843	7,102,939
Non-current liabilities	48,999,740	48,898,000
Sales	1,919,230	16,690,563
Operating profit (loss)	(188,379)	4,335,931
Net income	79,498	6,104,117

10. Investments in associates and joint ventures (cont'd)

(4) The summarized financial information on associates as of March 31, 2025 and December 31, 2024 and for the three-month period ended March 31, 2025 and the year ended December 31, 2024, prepared in accordance with accounting policies consistent with those applied by the Group, is as follows (Korean won in thousands): (cont'd)

	SIC Management, Ltd	
	March 31, 2025	December 31, 2024
Current assets	₩ 88,141	₩ 88,356
Non-current assets	48	49
Current liabilities	782,064	419,926
Non-current liabilities	-	-
Sales	-	-
Operating loss	(359,715)	(1,404,182)
Net loss	(359,715)	(1,404,182)

	SIC Investment, Ltd	
	March 31, 2025	December 31, 2024
Current assets	₩ 286,352	₩ 318,827
Non-current assets	2,688,622	2,577,863
Current liabilities	571,634	449,210
Non-current liabilities	-	-
Sales	-	-
Operating loss	(37,951)	(183,405)
Net loss	(37,951)	(183,405)

	Zhejiang Xinan Momentive Performance Materials Co., Ltd.	
	March 31, 2025	December 31, 2024
Current assets	₩ 151,163,336	₩ 141,154,825
Non-current assets	149,513,455	152,521,161
Current liabilities	51,284,165	51,368,321
Non-current liabilities	3,831,272	1,522,363
Sales	73,769,138	297,075,008
Operating profit	4,490,146	16,145,001
Net income	3,861,535	13,428,759

(5) As of March 31, 2025, there are no significant restrictions on the ability to transfer cash to equity-method investees or the ability of an investee to repay borrowings or advance from customer.

11. Property, plant and equipment

(1) Changes in property, plant and equipment for the three-month period ended March 31, 2025 and for the year ended December 31, 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the year ended December 31, 2024
Carrying amount:		
Beginning balance	₩ 3,525,478,447	₩ 3,447,106,246
Acquisitions and capital expenditures (*1)	48,391,018	290,659,076
Gain (loss) on revaluation	1,074,099,021	-
Disposals	(1,569,783)	(10,831,318)
Depreciation	(95,391,541)	(356,686,882)
Impairment losses	(25,911)	(5,987,127)
Net foreign exchange difference (*2)	23,628,535	207,073,045
Other changes (*3)	(9,728,687)	(45,854,593)
Ending balance	₩ 4,564,881,099	₩ 3,525,478,447

(*1) For the year ended December 31, 2024, government grants amounting to ₩638 million were deducted from the acquisition cost of property, plant and equipment.

For the three-month period ended March 31, 2025, the Group has capitalized interest cost of ₩739 million (For the year ended December 31, 2024: ₩2,602 million) which is included in the acquisition cost of property, plant and equipment for. The capitalization interest rate ranges from 3.83% to 9.05% for the three-month period ended March 31, 2025 (For the year ended December 31, 2024: 3.83% - 9.05%).

(*2) Net foreign exchange differences include the effects of hyperinflation.

(*3) For the three-month period ended March 31, 2025, increases and decreases on others are the replacement amount of ₩8,808 million to investment property, the replacement amount of ₩815 million to intangible assets, repairs and other expenses of ₩106 million. For the year ended December 31, 2024, increases and decreases on others are the replacement amount of ₩40,768 million to investment property, the replacement amount of ₩1,667 million to intangible assets, repairs and other expenses of ₩3,419 million.

11. Property, plant and equipment (cont'd)

(2) For the three-month period ended March 31, 2025, the Group revalued its land as of January 1, 2025 through an independent appraiser. Based on the nature, characteristics, and risks of the assets, the Group determined that land represents a separate class of property, plant and equipment.

The fair value of the assets was determined by comparing and assessing the reasonableness of preliminary estimates derived from the Officially Announced Land Price ("OALP") Method, the Market Comparable Approach, and the Income Capitalization Method. To determine the fair value, the Group engaged Joong-ang Appraisal Co., Ltd., an independent and accredited external valuation specialist, and the valuation was based on the market-based evidence.

The carrying amounts of the land after revaluation and the carrying amounts under the cost model are as follows (Korean won in thousands):

	Revaluation model	Cost model
Land	₩ 2,073,812,934	₩ 999,713,913

The Group recognized the revaluation gain of ₩1,088,689 million (before income tax effect) in other comprehensive income and the revaluation loss of ₩14,590 million (before income tax effect) in profit or loss as a result of the revaluation of land conducted for the three-month period ended March 31, 2025.

(3) The fair value of land classified in the fair value hierarchy as of March 31, 2025 is as follows (Korean won in thousands):

	March 31, 2025			
	Level 1	Level 2	Level 3	Total
Land	₩ -	₩ -	₩ 2,073,812,934	₩ 2,073,812,934

The Group classifies all land measured at fair value within Level 3 of the fair value hierarchy. Detailed descriptions of the fair value hierarchy are provided in Note 17.

(4) Changes in the carrying amount of land classified as Level 3 for the three-month period ended March 31, 2025 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025
Carrying amount:	
Beginning balance	₩ 1,004,583,232
Level 3 revaluation gain recognized due to change in accounting policy to revaluation model	1,088,689,372
Level 3 revaluation loss recognized due to change in accounting policy to revaluation model	(14,590,351)
Others	(4,869,319)
Ending balance	2,073,812,934

The Group changed its accounting policy with respect to the measurement of land to the revaluation model as of January 1, 2025, therefore the fair value of the land was not measured as of January 1, 2024.

12. Intangible assets and goodwill

(1) Changes in intangible assets for the three-month period ended March 31, 2025 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025		
	Goodwill	Other intangible assets	Total
Carrying amount:			
Beginning balance	₩ 1,012,559,923	₩ 394,698,974	₩ 1,407,258,897
Acquisitions	-	1,154,006	1,154,006
Disposals	-	(105,710)	(105,710)
Amortization	-	(12,507,985)	(12,507,985)
Others (*1)	-	815,473	815,473
Net foreign exchange difference (*2)	(1,712,252)	7,616,273	5,904,021
Ending balance	₩ 1,010,847,671	₩ 391,671,031	₩ 1,402,518,702

(*1) Others consist of ₩815 million transferred from construction-in-progress to intangible assets.

(*2) Net foreign exchange differences include the effects of hyperinflation.

(2) Changes in intangible assets for the year ended December 31, 2024 are as follows (Korean won in thousands):

	For the year ended December 31, 2024		
	Goodwill	Other intangible assets	Total
Carrying amount:			
Beginning balance	₩ 888,470,257	₩ 393,389,671	₩ 1,281,859,928
Acquisitions	-	6,889,492	6,889,492
Disposals	-	(662,850)	(662,850)
Amortization	-	(48,314,823)	(48,314,823)
Others (*1)	-	1,667,483	1,667,483
Net foreign exchange difference (*2)	124,089,666	41,730,001	165,819,667
Ending balance	₩ 1,012,559,923	₩ 394,698,974	₩ 1,407,258,897

(*1) Others consist of ₩1,677 million transferred from construction-in-progress to intangible assets.

(*2) Net foreign exchange differences include the effects of hyperinflation.

13. Investment property

(1) Changes in investment properties for the three-month period ended March 31, 2025 and the year ended December 31, 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the year ended December 31, 2024
Carrying amount:		
Beginning balance	₩ 1,039,100,462	₩ 705,088,716
Effect of the change in accounting policy as of January 1, 2025	-	255,259,031
Revaluation	(950,974)	29,307,967
Transfer (*1)	8,807,178	34,749,557
Net foreign exchange difference	487,196	14,695,191
Ending balance	₩ 1,047,443,862	₩ 1,039,100,462

(*1) Reclassification from investment property to property, plant and equipment due to change in rental ratio, and transfer of assets held for sale to the appropriate asset category.

(2) Collateral

Land and buildings as of March 31, 2025 are collateralized with respect to the borrowings from banks and leasehold rights (refer to Note 14).

(3) Profit or loss related to investment property

Details of profits or losses incurred in respect of investment properties, excluding depreciation expenses, for each of the three-month periods ended March 31, 2025 and 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Rental revenues	₩ 3,838,953	₩ 3,031,841
Operating expenses	(852,028)	(729,511)
	₩ 2,986,925	₩ 2,302,330

(4) Fair value model for investment property

On January 1, 2025, the Group elected to change the method of accounting for investment property, as the Group believes that the fair value model provides more reliable and relevant information regarding its financial position and cash flows, as the fair value of investment property better reflects the economic substance of the assets.

After initial recognition, investment property is measured at fair value at the date of the valuation. The Group applied the fair value model retrospectively. The financial effects of the accounting policy changes on periods prior to the three-month period ended March 31, 2025 are disclosed in Note 3.

The fair values of the properties are based on valuations performed by Joong-ang Appraisal Co., Ltd., an accredited independent valuation firm. Joong-ang Appraisal Co., Ltd. is a specialist in valuing these types of investment properties. A valuation model including the Publicly Announced Land Price Method, the Market Comparable Approach, and the Cost Approach, in accordance with Article 14, 15, and 16 of the Rules on Appraisal and Valuation has been applied.

13. Investment property (cont'd)

(4) Fair value model for investment property (cont'd)

The fair value hierarchy levels for the fair value measurement of investment properties as of March 31, 2025 are as follows (Korean won in thousands):

	March 31, 2025			
	Level 1	Level 2	Level 3	Total
Land	₩ -	₩ -	₩ 791,792,639	₩ 791,792,639
Buildings	-	-	255,651,223	255,651,223

The Group classifies all land use rights measured at fair value within Level 3 of the fair value hierarchy. Detailed descriptions of the fair value hierarchy are provided in Note 17.

14. Pledged assets and guarantees

(1) Details of assets pledged as collateral for the Group's borrowings as of March 31, 2025 are as follows (Korean won in thousands):

Pledged asset	Pledged amount	Carrying amount	Type	Amount of borrowings	Lender
Subsidiaries (MOM Holding Company) buildings and others	₩ 2,088,479,313	₩ 2,697,939,386	Mortgage	₩ 2,088,479,313	BNP Paribas and others
Subsidiaries (KCC Paints Sdn.Bhd) buildings	2,643,840	2,531,342	Mortgage	-	OCBC Bank(Malaysia) Berhad and others
Head office land and buildings	2,103,573	422,992,363	Mortgage	1,752,977	Kookmin Bank and others
Gwangju operation office building and others	610,000	6,532,445	Leasehold rights	610,000	Korea Industrial Safety Association
	₩ 2,093,836,726	₩ 3,129,995,536		₩ 2,090,842,290	

(2) Details of deposits restricted in use as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

Asset	Type of deposit	Financial institutions	March 31, 2025	December 31, 2024	Details of restriction
Other non-current receivables	Special deposits	KEB Hana bank and others	₩ 7,000	₩ 7,000	Deposits for checking account
	Special deposits (*1)	Nonghyup Bank	66,081	63,238	Provisions for expected repair
	Other deposits	Deutsche Bank	1,463,057	1,415,215	Other warranty
			₩ 1,536,138	₩ 1,485,453	

(*1) The Group made a deposit in Nonghyup Bank for the expected repair expense of employee housing located near Daejuk 1 Plant.

15. Borrowings

(1) Details of borrowings as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025	December 31, 2024
Current borrowings:		
Short-term borrowings	₩ 1,008,542,409	₩ 910,081,138
Current portion of long-term borrowings	12,465,250	150,080,700
Current portion of bonds	464,798,166	319,909,994
	₩ 1,485,805,825	₩ 1,380,071,832
Non-current borrowings:		
Long-term borrowings	₩ 2,594,514,913	₩ 2,499,421,726
Bonds	1,561,826,923	1,307,469,090
	₩ 4,156,341,836	₩ 3,806,890,816
	₩ 5,642,147,661	₩ 5,186,962,648

(2) Short-term borrowings

Details of short-term borrowings as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	Description	Annual interest rate (%)	March 31, 2025	December 31, 2024
Samsung Card Co., Ltd. (*1)	Transaction settlement service	0.90 ~ 1.75	₩ 42,175,889	₩ 45,198,996
Kookmin Bank	Bank overdraft	MOR (6M) + 1.74	47,500,590	
BNK Securities	Commercial paper and others	-	-	90,000,000
Bookook Securities Co., Ltd.	Commercial paper and others	2.98 ~ 3.21	100,000,000	30,000,000
Shinhan Bank	Commercial paper	MOR (6M) + 0.80	100,000,000	100,000,000
Shinhan Bank	Commercial paper acquisition agreement	CD (91 days) + 0.85 ~ 1.00	290,000,000	290,000,000
Hyundai Motor Securities Co., Ltd.	Commercial paper and others	3.01 ~ 3.15	70,000,000	30,000,000
IM Investment & Securities Co., Ltd	Commercial paper and others	3.27 ~ 3.29	70,000,000	70,000,000
Yuanta Securities Korea Co., Ltd.	Commercial paper	3.49	30,000,000	
Syndicate Led by BNP Paribas (*2)	General operating fund	Term SOFR (1M) + 1.25	219,975,000	220,500,000
Shinhan Bank and others	Banker's Usance (USD)	SOFR + 0.35 ~ 0.80	26,731,817	28,939,677
	Banker's Usance (EUR)	EURIBOR + 0.15 ~ 0.80	1,458,361	1,713,755
	Banker's Usance (JPY)	TIBOR + 0.25 ~ 0.80	2,960,785	2,245,711
	Banker's Usance (CNY)	HIBOR + 0.40 ~ 0.80	1,717,856	307,205
	Banker's Usance (USD)	Term SOFR (2M) + 0.27 ~ 0.80	5,904,189	1,042,781
	Banker's Usance (JPY)	TIBOR (2M) + 0.25 ~ 0.30	117,922	133,013
			₩ 1,008,542,409	₩ 910,081,138

(*1) The Group pledged trade receivables of its branch as collateral for the loan agreement with Samsung Card Co., Ltd. According to the loan agreement, Samsung Card Co., Ltd. has a right of recourse when the repayment is delayed for more than three months. Above interest rate is applied as a discount rate for the financing.

(*2) The Group's property, plant and equipment are pledged as collaterals for these borrowings (refer to Note 14).

15. Borrowings (cont'd)

(3) Long-term borrowings

① Details of long-term borrowings as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	Description	Annual interest rate (%)	Maturity	March 31, 2025	December 31, 2024
Kumgang Hana First. LLC	Acquisition financing	CD (91 days) + 1.00	Apr. 29, 2027	400,000,000	400,000,000
KDB Bank and others	Syndicated loan	CD (91 days) + 0.80	Apr. 29, 2027	145,000,000	145,000,000
China Construction Bank	Syndicated loan	CD (91 days) + 0.98	May 10, 2027	50,000,000	50,000,000
Bank of China	Syndicated loan	CD (91 days) + 0.98	May 10, 2027	50,000,000	50,000,000
Hana Bank	Foreign currency loan	1.20	Mar. 18, 2025	-	137,585,700
Hana Bank	General operating fund	EURIBOR (3M) + 1.60	Sep. 15, 2027	4,243,051	4,127,955
Hana Bank	General operating fund	4.70	Mar. 20, 2028	100,000,000	
Kookmin Bank (*1)	Acquisition fund	Term SOFR (3M) + 2.90	Mar. 29, 2028	643,793,500	645,330,000
Syndicate Led By BNP Paribas (*1) (*2)	Acquisition fund	Term SOFR (1M) + 4.00	Mar. 29, 2028	1,221,594,500	1,227,633,750
Wuxi Momentive Performance Materials Co., Ltd.	General operating fund	Term SOFR (12M) + 1.25	Jul. 7, 2026	31,664,386	31,554,717
				₩ 2,646,295,437	₩ 2,691,232,122
Discount on present value				(39,315,274)	(41,729,696)
Current portion of long-term borrowings				(12,465,250)	(150,080,700)
				₩ 2,594,514,913	₩ 2,499,421,726

(*1) The Group's property, plant and equipment are pledged as collaterals for these borrowings. MOM Holding Company, a subsidiary, in connection with the above borrowings, shall comply with the debt covenants including the financial ratio and others. As of March 31, 2025, there are no debt covenant violations (refer to Note 14).

(*2) The borrowings are repaid in installments.

② The repayment schedules of long-term borrowings as of March 31, 2025 are as follows (Korean won in thousands):

	Long-term borrowings
Apr. 1, 2025 - Mar. 31, 2026	₩ 12,465,250
Apr. 1, 2026 - Mar. 31, 2027	44,129,636
Apr. 1, 2027 - Mar. 31, 2028	2,589,700,551
	₩ 2,646,295,437

15. Borrowings (cont'd)

(4) Bonds

① Details of bonds issued by the Group as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	Redemption date	Annual interest rate (%)	March 31, 2025	December 31, 2024
69th non-guaranteed domestic bond	Oct. 30, 2025	2.48	50,000,000	50,000,000
73-2nd non-guaranteed domestic bond	Oct. 8, 2026	2.59	80,000,000	80,000,000
74-1st non-guaranteed domestic bond	Apr. 8, 2025	3.76	270,000,000	270,000,000
74-2nd non-guaranteed domestic bond	Apr. 8, 2027	3.85	30,000,000	30,000,000
75-1st non-guaranteed domestic bond	May 29, 2026	4.57	275,000,000	275,000,000
75-2nd non-guaranteed domestic bond	May 31, 2028	4.78	45,000,000	45,000,000
76-1st non-guaranteed domestic bond	Jan. 15, 2026	4.10	145,000,000	145,000,000
76-2nd non-guaranteed domestic bond	Jan. 15, 2027	4.25	380,000,000	380,000,000
76-3rd non-guaranteed domestic bond	Jan. 15, 2029	4.59	55,000,000	55,000,000
77-1st non-guaranteed domestic bond	Oct. 7, 2026	3.23	80,000,000	80,000,000
77-2nd non-guaranteed domestic bond	Oct. 7, 2027	3.38	220,000,000	220,000,000
78-1st non-guaranteed domestic bond	Mar. 7, 2028	3.16	280,000,000	-
78-2nd non-guaranteed domestic bond	Mar. 7, 2030	3.33	120,000,000	-
			₩ 2,030,000,000	₩ 1,630,000,000
Discount on bonds			(3,374,911)	(2,620,916)
			₩ 2,026,625,089	₩ 1,627,379,084
Current portion of bonds			(464,798,166)	(319,909,994)
			₩ 1,561,826,923	₩ 1,307,469,090

② The repayment schedules of the bonds as of March 31, 2025 are as follows (Korean won in thousands):

	Bonds
Apr. 1, 2025 – Mar. 31, 2026	₩ 465,000,000
Apr. 1, 2026 – Mar. 31, 2027	815,000,000
Apr. 1, 2027 – Mar. 31, 2028	530,000,000
Apr. 1, 2028 – Mar. 31, 2029	100,000,000
Apr. 1, 2029 – Mar. 31, 2030	120,000,000
	₩ 2,030,000,000

16. Other payables

Details of other payables as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025		December 31, 2024	
	Current	Non-current	Current	Non-current
Other payable	₩ 386,238,757	₩ 13,005,195	₩ 368,656,913	₩ 13,516,179
Advances received (*1)	38,799,095	20,946,022	33,303,727	20,803,370
Deposits received	16,217,732	-	32,972,269	-
Accrued expenses	122,041,023	15,819,506	101,896,794	12,835,646
Guarantee deposit received	10,819,662	-	10,252,000	-
Financial guarantee liabilities (*2)	243,845,544	-	243,905,269	-
Refund liabilities (*3)	3,000,681	-	1,846,511	-
Leasehold deposit received	-	40,057,704	-	34,433,227
Lease liabilities	24,915,437	137,808,461	25,072,354	128,435,227
	₩ 845,877,931	₩ 227,636,888	₩ 817,905,837	₩ 210,023,649

(*1) Advances received are comprised of contract liabilities (refer to Note 34).

(*2) Refer to the note on related parties for detailed information regarding financial guarantee (refer to Note 31).

(*3) The Group has accounted for the expected sales returns as refund liabilities in connection with the return of goods and merchandise. The Group has accounted for ₩1,339 million and ₩987 million as right of return assets in the related cost of goods sold as of March 31, 2025 and December 31, 2024, respectively.

17. Financial instruments by category

(1) Details of financial instruments by category as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025					
	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost (*1)	Financial guarantee liabilities	Total
Financial assets:						
Derivative assets	₩ 3,177,659	₩ -	-	-	-	3,177,659
Financial asset measured at fair value through profit or loss	2,720,774,698	-	-	-	-	2,720,774,698
Financial assets measured at fair value through other comprehensive income	-	14,779,439	-	-	-	14,779,439
Cash equivalents	-	-	906,481,999	-	-	906,481,999
Short-term financial instruments	509,061,063	-	22,144,218	-	-	531,205,281
Trade receivables	-	-	1,216,141,396	-	-	1,216,141,396
Other receivables	-	-	218,855,511	-	-	218,855,511
Government bonds	-	-	323,889	-	-	323,889
	₩ 3,233,013,420	₩ 14,779,439	2,363,947,013	-	-	5,611,739,872
Financial liabilities:						
Trade payables	-		-	726,303,830	-	726,303,830
Short-term borrowings (including current portion of long- term borrowings and bonds)	-		-	1,485,805,825	-	1,485,805,825
Other liabilities (*1)	-		-	739,642,215	-	739,642,215
Long-term borrowings (including bonds)	-		-	4,156,341,837	-	4,156,341,837
Financial guarantee liabilities	-		-	-	243,845,544	243,845,544
	₩ -	₩	-	7,108,093,707	243,845,544	7,351,939,251

(*1) Other liabilities classified as financial liabilities measured at amortized cost include lease liabilities which are not subject to the classification of financial liabilities by category, and liabilities for the rights and obligations of employer under the employee benefit plan applying KIFRS1019.

	December 31, 2024					
	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost (*1)	Financial guarantee liabilities	Total
Financial assets:						
Derivative assets	₩ 21,549,893	₩ -	-	-	-	21,549,893
Financial asset measured at fair value through profit or loss	2,748,880,048	-	-	-	-	2,748,880,048
Financial assets measured at fair value through other comprehensive income	-	17,984,042	-	-	-	17,984,042
Cash equivalents	-	-	501,299,281	-	-	501,299,281
Short-term financial instruments	481,477,348	-	28,667,785	-	-	510,145,133
Trade receivables	-	-	1,213,985,015	-	-	1,213,985,015
Other receivables	-	-	140,426,377	-	-	140,426,377
Government bonds	-	-	348,020	-	-	348,020
	₩ 3,251,907,289	₩ 17,984,042	1,884,726,478	-	-	5,154,617,809
Financial liabilities:						
Trade payables	-		-	770,281,368	-	770,281,368
Short-term borrowings (including current portion of long- term borrowings and bonds)	-		-	1,380,071,832	-	1,380,071,832
Other liabilities (*1)	-		-	689,019,945	-	689,019,945
Long-term borrowings (including bonds)	-		-	3,806,890,816	-	3,806,890,816
Financial guarantee liabilities	-		-	-	243,905,269	243,905,269
	₩ -	₩	-	6,646,263,961	243,905,269	6,890,169,230

(*1) Other liabilities classified as financial liabilities measured at amortized cost include lease liabilities which are not subject to the classification of financial liabilities by category, and liabilities for the rights and obligations of employer under the employee benefit plan applying KIFRS1019.

17. Financial instruments by category (cont'd)

(2) Details of net gains (losses) from financial instruments by category for each of the three-month periods ended March 31, 2025 and 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Financial assets measured at fair value through profit or loss:		
Gain (loss) on valuation	₩ (23,165,190)	₩ 504,922,386
Gain on transaction	4,649,966	155,839
Dividend income	62,434,942	47,261,092
Gain (loss) on disposal	(5,740,726)	3,269,026
Financial assets measured at fair value through other comprehensive income:		
Loss on valuation, net of tax	(2,268,839)	(507,918)
Dividend income	478,299	800,722
Hedging Instrument derivative liabilities:		
Loss on valuation, net of tax	-	(23,135,727)
Loss on transaction	-	(8,562)
Financial assets measured at amortized cost:		
Impairment loss	(191,120)	(583,335)
Interest income	4,696,691	9,658,645
Gain (loss) on foreign currency translation	(17,880,326)	38,613,574
Financial liabilities measured at fair value through profit or loss:		
Loss on valuation	-	(4,569,688)
Financial liabilities measured at amortized cost:(*1)		
Interest expenses	(78,864,287)	(66,011,169)
Gain (loss) on foreign currency translation	2,619,009	(1,022,087)
Financial guarantee liabilities:		
Financial guarantee expenses	(384,902)	(357,068)
Gain (loss) on foreign currency translation	486,949	(9,667,048)

(*1) Gains or losses for financial liabilities measured at amortized cost include gains or losses for lease liabilities which are not subject to the classification of financial liabilities by category.

(3) Financial risk

The financial risk management objectives and policies of the Group are consistent with those followed in the Group's annual consolidated financial statements for the year ended December 31, 2024.

17. Financial instruments by categories (cont'd)

(4) Fair value risk

① The carrying amounts and fair values of financial assets and liabilities as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025		December 31, 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets:				
Assets measured at fair value:				
Financial assets measured at fair value through profit or loss (*1)	₩ 2,720,774,698	₩ 2,720,774,698	₩ 2,748,880,048	₩ 2,748,880,048
Financial assets measured at fair value through other comprehensive income (*2)	14,779,439	14,779,439	17,984,042	17,984,042
Derivative assets (*3)	3,177,659	3,177,659	21,549,893	21,549,893
Short-term financial instruments (*1)	509,061,063	509,061,063	481,477,348	481,477,348
	₩ 3,247,792,859	₩ 3,247,792,859	₩ 3,269,891,331	₩ 3,269,891,331
Assets measured at amortized cost (*4,5):				
Cash equivalents	₩ 906,481,999	₩ 906,481,999	₩ 501,299,281	₩ 501,299,281
Short-term financial instruments	22,144,218	22,144,218	28,667,785	28,667,785
Trade and other receivables	1,434,996,907	1,434,996,907	1,354,411,392	1,354,411,392
Government bonds	323,889	323,889	348,020	348,020
	₩ 2,363,947,013	₩ 2,363,947,013	₩ 1,884,726,478	₩ 1,884,726,478
	₩ 5,611,739,872	₩ 5,611,739,872	₩ 5,154,617,809	₩ 5,154,617,809
Liabilities:				
Liabilities measured at amortized cost:				
Trade payables (*5)	₩ 726,303,830	₩ 726,303,830	₩ 770,281,368	₩ 770,281,368
Short-term borrowings (including current portion of long-term borrowings) (*5)	1,021,007,659	1,021,007,659	1,060,161,838	1,060,161,838
Long-term borrowings	2,594,514,913	2,591,326,077	2,499,421,726	2,495,822,668
Bonds (including current portion of bonds)	2,026,625,089	2,053,337,993	1,627,379,084	1,650,090,663
Other liabilities (*5,6)	576,918,317	576,918,317	535,512,362	535,512,362
Financial guarantee liabilities	243,845,544	243,845,544	243,905,269	243,905,269
	₩ 7,189,215,352	₩ 7,212,739,420	₩ 6,736,661,647	₩ 6,755,774,168
	₩ 7,189,215,352	₩ 7,212,739,420	₩ 6,736,661,647	₩ 6,755,774,168

The above fair value of financial instruments has been determined based on the methods described below.

(*1) Investments in financial assets measured at fair value through profit or loss

The fair values of financial assets measured at fair value through profit or loss that are traded in the market are determined by the disclosed buying price at the end of the reporting period. The fair values of investments in financial assets measured at fair value through profit or loss that are non-marketable equity securities are assessed and valued at level 3 fair value as of the end of the reporting period. In addition, the short-term investment instruments are assessed and valued at level 2 fair value as of the end of the reporting period using financial institution's valuation, considering directly or indirectly observable inputs.

17. Financial instruments by categories (cont'd)

(4) Fair value risk (cont'd)

① The carrying amounts and fair values of financial assets and liabilities, as of March 31, 2025 and December 31, 2024 are as follows (cont'd) (Korean won in thousands):

(*2) Investments in financial assets measured at fair value through other comprehensive income

Fair value of financial assets measured at fair value through other comprehensive income that are traded in the market is determined by the disclosed buying price at the end of the reporting period.

(*3) Derivatives

a. Currency and interest rate swap: Using the swap rate and the spot rate that were quoted in the market, the difference of incoming cash flows from the variable interest rates and fixed interest rates are calculated, and using the forward exchange rate as of the end of the period, the estimation is calculated for the amount that will be exchanged at maturity discounted to current value.

b. Forward exchange: Considering the contract rate and the leading exchange rate at the end of the reporting period, the amount is discounted to the current value.

(*4) Trade and other receivables

Trade and other receivables approximate the carrying amounts.

(*5) Current asset and liabilities

Fair values of current asset and liabilities approximate the carrying amounts.

(*6) Other liabilities

Lease liabilities classified as other liabilities are excluded from fair value disclosure in accordance with KIFRS 1107 *Financial Instruments: Disclosure*.

17. Financial instruments by categories (cont'd)

(4) Fair value risk (cont'd)

③ Interest rate used for determining fair value

The interest rates used to discount estimated cash flows are based on the interest rate on certificate of deposits (CD), Euro Interbank Offered Rate (EURIBOR) or Term Secured Overnight Financing Rate (Term SOFR) at the reporting date, plus an adequate credit spread.

The interest rates used as of March 31, 2025 and December 31, 2024 are as follows:

	March 31, 2025		December 31, 2024	
	Benchmark rate	Rate (%)	Benchmark rate	Rate (%)
Long-term borrowings	CD rate	3.64 ~ 3.84	CD Rate	4.19 ~ 4.39
	EURILIBOR (3M)	3.94	EURILIBOR (3M)	4.31
	Term SOFR	5.26 ~ 8.32	Term SOFR	5.43 ~ 8.33
Unguaranteed corporate bonds	Earnings rate of same credit rating unguaranteed corporate bonds	3.02 ~ 3.28	Earnings rate of same credit rating unguaranteed corporate bonds	3.20 ~ 3.45

③ Fair value hierarchy

The table below analyses financial instruments measured at fair value, by valuation method. The different levels have been defined as follows:

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

The fair values of financial instruments by hierarchy level as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss	₩ 2,660,490,128	₩ -	₩ 60,284,570	₩ 2,720,774,698
Financial assets measured at fair value through other comprehensive income	14,779,439	-	-	14,779,439
Current derivative assets	-	3,177,659	-	3,177,659
Short-term financial instruments	-	509,061,063	-	509,061,063
	₩ 2,675,269,567	₩ 512,238,722	₩ 60,284,570	₩ 3,247,792,859

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss	₩ 2,688,595,478	₩ -	₩ 60,284,570	₩ 2,748,880,048
Financial assets measured at fair value through other comprehensive income	17,984,042	-	-	17,984,042
Current derivative assets	-	21,549,893	-	21,549,893
Short-term financial instruments	-	481,477,348	-	481,477,348
	₩ 2,706,579,520	₩ 503,027,241	₩ 60,284,570	₩ 3,269,891,331

17. Financial instruments by categories (cont'd)

(4) Fair value risk (cont'd)

④ Fair value hierarchy (cont'd)

The fair value of financial instruments traded in the active market is calculated based on market prices announced at the end of the reporting period. If publicly available prices are readily and regularly available through the exchange, seller, broker, industrial group, rating agency, or supervisory institution, such transactions will occur regularly in the market between the independent parties. The publicly traded market price for the financial assets held by the Group is the buy price. These instruments are included in level 1, and the instruments in Level 1 are listed under the listed equity instruments, which are classified as financial assets measured at fair value through profit or loss or other comprehensive income.

The Group determines the fair value of financial instruments not traded in the active market by using the valuation technique. The Group takes advantage of a variety of assessment techniques and establishes assumptions based on market conditions as of the end of the reporting period. These techniques use observable market information as much as possible and corporate-specific information available at a minimum level. At this point, if all significant input variables required to measure the fair value of the instrument are observable, the instrument is included in the hierarchy Level 2.

If the fair value measurement uses unobservable inputs that are significant, including using observable inputs that require significant adjustments based on unobservable inputs, then the resulting fair value measurement is classified at a Level 3 measurement.

As for trade and other receivables classified as current assets, their carrying amounts are the reasonable approximation of fair values.

④ Movement between Level 1 and Level 2

For fair value measurement, the management used valuation method using all significant inputs only based on observable market data. There was no movement between 'Level 1' and 'Level 2' for the three-month period ended March 31, 2025 and the year ended December 31, 2024.

(5) Transfer of financial assets and others

Financial assets that are not fully derecognized as of March 31, 2025 are summarized as follows (Korean won in thousands):

	Trade receivables (*1)	
The carrying amount of the asset	₩	42,175,889
The carrying amount of the related liabilities		42,175,889
For those liabilities that have recourse only to the transferred assets		42,175,889
The fair value of the asset		42,175,889
The fair value of the related liabilities		42,175,889
Net position		-

(*1) The Group has pledged trade receivables of its branch as collateral for the agreement with Samsung Card Co., Ltd. prior to the year ended December 31, 2024. According to this loan agreement, Samsung Card Co., Ltd. has a right of recourse when the repayment is delayed for over 3 months.

18. Employee benefits

(1) Details of defined benefit obligations and other liabilities in respect to employee benefits as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025	December 31, 2024
Present value of defined benefit obligations	₩ 868,051,197	₩ 855,111,252
Fair value of plan assets	(561,016,154)	(599,810,316)
Contribution to the National Pension Plan	(60,083)	(63,170)
Defined benefit liabilities, net	₩ 306,974,960	₩ 295,237,766
Present value of other long-term employee benefits	₩ 60,645,415	₩ 61,280,310

(2) Changes in the present values of defined benefit obligations for the three-month period ended March 31, 2025 and the year ended December 31, 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the year ended December 31, 2024
Beginning balance	₩ 855,111,252	₩ 805,254,534
Recognized in profit or loss:		
Current service cost	8,947,578	35,210,994
Interest expenses	8,506,765	34,066,818
Recognized in other comprehensive income:		
Re-measurement of defined benefit plans	-	(21,178,534)
- Demographic assumptions	-	(194,633)
- Financial assumptions	-	(16,279,034)
- Adjustment based on experience	-	(4,704,867)
Others:		
Transfers from related parties	-	713,989
Other decreases (*1)	(2,024,645)	(8,199,409)
Benefits paid:	(11,663,219)	(39,289,260)
Gain on foreign currency translation, net	9,173,466	48,532,120
Ending balance	₩ 868,051,197	₩ 855,111,252

(*1) Other decreases include the amount transferred to defined contribution retirement benefit plans.

18. Employee benefits (cont'd)

(3) Changes in other long-term employee benefits for the three-month period ended March 31, 2025 and the year ended December 31, 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the year ended December 31, 2024
Beginning balance	₩ 61,280,310	₩ 55,856,694
Current service cost	152,783	370,808
Interest expenses	306,920	1,044,436
Benefits paid	(727,861)	(3,733,787)
Re-measurement factors of defined benefits obligation	-	1,186,718
Gain (loss) on foreign currency translation, net	(366,737)	6,555,441
Ending balance	₩ 60,645,415	₩ 61,280,310

(4) Expenses recognized in profit or loss in respect to defined benefit plans for each of the three-month periods ended March 31, 2025 and 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Defined benefit liabilities:		
Current service costs	₩ 8,947,578	₩ 8,805,677
Interest expenses	8,506,765	8,402,494
Expected return on plan assets	(5,573,121)	(5,983,831)
	₩ 11,881,222	₩ 11,224,340
Other long-term employee benefits:		
Current service costs	₩ 152,783	₩ 108,067
Interest expenses	306,920	268,507
	459,703	376,574
	₩ 12,340,925	₩ 11,600,914

According to the defined contribution retirement plans applied to some employees prior to the year ended December 31, 2024, the Group additionally recognized the retirement benefit of ₩8,448 million and ₩7,460 million in profit or loss for each of the three-month periods ended March 31, 2025 and 2024, respectively. In addition, retirement compensation of ₩2,501 million and ₩701 million were paid for each of the three-month periods ended March 31, 2025 and 2024, respectively.

19. Provisions

(1) Changes in provisions for the three-month period ended March 31, 2025 and the year ended December 31, 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025				
	Provisions for product warranties	Provisions for customer points	Provisions for site restoration	Provisions for litigation	Total
Beginning balance	₩ 5,459,532	₩ 76,935	₩ 24,331,400	₩ 27,201,008	₩ 57,068,875
Increase (reversal)	266,544	102,813	1,275,255	(14,527)	1,630,085
Payment	(222,521)	(133,276)	(142,944)	-	(498,741)
Gain (loss) on foreign currency translation, net	61,292	-	210,255	(37,884)	233,663
Others	(36,867)	-	-	-	(36,867)
Ending balance	₩ 5,527,980	₩ 46,472	₩ 25,673,966	₩ 27,148,597	₩ 58,397,015
Interim consolidated statement of financial position:					
Current	₩ 5,527,980	₩ 46,472	₩ -	₩ 27,148,597	₩ 32,723,049
Non-current	-	-	25,673,966	-	25,673,966
Ending balance	₩ 5,527,980	₩ 46,472	₩ 25,673,966	₩ 27,148,597	₩ 58,397,015

	For the year ended December 31, 2024				
	Provisions for product warranties	Provisions for customer points	Provisions for site restoration	Provisions for litigation	Total
Beginning balance	₩ 5,375,626	₩ 53,979	₩ 21,640,366	₩ 15,651,273	₩ 42,721,244
Increase (reversal)	3,736,891	603,221	370,845	3,568,180	8,279,137
Payment	(4,137,805)	(580,265)	(132,300)	(933,976)	(5,784,346)
Gain on foreign currency translation, net	484,820	-	2,452,489	2,777,621	5,714,930
Others	-	-	-	6,137,910	6,137,910
Ending balance	₩ 5,459,532	₩ 76,935	₩ 24,331,400	₩ 27,201,008	₩ 57,068,875
Interim consolidated statement of financial position:					
Current	₩ 5,459,532	₩ 76,935	₩ -	₩ 27,201,008	₩ 32,737,475
Non-current	-	-	24,331,400	-	24,331,400
Ending balance	₩ 5,459,532	₩ 76,935	₩ 24,331,400	₩ 27,201,008	₩ 57,068,875

(2) The Group recognized provisions based on the historical experience for warranty costs related to compensation for defects in goods and constructions.

(3) The Group recognized provisions for expenses expected to incur to restore the environment to its original status due to damages caused by mining developments. The provision is recognized under the units-of-production method. Although the time of completion can't be estimated reliably, it is certain that the restoration will not be completed within one year. Therefore, the Group classified the provision as non-current liabilities.

In addition, the Group estimates the costs of environmental damage restoration that are expected to arise after the termination of production, in accordance with the obligation to restore the environment that arises during the production process and sets them up as provisions for environmental damage restoration.

(4) The Group recognized provisions for ongoing litigation where Momentive Performance Material Inc, a subsidiary, is litigated as a defendant as of March 31, 2025.

20. Commitments and contingencies

(1) Details of lawsuits and claims in which the Group is involved, as of March 31, 2025, are as follows (Korean won in thousands):

	March 31, 2025			
	Amount claimed	Plaintiff	Defendant	Court in regard
The Group as defendant:				
Shareholders Litigation and others	₩ 51,353,621	Dissenting Shareholders and others	The Group	Delaware and others
The Group as plaintiff:				
Claim for damage and others	₩ 6,482,939	The Group	Siletech and others	China (PRC) and others

As mentioned in Note 19, the Group recognized provisions for ongoing litigation where Momentive Performance Material Inc, a subsidiary, is litigated as a defendant and has not recognized a provision for any other ongoing lawsuits as the final outcomes cannot be predicted as of March 31, 2025.

Additionally, The Group is involved in a merger objection lawsuit filed in Delaware on August 28, 2019, by shareholders who raised objections to the proposed merger offer made by the company for MPM Holdings Inc. which named various members of the company and its board as defendants. The Group has recognized the unpaid amount that should have been paid to the originally dissenting shareholders as an accrued expense for the lawsuit and has reimbursed a portion of this amount for the year ended December 31, 2024.

(2) The Group entered into the technical assistance agreements with AXALTA (USA) and others. In accordance with the agreement the Group pays or receives technical assistance fees, calculated based on net sales of products or usage of the patents during the agreement term.

(3) The Group's lines of credit with financial institutions and significant commitments as of March 31, 2025 are as follows (Korean won in thousands):

	March 31, 2025	
	Credit limit	Executed amount
Overdrafts	₩ 82,500,590	₩ 47,500,590
General loans	717,009,862	349,975,000
Facility loans	145,000,000	145,000,000
Purchase cards	112,360,000	25,199,412
Trade discount	400,000,000	42,175,889
Trade finance	228,195,204	69,074,694
Commercial paper acquisition agreements	660,053,000	660,000,000
Guarantee	105,378,500	97,237,054
Others	78,675,600	2,321,214
Acquisition financing	2,265,388,000	2,265,388,000

(4) Some of the Group's loans are subject to the borrowing arrangements that require the credit rating to be maintained above a certain level, and there are no violations of the borrowing arrangements as of March 31, 2025.

21. Share capital and share premium

(1) Details of capital stocks as of March 31, 2025 and December 31, 2024 are as follows:

	March 31, 2025	December 31, 2024
Number of shares authorized (In shares)	24,000,000	24,000,000
Par value per share (Korean won)	₩ 5,000	₩ 5,000
Number of issued shares (In shares)	8,886,471	8,886,471
Capital stock (Korean won in thousands)	₩ 48,084,660	₩ 48,084,660

As the Controlling Company retired shares of treasury stock by charging it to retained earnings prior to the year ended December 31, 2024, capital stock is not consistent with the aggregate par value of issued shares. The difference amounts to ₩3,652,305 thousand.

(2) Details of share premium as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025	December 31, 2024
Paid-in capital in excess of par value	₩ 36,654,892	₩ 36,654,892
Gain from merger	260,787,392	260,787,392
Other share premium	52,316,602	52,316,602
	₩ 349,758,886	₩ 349,758,886

22. Capital adjustments

Details of capital adjustments as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025	December 31, 2024
Treasury shares	₩ (304,846,769)	₩ (304,846,769)
Other capital adjustments	(199,503,537)	(199,503,537)
	₩ (504,350,306)	₩ (504,350,306)

23. Accumulated other comprehensive income

Details of accumulated other comprehensive income (loss) as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025	December 31, 2024
Share of other comprehensive income (loss) of associates and joint ventures, net of tax	₩ 43,509,233	₩ (5,503,075)
Loss on valuation of financial assets at fair value through other comprehensive income	(30,108,727)	(27,839,888)
Asset revaluation surplus	907,417,697	-
Exchange differences on translation of foreign operations,	68,090,846	6,867,443
Gain on valuation of derivatives	6,206,679	6,206,679
	₩ 995,115,728	₩ (20,268,841)

(*1) Net foreign exchange differences include the effects of hyperinflation

24. Retained earnings

Details of retained earnings as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025	December 31, 2024
Legal reserves (*1)	₩ 24,563,872	₩ 24,563,872
Voluntary reserves (*2)	5,504,587,282	5,016,987,282
Unappropriated retained earnings	(157,523,907)	351,187,075
	₩ 5,371,627,247	₩ 5,392,738,229

(*1) Legal reserves are the reserves made from retained earnings. The *Commercial Act* of Korea requires the Group to appropriate as a legal reserve at least 10% of cash dividends paid for each accounting period until the reserve equals 50% of outstanding share capital. This reserve cannot be allocated as cash dividend and may only be used to offset a deficit, if any, or be transferred to capital.

(*2) Details of voluntary reserves as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025	December 31, 2024
Reserve for improvements of financial structure	₩ 1,598,621	₩ 1,598,621
Reserve for streamlining of the Group	30,545,346	30,545,346
Reserve for facility expansion	3,441,710,000	2,954,110,000
Other reserves	866,524,013	866,524,013
Revaluation reserve	1,164,209,302	1,164,209,302
	₩ 5,504,587,282	₩ 5,016,987,282

25. Operating income

(1) Revenue from contracts with customers

Details of revenue from contracts with customers for each of the three-month periods ended March 31, 2025 and 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Timing of revenue recognition		
Goods transferred at a point in time:		
Sales of finished goods and others	₩ 1,416,256,912	₩ 1,395,940,934
Sales of merchandise	108,427,176	80,712,798
Revenue from solar power generation	1,238,776	1,148,020
Service transferred over time:		
Construction revenues and others	73,382,392	110,569,987
Total revenue from contracts with customers	₩ 1,599,305,256	₩ 1,588,371,739

(2) Selling and administrative expenses

Details of selling and administrative expenses for each of the three-month periods ended March 31, 2025 and 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Salaries	₩ 80,459,623	₩ 80,724,122
Retirement and severance benefits	15,159,161	9,564,363
Employee welfare	10,778,561	9,923,093
Advertisement	4,601,544	7,686,541
Depreciation	5,920,458	6,145,138
Amortization	10,870,627	10,216,846
Depreciation of right-of-use assets	6,315,321	5,715,183
Transportation	36,756,690	25,343,006
Professional service fees	28,759,838	12,637,749
Technology development	54,904,505	48,738,023
Recognition of allowance for bad debts	191,120	583,335
Increase in provisions for product warranties	266,544	655,703
Increase (reversal) in provisions for site restoration	1,212,853	(211,213)
Increase in provisions for litigation	(14,527)	(26,560)
Taxes and dues	6,969,297	6,105,422
Others	28,313,940	29,087,456
	₩ 291,465,555	₩ 252,888,207

26. Other non-operating income (expenses)

(1) Non-operating income

Details of non-operating income for each of the three-month periods ended March 31, 2025 and 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Rental revenues	₩ 4,548,056	₩ 3,269,285
Revenue from royalties	1,017,906	570,264
Reversal of impairment loss on right-of-use assets	3,811,980	-
Gain on disposal of property, plant and equipment	151,254	253,931
Gain on disposal of right-of-use assets	30,102	-
Gain on revaluation of investment properties	393,907	3,572,100
Miscellaneous income	34,490,128	5,519,119
	₩ 44,443,333	₩ 13,184,699

(2) Non-operating expense

Details of non-operating expense for each of the three-month periods ended March 31, 2025 and 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Loss on disposal of property, plant and equipment	₩ 1,384,412	₩ 199,092
Impairment loss on property, plant and equipment	25,911	1,758,485
Loss on disposal of intangible assets	12,473	3,518
Loss on revaluation of property, plant and equipment	14,590,351	-
Loss on revaluation of right-of-use assets	5,129,771	-
Loss on revaluation of investment properties	1,344,881	2,079,027
Depreciation of assets not in use	164,362	130,527
Donations	1,021,861	1,093,269
Investment properties lease cost	852,028	306,605
Other lease expense	28,661	19,015
Miscellaneous loss	3,366,818	3,913,873
	₩ 27,921,529	₩ 9,503,411

27. Nature of expenses

Details of expenses by nature for each of the three-month periods ended March 31, 2025 and 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Changes in inventories	₩ (1,704,503)	₩ (4,964,666)
Purchase of materials and merchandise	640,822,677	614,133,971
Salaries	202,965,682	192,973,504
Retirement and severance benefits	22,827,127	19,382,943
Other long-term employee benefits	459,703	376,574
Employee welfare	30,057,059	27,959,849
Depreciation	95,227,180	90,630,644
Amortization	12,507,985	12,560,405
Depreciation of right-of-use assets	7,955,590	7,059,709
Transportation	38,921,320	52,736,755
Advertisement	4,619,381	7,691,981
Professional service fees	66,963,993	51,142,832
Electricity	39,100,026	35,758,488
Fuel	42,275,612	42,760,915
Supplies	18,586,917	18,163,926
Packaging	18,532,463	22,133,199
Others	255,743,204	290,963,670
Total (*1)	₩ 1,495,861,416	₩ 1,481,464,699

(*1) Including cost of sales and selling and administrative expenses on the interim consolidated statements of comprehensive income.

28. Finance income and finance costs

(1) Details of finance income and finance costs for each of the three-month periods ended March 31, 2025 and 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Finance income:		
Interest income	₩ 4,696,691	₩ 9,658,645
Dividend income	62,913,241	48,061,814
Gain on valuation of financial assets measured at fair value through profit or loss	52,388,941	514,488,151
Gain on disposal of financial assets measured at fair value through profit or loss	543,203	3,661,009
Gain on valuation of derivatives	-	6,092,541
Gain on transactions of derivatives	5,394,589	663,974
Gain on foreign currency transactions	15,900,599	28,985,200
Gain on foreign currency translations	37,598,454	45,192,810
	₩ 179,435,718	₩ 656,804,144
Finance costs:		
Interest expense	₩ (78,864,287)	₩ (66,011,169)
Loss on valuation of financial assets measured at fair value through profit or loss	(74,806,621)	(15,340,981)
Loss on disposal of financial assets measured at fair value through profit or loss	(6,283,930)	(391,982)
Loss on valuation of derivatives	(747,510)	(4,887,013)
Loss on transactions of derivatives	(744,623)	(516,697)
Loss on foreign currency transactions	(19,009,530)	(11,995,862)
Loss on foreign currency translations	(49,263,889)	(34,257,709)
Financial guarantee expenses	(384,902)	(357,068)
	₩ (230,105,292)	₩ (133,758,481)
Net finance income and cost	₩ (50,669,574)	₩ 523,045,663

29. Income taxes

(1) Details of income tax expense for each of the three-month periods ended March 31, 2025 and 2024 are summarized as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Current income tax	₩ 60,138,715	₩ 67,150,110
Additional income taxes for prior years	6,173,374	1,261,917
Deferred income tax from temporary differences	226,614,913	104,602,368
= Total income tax effect	₩ 292,927,002	₩ 173,014,395
Income tax recognized directly in other comprehensive income	(261,581,668)	(250,544)
= Income tax expense reflected in income (loss) from continuing operations	₩ 31,345,334	₩ 172,763,851

The average annual effective tax rates are 41.57% and 27.38% for each of the three-month periods ended March 31, 2025 and 2024, respectively.

29. Income taxes (cont'd)

(2) The Organization for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) addresses the tax challenges arising from the digitalization of the global economy. The Global Anti-Base Erosion Model Rules (Pillar Two Model Rules) apply to multinational enterprises (MNEs) with annual revenue in excess of EUR 750 million per their consolidated financial statements.

The Pillar Two Model Rules introduce four new taxing mechanisms under which MNEs would pay a minimum level of tax (the Minimum Tax):

- the Qualified Domestic Minimum Top-up Tax (QDMTT);
- the Income Inclusion Rule (IIR); and
- the Under Taxed Payments/Profits Rule (UTPR).

The Subject to Tax Rule is a tax treaty-based rule that generally proposes a Minimum Tax on certain cross-border intercompany transactions that otherwise are not subject to a minimum level of tax.
The new taxing mechanisms can impose a minimum tax on the income arising in each jurisdiction in which an MNE operates. The IIR, UTPR and QDMTT do so by imposing a top-up tax in a jurisdiction whenever the effective tax rate (ETR), determined on a jurisdictional basis under the Pillar Two rules, is below a 15% minimum rate.

The International Accounting Standards Board issued Amendments to KIFRS 1012 -*International Tax Reform—Pillar Two Model Rules*. The Amendments clarify that KIFRS 1012 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the OECD, including tax law that implements a QDMTT. The Group has adopted these amendments, which introduce:
• a mandatory application of a temporary exception provision regarding the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two Model Rules; and
• disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation.

The Pillar Two Model Rules were adopted in the Republic of Korea at the end of 2023 and are applicable starting from January 1, 2024. According to these rules, the Group is considered a multinational enterprise to which the Pillar Two Model Rules shall be applied. At the same time, Pillar Two legislation has been enacted or substantively enacted in several other jurisdictions in which the Group operates for the financial year beginning January 1, 2024.

The Group has performed an assessment of its potential exposure to Pillar Two income taxes based on the country-by-country reporting and financial information for the constituent entities in the Group. The Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15%. Exemption provisions for the transitional period have been applied in most of the countries where the connected entities conduct their business activities and in a limited number of countries where these provisions are not applicable, no additional tax liability arise.

The Group continues to follow Pillar Two legislative developments, as further countries enact the Pillar Two Model Rules, to evaluate the potential future impact on its consolidated results of operations, financial position and cash flows beginning.

30. Earnings per share

(1) Basic earnings per share

① Details of basic earnings per share for each of the three-month periods ended March 31, 2025 and 2024 are as follows (Korean won in thousands, except per share amounts):

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Profit for the year attributable to the equity holders to the Parent Company	₩ 44,050,087	₩ 475,510,555
Weighted-average number of common shares outstanding (In shares)	7,354,171	7,354,171
Basic earnings per share (Korean won)	₩ 5,990	₩ 64,659

② The weighted-average number of common shares outstanding for each of the three-month periods ended March 31, 2025 and 2024 are calculated as follows (In shares):

	For the three-month period ended March 31, 2025			For the three-month period ended March 31, 2024		
	Number of shares	Weight (days)	Weighted shares	Number of shares	Weight (days)	Weighted shares
Beginning	7,354,171	90	661,875,390	7,354,171	91	669,229,561
Days			÷ 90			÷ 91
Weighted-average number of common shares outstanding			7,354,171			7,354,171

(2) Diluted earnings per share

The Group has not calculated diluted earnings per share as there is no potential dilutive share for each of the three-month periods ended March 31, 2025 and 2024.

31. Related party transactions

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

	March 31, 2025	December 31, 2024
Associate	KCC Engineering & Construction Co.,Ltd.	KCC Engineering & Construction Co.,Ltd.
	Kumgang Leisure Co., Ltd.	Kumgang Leisure Co., Ltd.
	MOM No. 1 Private Equity Fund and its subsidiaries (*1)	MOM No. 1 Private Equity Fund and its subsidiaries (*1)
	KCW Corporation and its subsidiaries (*5)	KCW Corporation and its subsidiaries (*5)
	SIC Management Ltd (*5)	SIC Management Ltd (*5)
Joint venture	PTC	PTC
	SIC Investment Ltd and its subsidiaries (*2)	SIC Investment Ltd and its subsidiaries (*2)
	Zhejiang Xinan Momentive Performance Materials Co., Ltd. (*3)	Zhejiang Xinan Momentive Performance Materials Co., Ltd. (*3)
Large-scale business group affiliates (*4)	KCC Glass Corporation	KCC Glass Corporation
	Mirae Co., Ltd.	Mirae Co., Ltd.
	DONG JU Co., LTD. and others	DONG JU Co., LTD. and others

(*1) The Group acquired the interests in a period prior to the year ended December 31, 2024, and it is classified to an associate as being judged that the Group has significant influence over the entity.
Meanwhile, MOM No. 1 Private Equity Fund, sold its 40% stake in MOM Holding company, a subsidiary of the Controlling Company, to the Controlling Company for the year ended December 31, 2024.

(*2) The Group acquired the interests in a period prior to the year ended December 31, 2024, and it is classified to a Joint venture as being judged that the Group has joint control over the entity according to the agreement with the three financial investors.

(*3) It is a joint venture of MOM Holding Company, which is a subsidiary of the Group.

(*4) Large-scale business group affiliates are not included in the scope of related parties described in KIFRS 1024 but belong to the same large-scale business group under the *Monopoly Regulation and Fair Trade Act* of Korea.

31. Related party transactions (cont'd)

(1) Details of the Group's related parties as of March 31, 2025 and December 31, 2024 are as follows (cont'd):

(*5) The Group acquired the interests of the entity prior to the year ended December 31, 2024, and it is classified as an associate as being judged that the Group has significant influence over the entity.

(2) Significant transactions with the related parties for each of the three-month periods ended March 31, 2025 and 2024 are as follows (Korean won in thousands):

Revenue :

		For the three-month period ended March 31, 2025			
	Related party	Sales of goods	Rent income	Others	Total revenue
Associate	Kumgang Leisure Co., Ltd.	₩ -	₩ -	₩ 575	₩ 575
	KCC Engineering & Construction Co., Ltd.	437,083	-	315,899	752,982
Joint venture	Zhejiang Xinan Momentive Performance Materials Co., Ltd.	383,633	-	87,600	471,233
Large-scale business group affiliates	KCC Glass Corporation	9,799,037	400,989	554,487	10,754,513
	Others	4,000	-	-	4,000
		₩ 10,623,753	₩ 400,989	₩ 958,561	₩ 11,983,303

		For the three-month period ended March 31, 2024			
	Related party	Sales of goods	Rent income	Others	Total revenue
Associate	Kumgang Leisure Co., Ltd.	₩ -	₩ -	₩ 578	₩ 578
	KCC Engineering & Construction Co., Ltd.	76,446	-	314,866	391,312
Joint venture	Zhejiang Xinan Momentive Performance Materials Co., Ltd.	11,332	-	76,203	87,535
Large-scale business group affiliates	KCC Glass Corporation	12,025,435	240,533	572,050	12,838,018
	Others	-	-	-	-
		₩ 12,113,213	₩ 240,533	₩ 963,697	₩ 13,317,443

Expense:

		For the three-month period ended March 31, 2025			
	Related party	Purchase of materials	Purchase of property, plant and equipment	Others	Total expense
Associate	Kumgang Leisure Co., Ltd.	₩ -	₩ -	₩ 40,846	₩ 40,846
	KCC Engineering & Construction Co., Ltd.	-	4,316,604	60,665	4,377,269
Joint venture	Zhejiang Xinan Momentive Performance Materials Co., Ltd.	34,572,539	-	-	34,572,539
Large-scale business group affiliates	KCC Glass Corporation	1,406,678	-	52,135	1,458,813
	Others	2,691,663	-	143,559	2,835,222
		₩ 38,670,880	₩ 4,316,604	₩ 297,205	₩ 43,284,689

		For the three-month period ended March 31, 2024			
	Related party	Purchase of materials	Purchase of property, plant and equipment	Others	Total expense
Associate	Kumgang Leisure Co., Ltd.	₩ -	₩ -	₩ 40,400	₩ 40,400
	KCC Engineering & Construction Co., Ltd.	-	4,625,154	60,372	4,685,526
Joint venture	Zhejiang Xinan Momentive Performance Materials Co., Ltd.	40,530,591	-	-	40,530,591
Large-scale business group affiliates	KCC Glass Corporation	2,606,020	-	48,341	2,654,361
	Others	2,894,834	90,507	458,604	3,443,945
		₩ 46,031,445	₩ 4,715,661	₩ 607,717	₩ 51,354,823

31. Related party transactions (cont'd)

(3) Financial transactions which occurred with the related parties for each of the three-month periods ended March 31, 2025 and 2024 are as follows (Korean won in thousands):

		Capital contribution of cash	
	Related party	For the three-month period March 31, 2025	For the three-month period ended March 31, 2024
Associate	MOM No. 1 Private Equity Fund	₩ -	₩ 387,830
		₩ -	₩ 387,830

(4) Account balances and allowance for doubtful accounts with the related parties as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

		March 31, 2025					
		Receivables			Payables		
	Related party	Accounts receivable	Other receivables	Long-term loans	Accounts payable	Other payables	Leasehold deposit
Associate	Kumgang Leisure Co., Ltd.	₩ -	₩ 3,200,259	₩ -	₩ -	₩ -	₩ -
	KCC Engineering & Construction Co., Ltd.	712,252	1,536,277	-	-	-	-
Joint venture	PTC	-	2,102,524	15,232,000	-	-	-
	Zhejiang Xinan Momentive Performance Materials Co., Ltd	-	31,327	-	26,626,025	-	-
Large-scales business group affiliates	KCC Glass Corporation	5,007,719	2,704,559	-	1,540,831	471,695	34,811,157
	Others	4,400	100,000	-	1,446	3,043,587	-
		₩ 5,724,371	₩ 9,674,946	₩ 15,232,000	₩ 28,168,302	₩ 3,515,282	₩ 34,811,157

The Group has recognized allowance for doubtful accounts of ₩1 million for receivables to the related parties except for PTC and has fully recognized allowance for doubtful accounts for receivables to the related parties from PTC as of March 31, 2025.

		December 31, 2024					
		Receivables			Payables		
	Related party	Accounts receivable	Other receivables	Long-term loans	Accounts payable	Other payables	Leasehold deposit
Associate	Kumgang Leisure Co., Ltd.	₩ -	₩ 3,200,194	₩ -	₩ -	₩ -	₩ -
	KCC Engineering & Construction Co., Ltd.	231,460	2,733,106	-	-	-	-
	KCW Corporation and its subsidiaries	-	52,795	-	-	-	-
Joint venture	PTC	-	2,102,524	15,232,000	-	-	-
	Zhejiang Xinan Momentive Performance Materials Co., Ltd	411,389	31,261	-	32,075,998	-	-
Large-scales business group affiliates	KCC Glass Corporation	5,929,528	4,213,546	-	1,874,354	667,704	29,301,800
	Others	4,400	100,000	-	262	3,039,410	-
		₩ 6,576,777	₩ 12,433,426	₩ 15,232,000	₩ 33,950,614	₩ 3,707,114	₩ 29,301,800

The Group has recognized allowance for doubtful accounts of ₩1 million for receivables to the related parties except for PTC and has fully recognized allowance for doubtful accounts for receivables to the related parties from PTC as of December 31, 2024.

31. Related party transactions (cont'd)

(5) Details of financial guarantees provided for the related parties as of March 31, 2025 are summarized as follow (in USD and SAR):

		Foreign Currency	Financial guarantee liabilities	Limit of financial guarantee liabilities	Period for financial guarantee liabilities	Loan agent
Joint venture	PTC(*1)	USD	80,000,000	80,000,000	Completion of Construction	SIDF
		SAR	288,362,244	288,362,244	Completion of Construction	Saudi British Bank, Alinma Bank

(*1) PTC, a joint venture of the Group, borrowed construction funds from Saudi British Bank and Alinma Bank through HSBC as a loan agent for the establishment project of a polysilicon production plant.
As the project was suspended, HSBC applied for arbitration to the London International Arbitration Court to enforce the obligation to supplement funds, despite the Controlling Company's obligation to supplement funds together with other shareholders of PTC in case of insufficient funds for the completion of the project.
The Group received an arbitration award from the London International Arbitration Court on August 19, 2022, which ordered them to take necessary actions to fulfill the obligation to supplement funds.
The Group has recorded the entire principal and interest expense to be fulfilled in accordance with the arbitration award as financial guarantee liabilities related to the obligation.

The Group received a judgment from the Seoul Central District Court on March 12, 2024, which approved the arbitration award and request for execution decision from the London International Arbitration Court. Subsequently, on March 18, 2024, an approval was filed with the Seoul High Court.
It has been determined that this judgment will not have any additional impact on the consolidated financial statements.

In addition, PTC borrowed construction costs from the SIDF for the above plant establishment project. Although there are currently no lawsuits or arbitration cases related to the fulfillment of payment guarantee obligations from SIDF, the Group determined that it is likely to fulfill its obligation of the guarantee liability and therefore fully accounted for the principal and interest expenses to be satisfied in the contract in relation to financial guarantee liabilities.

Furthermore, in connection with PTC's bankruptcy filing, a petition for the commencement of bankruptcy proceedings was submitted to the Saudi court on January 27, 2025, and Abdulrahman bin Abdullah Al-Dulaijan was appointed as the bankruptcy trustee.

(6) The Group provides long-term loan assets amounting to ₩14,237 million to its employees for housing and other purposes. The Group received dividends of ₩1,234 million and ₩205 million, and ₩478 million respectively, from KCC Engineering & Construction Co., Ltd. and Kumgang Leisure Co., Ltd. and KCC Glass Corporation, respectively, for the three-month period ended March 31, 2025.

(7) The Controlling Company regards registered internal and external directors who have significant roles and responsibilities in planning, operating and controlling its business activities as key management personnel. Details of key management personnel compensation in total for each of the three-month periods ended March 31, 2025 and 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Short-term employee benefits	₩ 938,684	₩ 927,689
Retirement and severance benefits	72,809	81,348
	₩ 1,011,493	₩ 1,009,037

32. Segment information

(1) Operating segment

The Group has four operating segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. The Chief Operating Decision Maker monitors and regularly reviews the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Details of the operating segments' performance and the elimination of inter-segment transaction for each of the three-month periods ended March 31, 2025 and 2024 and the financial position as of March 31, 2025 and December 31, 2024 are as follows.

1) Details of the Group's operating segments are as follows.

	Operation
Construction materials	PVC, Plate glass, etc.
Coatings	Coating
Silicone	Silicone, Sealant
Others	Glass fiber, AM, DCB, Construction by contract, etc.

32. Segment information (cont'd)

(1) Operating segment (cont'd)

2) Details of profits or losses for each operating segment for each of the three-month periods ended March 31, 2025 and 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025						
	Construction materials	Coatings	Silicone	Others (*1)	Consolidation adjustment	Unallocated amounts	Total
Total revenue	₩ 232,274,241	₩ 516,127,294	₩ 1,102,614,363	₩ 148,495,786	₩ (400,206,428)	₩ -	₩ 1,599,305,256
Inter-segment revenue	-	(58,556,418)	(328,532,018)	(13,117,992)	400,206,428	-	-
External revenue	232,274,241	457,570,876	774,082,345	135,377,794	-	-	1,599,305,256
Depreciation	(8,607,376)	(7,696,369)	(66,281,322)	(25,314,460)	-	-	(107,899,527)
Operating profit	23,742,018	55,921,916	20,596,784	(4,403,043)	7,586,165	-	103,443,840
Share of profit of associates and joint ventures	-	-	-	-	-	6,099,351	6,099,351
Finance income, net (cost)	-	-	-	-	-	(50,669,574)	(50,669,574)
Non-operating income, net (expense)	-	-	-	-	-	16,521,804	16,521,804
Income taxes	-	-	-	-	-	31,345,334	31,345,334
Net income	-	-	-	-	-	-	44,050,087

(*1) Including depreciation expense of unallocated amounts.

	For the three-month period ended March 31, 2024						
	Construction materials	Coatings	Silicone	Others (*1)	Consolidation adjustment	Unallocated amounts	Total
Total revenue	₩ 264,531,374	₩ 471,501,280	₩ 1,011,797,823	₩ 173,773,816	₩ (333,232,554)	₩ -	₩ 1,588,371,739
Inter-segment revenue	-	(52,450,369)	(273,277,263)	(7,504,922)	333,232,554	-	-
External revenue	264,531,374	419,050,911	738,520,560	166,268,894	-	-	1,588,371,739
Depreciation	(9,605,881)	(6,362,903)	(64,841,453)	(22,089,243)	-	-	(102,898,670)
Operating profit	44,442,422	54,620,375	2,741,412	(986,906)	6,089,737	-	106,907,040
Share of loss of associates and joint ventures	-	-	-	-	-	(2,633,100)	(2,633,100)
Finance income, net (cost)	-	-	-	-	-	523,045,663	523,045,663
Non-operating income, net (expense)	-	-	-	-	-	3,681,288	3,681,288
Income taxes	-	-	-	-	-	172,763,851	172,763,851
Net income	-	-	-	-	-	-	458,237,039

(*1) Including depreciation expense of unallocated amounts.

3) Details of assets and liabilities for each operating segment as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

		March 31, 2025	December 31, 2024
Assets:			
Segment assets	Construction materials	₩ 1,152,476,570	₩ 1,048,508,271
	Coatings	2,530,285,049	2,505,006,388
	Silicone	4,683,705,165	4,519,167,174
	Others	824,344,714	808,497,967
Unallocated amounts		9,630,205,441	8,434,608,643
Consolidation adjustments		(3,754,846,254)	(3,909,521,244)
Total assets		₩ 15,066,170,685	₩ 13,406,267,199
Liabilities:			
Unallocated amounts		₩ (9,115,407,417)	₩ (8,512,377,802)
Consolidation adjustments		309,472,947	372,073,230
Total liabilities		₩ (8,805,934,470)	₩ (8,140,304,572)
Net assets		₩ 6,260,236,215	₩ 5,265,962,627

Assets in operating segments are comprised mainly of inventories and property, plant and equipment. Cash and cash equivalents, deferred tax assets, and financial assets are not allocated. Liabilities are not allocated to operating segments

32. Segment information (cont'd)

(2) Details of revenue and non-current assets by geography for each of the three-month periods ended March 31, 2025 and 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025			
	Sales	Property, plant and equipment	Intangible assets	Investment property
Korea	₩ 644,505,106	₩ 2,651,755,657	₩ 13,586,272	₩ 918,015,319
China	183,204,338	165,819,298	24,109,091	129,428,543
Japan	68,519,047	231,212,556	57,424,242	-
Other Asia	202,548,479	255,540,029	56,236,825	-
North America	196,366,725	831,737,959	1,133,242,888	-
Central and South America	41,785,555	19,113,104	8,557,559	-
Europe	222,015,223	361,479,055	108,509,155	-
Others	40,360,783	48,223,441	852,669	-
	₩ 1,599,305,256	₩ 4,564,881,099	₩ 1,402,518,701	₩ 1,047,443,862

	For the three-month period ended March 31, 2024			
	Sales	Property, plant and equipment	Intangible assets	Investment property
Korea	₩ 729,223,596	₩ 1,788,643,098	₩ 14,261,122	₩ 860,118,950
China	178,381,084	161,778,199	43,505,787	109,980,182
Japan	60,883,013	236,288,433	57,109,209	-
Other Asia	101,093,203	194,445,239	38,508,703	-
North America	180,564,689	698,850,965	1,032,639,550	-
Central and South America	51,268,700	17,164,594	9,748,058	-
Europe	246,218,495	340,433,990	126,827,755	-
Others	40,738,959	23,930,761	679,847	-
	₩ 1,588,371,739	₩ 3,461,535,279	₩ 1,323,280,031	₩ 970,099,132

(3) The Group's major customer segment

The Group conducts business with a large number of customers internationally and there is no single customer from whom the revenue accounts for 10% or more of the consolidated revenue. Accordingly, revenue by major customer is not separately disclosed.

33. Lease

The Group has lease contracts for various items of land, buildings, machinery, vehicles and other equipment used in its operations. The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the short-term lease and lease of low-value assets recognition exemptions for these leases.

(1) Right-of-use assets

Changes in right-of-use assets for the three-month period ended March 31, 2025 and the year ended December 31, 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the year ended December 31, 2024
Carrying amount:		
Beginning balance	₩ 204,204,042	₩ 199,176,068
Acquisitions and capital expenditures	15,710,014	21,542,337
Gain (loss) on revaluation	76,194,731	-
Disposals and terminations	(2,736,621)	(2,552,345)
Depreciation	(7,955,590)	(28,535,175)
Reversal of impairment loss	3,811,980	-
Net foreign exchange difference	5,198,575	14,573,157
Ending balance	₩ 294,427,131	₩ 204,204,042

(2) Lease liabilities

1) Changes in lease liabilities for the three-month period ended March 31, 2025 and the year ended December 31, 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the year ended December 31, 2024
Beginning balance	₩ 153,507,581	₩ 149,626,244
Increase	14,871,983	21,164,347
Decrease	(2,747,638)	(2,565,532)
Interest expense	2,307,860	9,134,044
Lease payment	(9,113,864)	(33,913,466)
Net foreign exchange difference	3,897,976	10,061,944
Ending balance	₩ 162,723,898	₩ 153,507,581

33. Lease (cont'd)

(3) For the three-month period ended March 31, 2025, the Group revalued its land use rights as of January 1, 2025 through an independent appraiser. Based on the nature, characteristics, and risks of the assets, the Group determined that land use rights represent a separate class of right-of-use assets.

The fair value of the assets was determined by comparing and assessing the reasonableness of preliminary estimates derived from the Officially Announced Land Price ("OALP") Method and the Market Comparable Approach. To determine the fair value, the Group engaged Joong-ang Appraisal Co., Ltd., an independent and accredited external valuation specialist, and the valuation was based on market-based evidence.

The carrying amounts of the land use rights after revaluation and the carrying amounts under the cost model are as follows (Korean won in thousands):

	Revaluation model	Cost model
Land use rights	₩ 142,520,043	₩ 61,888,961

The Group recognized the revaluation gain of ₩81,325 million (before income tax effect) in other comprehensive income and the revaluation loss of ₩5,130 million (before income tax effect) in profit or loss as a result of the revaluation of land use rights conducted for the three-month period ended March 31, 2025.

(4) The fair value hierarchy levels for the fair value measurement of land use rights as of March 31, 2025 are as follows (Korean won in thousands):

	March 31, 2025			
	Level 1	Level 2	Level 3	Total
Land use rights	₩ -	₩ -	₩ 142,520,043	₩ 142,520,043

The Group classifies all land use rights measured at fair value within Level 3 of the fair value hierarchy. Detailed descriptions of the fair value hierarchy are provided in Note 17.

(5) Changes in the carrying amount of land use rights classified as Level 3 for the three-month period ended March 31, 2025 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025
Carrying amount:	
Beginning balance	₩ 61,888,961
Level 3 revaluation gain recognized due to change in accounting policy to revaluation model	81,324,502
Level 3 revaluation loss recognized due to change in accounting policy to revaluation model	(5,129,771)
Others	4,436,351
Ending balance	142,520,043

The Group changed its accounting policy with respect to the measurement of land use rights to the revaluation model as of January 1, 2025, therefore the fair value of the land use rights was not measured as of January 1, 2024.

34. Major construction contracts and the balances

(1) The Group's major construction contracts and their balances as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025			
	Beginning balance	Increase	Revenue recognized	Ending balance
Construction works	₩ 260,243,113	₩ 97,324,770	₩ 73,000,007	₩ 284,567,876

	December 31, 2024			
	Beginning balance	Increase	Revenue recognized	Ending balance
Construction works	₩ 458,435,966	₩ 192,219,513	₩ 390,412,366	₩ 260,243,113

(2) Details of construction-in-progress as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025		
	Cumulative construction revenue	Cumulative construction cost	Cumulative construction income
Construction works	₩ 410,068,369	₩ 370,347,174	₩ 39,721,195

	December 31, 2024		
	Cumulative construction revenue	Cumulative construction cost	Cumulative construction income
Construction works	₩ 449,142,792	₩ 405,290,722	₩ 43,852,070

(3) Due from and to customers for contract works as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025		December 31, 2024	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
Construction works	₩ 874,622	₩ 16,282,070	₩ 1,789,196	₩ 15,466,915

The Group recorded the amounts relating to contract assets and contract liabilities in advanced payments and other liabilities (current) in the consolidated financial statements.

(4) Provisions for construction loss for contracts under the percentage-of completion method and changes in due from customers and profits or losses from constructions for the three-month period ended March 31, 2025 are as follows (Korean won in thousands):

Changes in the total contract revenue	Changes in the total expected contract costs	Effects on profit or loss for the three-month period ended March 31, 2025	Effects on future profit or loss	Changes in contract asset and liability	Provision for construction loss
₩ 2,786,912	₩ 2,104,747	₩ 507,041	₩ 175,124	₩ 507,041	₩ -

(5) The Group provides ordering organizations with confirmation of guarantee amounting to ₩85,496 million (₩83,669 million as of December 31, 2024) issued from financial institutions to guarantee performance of construction contracts, payment of advances related contracts and tenders.

35. Statement of cash flows

(1) The Group's statement of cash flows was prepared using the indirect method, and major transactions without inflows or outflows of cash for the three-month period ended March 31, 2025 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025
Deposit transferred to right-of use assets	₩ 838,031
Recognition of right-of-use assets and lease liabilities	14,871,983
Property, plant and equipment transferred to investment property	8,807,178
Decrease of other payable (related to property, plant and equipment)	43,527,182
Reclassification of construction-in-progress	38,616,419
Reclassification of non-current long-term borrowings to current borrowings	3,821,611
Reclassification of non-current long-term bonds to current bonds	144,779,970
Reclassification of non-current lease liabilities to current lease liabilities	9,210,841

(2) Changes in liabilities from financing activities for the three-month period ended March 31, 2025 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025									
		Cash flows provided by (used in) financing activities		Non-cash changes						
	Jan. 1, 2025	Increase	Decrease	Dividends declared	Interest expenses (*1)	Current portions	Changes in foreign exchange rates	Net foreign exchange difference	Others (*2)	Mar. 31, 2025
Short-term borrowings	₩ 910,081,138	₩1,023,805,376	₩ (922,522,822)	₩ -	₩ -	₩ -	₩ 338,617	₩ (453,422)	₩ (2,706,478)	₩ 1,008,542,409
Current portion of long-term borrowings	150,080,700	-	(141,407,311)	-	-	3,821,611	-	(29,750)	-	12,465,250
Current portion of bonds	319,909,994	-	-	-	108,202	144,779,970	-	-	-	464,798,166
Current lease liabilities	25,072,354	-	(9,113,864)	-	-	9,210,841	-	475,268	(729,162)	24,915,437
Long-term borrowings	2,499,421,726	100,000,000	-	-	3,480,713	(3,821,611)	263,999	(4,829,914)	-	2,594,514,913
Bonds	1,307,469,090	398,851,077	-	-	286,726	(144,779,970)	-	-	-	1,561,826,923
Lease liabilities	128,435,227	-	-	-	2,307,860	(9,210,841)	-	3,422,708	12,853,507	137,808,461
Long-term guarantee deposits	34,433,227	5,979,057	(70,084)	-	486,663	-	-	(1,495)	(769,664)	40,057,704
Interest payable	32,177,613	-	(72,092,562)	-	72,932,710	-	-	(87,966)	(6,481,830)	26,447,965
Dividends payable	-	-	-	66,187,539	-	-	-	-	-	66,187,539
	₩5,407,081,069	₩1,528,635,510	₩(1,145,206,643)	₩ 66,187,539	₩ 79,602,874	₩ -	₩ 602,616	₩(1,504,571)	₩ 2,166,373	₩ 5,937,564,767

(*1) Interest expenses comprise of amortization of corporate bonds based on the effective interest rate amounting to ₩3,876 million and capitalization of borrowing costs amounting to ₩739 million.

(*2) Others of lease liabilities present the effects of new lease contracts and lease modification for the three-month period ended March 31, 2025. Others of interest payable present the effect of prepaid interest.

(3) Cash inflows and outflows related to short term financial instruments and short-term borrowings with significant amounts and short maturities which are traded frequently are presented as net amounts.

36. Subsequent events

On April 25, 2025, the Group's subsidiary, Momentive Performance Materials Japan LLC, obtained a loan of JPY 10 billion from Mizuho Bank for working capital purposes, for which the Group has provided a payment guarantee.

KCC Corporation

Interim financial statements
for each of the three-month periods ended March 31, 2025 and 2024
with the independent auditor's review report

Shape the future
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Report on review of interim financial statements

(English translation of a report originally issued in Korean)

The Shareholders and Board of Directors
KCC Corporation

We have reviewed the accompanying interim financial statements of KCC Corporation(collectively referred to as the "Company"), which comprise the interim statement of financial position as of March 31, 2025, and the related interim statements of profit or loss and other comprehensive income, interim statements of changes in equity and interim statements of cash flows for each of the three-month periods ended March 31, 2025 and 2024, and a summary of material accounting policy information and other explanatory information.

Management's responsibility for the interim financial statements

Management is responsible for the preparation and presentation of these interim financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS") 1034 *Interim Financial Reporting*, and for such internal control as management determines is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on these interim financial statements based on our review.

We conducted our review in accordance with the Review Standards for Quarterly and Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing ("KSA") and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with KIFRS 1034 *Interim Financial Reporting*.

Emphasis of matter

Without qualifying our review opinion, we draw attention to Note 3 to the interim financial statements, which describes that the Company changed its subsequent measurement method for land classified as property, plant and equipment and the related right-of-use assets from the cost model to the revaluation model for the three-month period ended March 31, 2025, without restating the financial statements for the year ended December 31, 2024 presented for comparative purposes in accordance with KIFRS 1016 *Property, Plant and Equipment*. In addition, the Company also changed the subsequent measurement method for investment properties from the cost model to the fair value model, which was applied retrospectively, resulting in the financial statements for the year ended December 31, 2024 to be restated accordingly.

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Other matters

We have audited the statement of financial position of the Company as of December 31, 2024, and the related statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended (not presented herein) in accordance with KSA, and our report dated March 13, 2025 expressed an unqualified opinion thereon. The accompanying statement of financial position as of December 31, 2024, presented for comparative purposes, is not different, in all material respects, from the above audited statement of financial position, except for the adjustments resulting from the change in the accounting policy for investment properties as described in Note 3 to the accompanying interim financial statements.

May 15, 2025

This review report is effective as of May 15, 2025, the independent auditor's review report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's review report to the time this report is used. Such events and circumstances could significantly affect the accompanying interim financial statements and may result in modifications to this review report.

KCC Corporation

Interim financial statements
for each of the three-month periods ended March 31, 2025 and 2024

"The accompanying interim financial statements, including all footnotes and disclosures, have been prepared by, and are the responsibility of, the Company."

Mong-Jin Chung and Jae-Hun Jung
Chief Executive Officers
KCC Corporation

KCC Corporation
Interim statements of financial position
as of March 31, 2025, December 31, 2024 and January 1, 2024

(Korean won)

	Notes	March 31, 2025	December 31, 2024 (Restated)	January 1, 2024 (Restated)
Assets				
Current assets				
Cash and cash equivalents	4,18	₩ 699,444,779,136	₩ 276,042,672,237	₩ 724,453,170,740
Short-term financial instruments	18	509,061,062,939	481,477,347,611	483,239,543,585
Short-term trade receivables	5,16,18,31	531,393,680,831	571,907,684,943	554,698,572,981
Other short-term receivables	6,17,18,31	116,492,611,202	50,915,419,024	43,320,525,765
Advanced payments	33	3,157,258,946	3,795,327,892	6,777,412,037
Prepaid expenses		6,107,531,684	6,068,180,608	14,722,804,399
Other current financial assets	8,9,18	3,303,076,524	21,688,982,917	9,768,359,072
Inventories	7	532,993,448,289	546,729,602,277	512,610,096,321
		2,401,953,449,551	1,958,625,217,509	2,349,590,484,900
Non-current assets				
Long-term trade receivables	5,18	455,962,798	492,399,886	1,655,272,037
Other long-term receivables	6,15,18,31	197,738,472,121	197,418,266,803	54,762,853,336
Long-term advanced payments		2,212,372,487	2,191,287,240	-
Other non-current financial assets	8,9,18	2,735,746,007,212	2,767,066,425,786	2,723,859,543,364
Investments in associates and joint ventures	10	239,972,749,533	239,972,749,533	558,717,548,618
Investments in subsidiaries	11	2,839,771,063,162	2,839,771,063,162	1,615,698,968,606
Right-of-use assets	32,34	31,429,990,594	31,940,332,547	29,085,438,194
Property, plant and equipment	12,15,31	2,394,751,958,774	1,546,196,240,581	1,647,382,599,733
Intangible assets	13	7,175,824,254	7,340,670,918	7,794,259,961
Investment property	3,12,14,15	1,123,992,162,452	1,117,009,796,388	1,051,857,049,333
Net defined benefit assets	19	3,667,322,097	9,759,641,098	6,763,957,443
		9,576,913,885,484	8,759,158,873,942	7,697,577,490,625
Total assets		**₩ 11,978,867,335,035**	**₩ 10,717,784,091,451**	**₩ 10,047,167,975,525**
Liabilities				
Current liabilities				
Trade payables	18,31	₩ 249,991,290,028	₩ 252,195,795,434	₩ 269,335,432,547
Short-term borrowings	16,18,21,34	782,545,297,777	688,405,344,140	1,041,051,053,151
Current portion of long-term borrowings	16,18,21,34	-	137,585,700,000	538,682,000,000
Current bonds	16,18,34	464,798,166,010	319,909,993,834	369,805,196,612
Short-term other payables	17,18,31,32,33,34	582,371,894,254	558,217,518,282	534,551,622,288
Other current financial liabilities		-	-	164,369,968,258
Current provisions	20	2,691,594,475	2,780,735,001	2,548,081,965
Current income tax payables		97,021,446,943	102,655,114,371	20,312,275,838
		2,179,419,689,487	2,061,750,201,062	2,940,655,630,659
Non-current liabilities				
Long-term borrowings	16,18,21,34	644,698,737,538	644,663,009,165	128,268,452,364
Non-current bonds	16,18,34	1,561,826,923,197	1,307,469,089,709	748,637,262,344
Long-term other payables	15,17,18,31,32,34	95,302,311,127	89,552,392,106	87,041,155,885
Long-term employee benefit liabilities	19	7,468,034,698	7,515,146,612	5,569,620,266
Non-current provisions	20	967,203,672	923,567,304	787,651,578
Deferred tax liabilities	3	590,666,213,796	423,298,815,948	481,332,821,964
		2,900,929,424,028	2,473,422,020,844	1,451,636,964,401
Total liabilities		5,080,349,113,515	4,535,172,221,906	4,392,292,595,060
Equity				
Issued capital	22	48,084,660,000	48,084,660,000	48,084,660,000
Capital surplus	22	553,070,812,612	553,070,812,612	553,070,812,612
Capital adjustments	23	(304,846,768,510)	(304,846,768,510)	(304,846,768,510)
Accumulated other comprehensive income (loss)	23	647,600,409,509	(27,839,887,203)	(31,464,399,316)
Retained earnings	3,24	5,954,609,107,909	5,914,143,052,646	5,390,031,075,679
Total equity		6,898,518,221,520	6,182,611,869,545	5,654,875,380,465
Total equity and liabilities		**₩ 11,978,867,335,035**	**₩ 10,717,784,091,451**	**₩ 10,047,167,975,525**

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

KCC Corporation
Interim statements of profit or loss and other comprehensive income
for each of the three-month periods ended March 31, 2025 and 2024

(Korean won)

	Notes	For the three-month period ended March 31, 2025	March 31, 2024 (Restated)
Sales	25,31,33	₩ 700,063,856,807	₩ 761,600,275,908
Cost of sales	7,27,31,33	536,699,185,956	570,438,139,728
Gross profit		**163,364,670,851**	**191,162,136,180**
Selling and administrative expenses	25,27,31	101,661,533,122	102,979,561,110
Operating profit		**61,703,137,729**	**88,182,575,070**
Net finance income (costs):	18,28,31		
Finance income		142,894,843,671	687,489,222,676
Finance costs		(125,527,273,877)	(70,053,026,031)
Other non-operating income (expenses):	3,26,31		
Other non-operating income		43,699,354,642	13,980,425,948
Other non-operating expenses		(13,655,335,309)	(4,260,176,768)
Profit before tax		**109,114,726,856**	**715,339,020,895**
Income tax expense	3,29	2,461,132,593	137,744,024,991
Net profit for the period		**₩ 106,653,594,263**	**₩ 577,594,995,904**
Other comprehensive income (loss)			
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods			
Gain on revaluation		677,709,136,170	-
Loss on valuation of financial assets at fair value through other comprehensive income	8,18	(2,268,839,458)	(507,918,497)
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods (net of tax)		**₩ 675,440,296,712**	**₩ (507,918,497)**
Total comprehensive income for the period, net of tax		**₩ 782,093,890,975**	**₩ 577,087,077,407**
Earnings per share	30		
Basic earnings per share		₩ 14,502	₩ 78,540
Diluted earnings per share		14,502	78,540

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

KCC Corporation
Interim statements of changes in equity
for each of the three-month periods ended March 31, 2025 and 2024
(Korean won)

	Attributable to the equity holders of the Parent Compay					
	Issued capital	Capital surplus	Capital adjustments	Accumulated other comprehensive income (loss)	Retained earnings	Total equity
As of January 1, 2024	₩ 48,084,660,000	₩ 553,070,812,612	₩ (304,846,768,510)	₩ (31,464,399,316)	₩ 5,093,441,883,732	₩ 5,358,286,188,518
Change in accounting policy (Note 3)	-	-	-	-	296,589,191,947	296,589,191,947
As of January 1, 2024 (Adjusted)	48,084,660,000	553,070,812,612	(304,846,768,510)	(31,464,399,316)	5,390,031,075,679	5,654,875,380,465
Total comprehensive income						
Profit for the year	-	-	-	-	577,594,995,904	577,594,995,904
Loss on valuation of financial assets at fair value through other comprehensive income, net o	-	-	-	(507,918,497)	-	(507,918,497)
Transactions with the equity holders of the Company, recognized directly in equity						
Annual dividends	-	-	-	-	(51,479,197,000)	(51,479,197,000)
As of March 31, 2024 (Restated)	**₩ 48,084,660,000**	**₩ 553,070,812,612**	**₩ (304,846,768,510)**	**₩ (31,972,317,813)**	**₩ 5,916,146,874,583**	**₩ 6,180,483,260,872**
As of January 1,	₩ 48,084,660,000	₩ 553,070,812,612	₩ (304,846,768,510)	₩ (27,839,887,203)	₩ 5,914,143,052,646	₩ 6,182,611,869,545
Total comprehensive income						
Profit for the year	-	-	-	-	106,653,594,263	106,653,594,263
Loss on valuation of financial assets at fair value through other compreshensive income, net	-	-	-	(2,268,839,458)	-	(2,268,839,458)
Revaluation surplus	-	-	-	677,709,136,170	-	677,709,136,170
Transactions with the equity holders of the Company, recognized directly in equity						
Annual dividends	-	-	-	-	(66,187,539,000)	(66,187,539,000)
As of March 31, 2025	**₩ 48,084,660,000**	**₩ 553,070,812,612**	**₩ (304,846,768,510)**	**₩ 647,600,409,509**	**₩ 5,954,609,107,909**	**₩ 6,898,518,221,520**

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

KCC Corporation
Interim statements of cash flows
for each of the three-month periods ended March 31, 2025 and 2024

(Korean won)

	March 31, 2025	March 31, 2024 (Restated)
Operating activities		
Profit for the quarter	₩ 106,653,594,263	₩ 577,594,995,904
Adjustments to reconcile profit (loss) for the year to net cash provided by operating activities:	40,877,737,342	(421,407,345,764)
Income tax expenses	2,461,132,593	137,744,024,991
Interest expenses	32,549,243,470	28,957,865,730
Interest income	(5,421,779,565)	(8,275,416,737)
Dividend income	(64,352,002,400)	(121,690,170,417)
Loss on foreign currency translation	1,147,441,697	15,963,941,233
Gain on foreign currency translation	(5,285,288,172)	(10,822,961,080)
Loss on valuation of derivatives	747,510,157	4,887,012,992
Gain on valuation of derivatives	-	(6,092,540,860)
Loss on transaction of derivatives	744,623,362	508,135,162
Gain on transaction of derivatives	(5,394,589,387)	(663,974,161)
Financial guarantee costs	384,901,990	357,067,656
Gains from financial guarantee	(732,619,787)	(1,254,195,955)
Loss on valuation of financial assets at fair value through profit or loss	74,806,620,625	15,340,981,393
Gain on valuation of financial assets at fair value through profit or loss	(52,388,940,842)	(514,488,151,114)
Loss on disposal of financial assets at fair value through profit or loss	6,283,929,636	391,982,158
Gain on disposal of financial assets at fair value through profit or loss	(543,203,313)	(3,661,008,366)
Depreciation	33,908,257,282	33,249,089,675
Depreciation expenses on right-of-use assets	2,181,257,468	1,870,416,336
Amortization of intangible assets	303,865,271	306,777,266
Depreciation expenses on assets not in use	164,361,548	130,527,164
Retirement and severance benefits	9,581,789,377	7,208,718,219
Other long-term employee benefits	193,517,118	148,721,081
Loss on disposal of property, plant and equipment	8,809,004	83,369,123
Gain on disposal of property, plant and equipment	(123,874,410)	(178,409,150)
Gain on disposal of right-of-use assets	(456,150)	(654,709)
Loss on disposal of intangible assets	12,473,002	1,661,271
Repair and maintenance expenses	105,371,987	38,805,062
Provisions for product warranties and others	163,843,245	431,634,608
Provisions for site restoration (reversal)	43,636,368	46,332,516
Provisions for customer points	102,812,827	89,959,528
Bad debt expenses	(825,579,284)	(543,812,464)
Rental revenues	(521,889,623)	-
Loss on revaluation of property, plant and equipment (land)	9,862,729,672	-
Loss on revaluation of investment properties	1,344,880,551	2,079,026,512
Gain on revaluation of investment properties	(635,047,975)	(3,572,100,427)
Changes in operating assets and liabilities:	11,197,528,762	(65,064,043,368)
Trade receivables	39,716,375,274	(16,145,700,535)
Current other receivables	(105,626,286)	11,268,732,715
Advance payments	687,293,411	(1,229,084,788)
Prepaid expenses	(630,309,979)	(319,486,920)
Inventories	13,085,038,094	7,488,538,519
Trade payables	(1,507,243,902)	(8,168,101,133)
Current other payables	(33,834,693,923)	(53,875,261,981)
Decrease in plan assets	6,423,973,720	3,472,704,654
Decrease in the National Pension Fund	3,087,300	3,260,600
Retirement and severance benefits paid	(12,043,939,317)	(6,875,470,358)
Other long-term employee benefits paid	(240,629,032)	(236,504,015)
Provision for product warranties and others paid	(222,520,760)	(346,577,246)
Provisions for customer points paid	(133,275,838)	(101,092,880)
Income taxes paid	(49,833,531,988)	(3,020,517,237)
Net cash flows provided by operating activities	**₩ 108,895,328,379**	**₩ 88,103,089,535**

(Continued)

KCC Corporation
Interim statements of cash flows
for each of the three-month periods ended March 31, 2025 and 2024 (cont'd)
(Korean won)

	March 31, 2025	March 31, 2024 (Restated)
Investing activities		
Derivative instruments settlement amount, net	₩ 22,274,689,663	₩ 1,508,877,553
Short-term financial instruments, net	(27,636,770,909)	(31,076,672,425)
Acquisition of long-term financial instruments	(1,752,906)	(1,752,906)
Increase in short-term loans	(200,000,000)	(200,000,000)
Increase in long-term loans	(850,000,000)	(135,630,000,000)
Acquisition of government bonds	-	(615,000)
Acquisition of financial assets at fair value through profit or loss	-	(786,583,493)
Acquisition of investments in associates	-	(387,830,339)
Acquisition of investments in subsidiaries	-	(4,569,429,700)
Acquisition of property, plant and equipment	(17,729,206,487)	(21,543,702,826)
Acquisition of intangible assets	(224,456,231)	(367,220,269)
Increase in guarantee deposits	(546,296,750)	(171,921,570)
Decrease in short-term loans	1,506,173,939	1,053,640,909
Decrease in long-term loans	63,874,800	66,752,700
Maturity of government bonds	23,390,000	38,800,000
Disposal of property, plant and equipment	251,045,910	649,332,303
Disposal of intangible assets	1,152,000	-
Receipt of government grants	-	175,000,000
Decrease in guarantee deposits	1,176,150,000	748,644,800
Interest received	1,908,056,823	7,188,548,120
Dividends received	205,000,000	72,625,924,817
Net cash flows used in investing activities	**₩ (19,778,950,148)**	**₩ (110,680,207,326)**
Financing activities		
Increase (decrease) in short-term borrowings, net	96,541,294,820	(149,875,026,608)
Issuance of bonds	398,851,076,800	578,380,440,000
Repayment of long-term borrowings	(137,585,700,000)	(400,000,000,000)
Lease liabilities paid	(2,322,564,201)	(1,987,401,381)
Increase in long-term guarantee deposits	6,036,131,000	13,890,000,000
Decrease in long-term guarantee deposits	(64,300,000)	(764,360,000)
Interest paid	(30,469,069,544)	(18,437,806,190)
Net cash flows provided by financing activities	**₩ 330,986,868,875**	**₩ 21,205,845,821**
Net increase (decrease) in cash and cash equivalents	₩ 420,103,247,106	₩ (1,371,271,970)
Cash and cash equivalents as of January 1	276,042,672,237	724,453,170,740
Effect of exchange rate fluctuations on cash and cash equivalents	3,298,859,793	7,071,375,941
Cash and cash equivalents as of March 31	**₩ 699,444,779,136**	**₩ 730,153,274,711**

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

1. Corporate information

(1) Description of the Company

KCC Corporation (the "Company") was established on August 12, 1958. On June 25, 1973, the Company was listed on the Korea Exchange. On February 25, 2005, the Company changed its name from Kumgang Korea Chemicals to KCC Corporation. Meanwhile, the Company demerged KCC Glass Corporation, which engaged in the glass, HomeCC and flooring segments, through a spin-off as of January 1, 2020, and demerged KCC Silicone Corporation, which engaged in the silicone segment, through a split-off as of December 1, 2020.

Information about the Company's head office, plants and major business units are as follows:

1) Locations of head office and plants

① Location of head office: 344, Sapyungdaero, Seocho-gu, Seoul, South Korea
② 9 plants, a central research center and 15 branches are located in various regions throughout Korea.

2) Major business units

Manufacturing and sales of construction materials, PVC, paints and coatings for automotive and ships & construction works

3) Chief executive officer

Mong-Jin Chung and Jae-Hun Jung

4) Major shareholders and percentage of ownership

	Number of shares (In shares)	Percentage of ownership
Mong-Jin Chung and 2 other individuals	2,705,886	30.45%

2. Basis of preparation

(1) Basis of interim financial statements

The Company prepares its statutory interim financial statements in the Korean language in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS") 1034 *Interim Financial Reporting,* enacted by the *Act on External Audit of Stock Companies*. The accompanying interim financial statements have been translated into English from the Korean language financial statements. In the event of any differences in interpreting the financial statements or the independent auditor's review report thereon, the Korean version, which is used for regulatory reporting purposes, shall prevail.

The interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as of December 31, 2024.

(2) Use of estimates and judgments

The preparation of the interim financial statements in conformity with KIFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The resulting accounting estimates will, by definition, seldom equal the related actual results.

In preparing these interim financial statements, the judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same, except for changes in accounting policies for the three-month period ended March 31, 2025, as those applied to the annual financial statements as of and for the year ended December 31, 2024.

3. Summary of material accounting policies

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2024, except for the adoption of new standards and interpretations effective as of January 1, 2025.

(1) Changes in accounting policies and disclosures

① Revaluation of property, plant and equipment and right-of-use assets

The Company re-assessed its accounting for property, plant and equipment and right-of-use assets with respect to measurement of a certain class of property, plant and equipment and right-of-use assets after initial recognition. The Company had previously measured all property, plant and equipment using the cost model in accordance with paragraph 30 of KIFRS 1016 *Property, Plant and Equipment* whereby, after initial recognition of the asset classified as property, plant and equipment, the asset was carried at cost less accumulated depreciation and accumulated impairment losses. Similarly, the Company had previously measured all right-of-use assets using the cost model in accordance with paragraph 30 of KIFRS 1116 *Leases* whereby, after initial recognition of the asset classified as right-of-use assets, the asset was carried at cost less accumulated depreciation and accumulated impairment losses.

On January 1, 2025, the Company elected to change the method of accounting for land classified as property, plant and equipment and all right-of-use assets related to land, as the Company believes that the revaluation model provides more relevant information to the users of its financial statements as it is aligned to practices adopted by its competitors. In addition, available valuation techniques provide reliable estimates of the land's fair value. The Company applied the revaluation model prospectively.

After initial recognition, revaluation model shall be applied for the subsequent measurement and land classified as property, plant and equipment and all related right-of-use assets are measured at fair value at the date of the revaluation.

For the three-month period ended March 31, 2025, as the Company applied the revaluation model to property, plant and equipment and right-of-use assets for the first time, the carrying amounts of the property, plant and equipment and right-of-use assets related to the land were measured at the fair values as of revaluation date, March 31, 2025. In accordance with paragraph 17 of KIFRS 1008 *Accounting Policies, Changes in Accounting Estimates and Errors*, the change was not applied retrospectively to the financial statements as of December 31, 2024.

② Fair value model for investment property

The Company re-assessed its accounting for investment property with respect to measurement of investment property after initial recognition. The Company had previously measured all investment property using the cost model in accordance with paragraph 56 of KIFRS 1040 *Investment property* whereby, after initial recognition of the investment property, the asset was carried at cost less accumulated depreciation and accumulated impairment losses.

On January 1, 2025, the Company elected to change the method of accounting for investment property, as the Company believes that the fair value model provides more relevant information to the users of its financial statements as it is aligned to practices adopted by its competitors. In addition, available valuation techniques provide reliable estimates of the land and buildings' fair value. The Company applied the fair value model retrospectively.

After initial recognition, investment property is measured at fair value at the date of the revaluation.

3. Summary of material accounting policies (cont'd)

(1) Changes in accounting policies and disclosures (cont'd)

② Fair value model for investment property (cont'd)

The financial effects of changes in the accounting policy for the periods prior to the three-month period ended March 31, 2025 are as follows:

-Statements of financial position

	As of December 31, 2024			As of January 1, 2024		
	Before adjustment	Adjustment	After adjustment	Before adjustment	Adjustment	After adjustment
Investment property	₩ 698,770,483	₩ 418,239,313	₩ 1,117,009,796	₩ 661,961,578	₩ 389,895,471	₩ 1,051,857,049
Total assets	10,299,544,778	418,239,313	10,717,784,091	9,657,272,505	389,895,471	10,047,167,976
Deferred tax liabilities	323,425,269	99,873,547	423,298,816	388,026,543	93,306,279	481,332,822
Total liabilities	4,435,298,675	99,873,547	4,535,172,222	4,298,986,316	93,306,279	4,392,292,595
Retained earnings	5,595,777,287	318,365,766	5,914,143,053	5,093,441,884	296,589,192	5,390,031,076
Total equity	₩ 5,864,246,104	₩ 318,365,766	₩ 6,182,611,870	₩ 5,358,286,188	₩ 296,589,192	₩ 5,654,875,380

-Statements of profit or loss and other comprehensive income

	For the three-month period ended March 31, 2024			For the year ended December 31, 2024		
	Before adjustments	Adjustment	After adjustment	Before adjustment	Adjustment	After adjustment
Other non-operating income	₩ 10,408,326	₩ 3,572,100	₩ 13,980,426	₩ 50,951,770	₩ 44,259,518	₩ 95,211,288
Other non-operating expenses	3,334,254	925,923	4,260,177	22,506,824	15,915,676	38,422,500
Income tax expense	137,130,906	613,119	137,744,025	67,496,503	6,567,268	74,063,771
Net profit for the period	₩ 575,561,938	₩ 2,033,058	₩ 577,594,996	₩ 570,847,136	₩ 21,776,574	₩ 592,623,710

The effect of changes in accounting policy on the statements of cash flows is not significant. The cash flows from operating activities, including profit for the period, income tax expenses, depreciation, and gains or losses on revaluation of investment properties, have been adjusted accordingly.

(2) New and amended standards and interpretations

① Amendments to KIFRS1021: *Lack of exchangeability*
The amendments to KIFRS 1021 *The Effects of Changes in Foreign Exchange Rates* specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. When applying the amendments, an entity does not restate comparative information.
The amendments are not expected to have a material impact on the Company's interim financial statements.

4. Cash and cash equivalents

Cash and cash equivalents as of March 31, 2025 and December 31, 2024 are summarized as follows (Korean won in thousands):

	March 31, 2025	December 31, 2024
Cash on hand	₩ 20,000	₩ -
Bank deposits	389,193,840	220,416,665
Short-term financial instruments	310,230,939	55,626,007
	₩ 699,444,779	₩ 276,042,672

Above cash and cash equivalents have short-term maturity with the floating interest rate which reflects the current market rate. The difference between the carrying amount and fair value of the above cash and cash equivalents is insignificant.

5. Trade receivables

(1) Trade receivables are presented in the interim financial statements, net of allowance for doubtful accounts and present value discount. Details of the gross amounts of trade receivables, allowances for doubtful accounts and present value discounts as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025			
	Gross amount	Allowance for doubtful accounts	Present value discount (*2)	Carrying amount
Trade receivables (*1)	₩ 536,610,001	₩ (5,216,320)	₩ -	₩ 531,393,681
Non-current trade receivables	6,591,552	(6,093,606)	(41,983)	455,963
	₩ 543,201,553	₩ (11,309,926)	₩ (41,983)	₩ 531,849,644

	December 31, 2024			
	Gross amount	Allowance for doubtful accounts	Present value discount (*2)	Carrying amount
Trade receivables (*1)	₩ 577,797,848	₩ (5,890,163)	₩ -	₩ 571,907,685
Non-current trade receivables	7,186,502	(6,650,621)	(43,481)	492,400
	₩ 584,984,350	₩ (12,540,784)	₩ (43,481)	₩ 572,400,085

(*1) The difference between the carrying amount and fair value of trade receivables is insignificant for short-term receivables.
(*2) Effective interest rates range from 2.20% to 4.03%.

5. Trade receivables (cont'd)

(2) Changes in allowances for doubtful accounts for the three-month period ended March 31, 2025 and the year ended December 31, 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the year ended December 31, 2024
Beginning balance	₩ 12,540,784	₩ 16,182,417
Provision(reversal)	(825,579)	(742,726)
Write-off, etc.	(405,279)	(2,898,907)
Ending balance	₩ 11,309,926	₩ 12,540,784

6. Other receivables

(1) Other receivables are presented net of allowance for doubtful accounts and present value discount. The gross amounts of other receivables, allowances for doubtful accounts, present value discounts as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025			
	Gross amount	Allowance for doubtful accounts	Present value discount	Carrying amount
Current loans receivables	₩ 13,112,920	₩ -	₩ -	₩ 13,112,920
Current non-trade receivables	101,504,725	(1,686)	(195,625)	101,307,414
Accrued incomes	3,681,001	(2,100,838)	-	1,580,163
Right of return assets	492,114	-	-	492,114
Current	₩ 118,790,760	₩ (2,102,524)	₩ (195,625)	₩ 116,492,611
Non-current guarantee deposits	7,734,210	-	(526,629)	7,207,581
Non-current loans receivables	171,010,710	(15,232,000)	-	155,778,710
Non-current non-trade receivables	36,171,951	-	(10,003,568)	26,168,383
Non-current accrued incomes	8,530,098	-	-	8,530,098
Other investment assets	53,700	-	-	53,700
Non-current	₩ 223,500,669	₩ (15,232,000)	₩ (10,530,197)	₩ 197,738,472
	₩ 342,291,429	₩ (17,334,524)	₩ (10,725,822)	₩ 314,231,083

	December 31, 2024			
	Gross amount	Allowance for doubtful accounts	Present value discount	Carrying amount
Current loans receivables	₩ 13,647,741	₩ -	₩ -	₩ 13,647,741
Current non-trade receivables	36,581,331	(1,686)	(214,469)	36,365,176
Accrued incomes	2,593,959	(2,100,838)	-	493,121
Right of return assets	409,381	-	-	409,381
Current	₩ 53,232,412	₩ (2,102,524)	₩ (214,469)	₩ 50,915,419
Non-current guarantee deposits	8,364,064	-	(268,295)	8,095,769
Non-current loans receivables	171,345,937	(15,232,000)	-	156,113,937
Non-current non-trade receivables	36,950,469	-	(10,254,807)	26,695,662
Non-current accrued incomes	6,460,952	-	-	6,460,952
Other investment assets	51,947	-	-	51,947
Non-current	₩ 223,173,369	₩ (15,232,000)	₩ (10,523,102)	₩ 197,418,267
	₩ 276,405,781	₩ (17,334,524)	₩ (10,737,571)	₩ 248,333,686

6. Other receivables (cont'd)

(2) Changes in allowances for doubtful accounts in relation to other receivables for the three-month period ended March 31, 2025 and the year ended December 31, 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the year ended December 31, 2024
Beginning balance	₩ 17,334,524	₩ 17,334,524
Ending balance (*1)	₩ 17,334,524	₩ 17,334,524

(*1) Allowance for doubtful accounts related to loans receivables, non-trade receivables and accrued incomes for the joint venture POLYSILICON TECHNOLOGY COMPANY (hereinafter, "PTC") is included. As other receivables of PTC stated above are unlikely to be recovered, the entire carrying amount of the receivables are recognized as the allowance for doubtful accounts prior to the year ended December 31, 2024.

7. Inventories

(1) Details of inventories as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025		
	Acquisition cost	Allowance	Carrying amount
Finished goods	₩ 244,253,827	₩ (14,190,752)	₩ 230,063,075
Semi-finished goods	37,513,769	(535,292)	36,978,477
Merchandises	30,199,012	(151,760)	30,047,252
Work in process	20,705,965	(1,336,276)	19,369,689
Raw materials	119,907,255	(1,520,911)	118,386,344
Supplies	69,684,519	-	69,684,519
Material-in-transit	28,464,092	-	28,464,092
	₩ 550,728,439	₩ (17,734,991)	₩ 532,993,448

	December 31, 2024		
	Acquisition cost	Allowance	Carrying amount
Finished goods	₩ 258,616,318	₩ (17,971,875)	₩ 240,644,443
Semi-finished goods	38,484,005	(769,381)	37,714,624
Merchandises	31,118,045	(77,585)	31,040,460
Work in process	22,705,975	(1,418,907)	21,287,068
Raw materials	119,289,723	(1,373,458)	117,916,265
Supplies	69,841,380	-	69,841,380
Material-in-transit	28,285,362	-	28,285,362
	₩ 568,340,808	₩ (21,611,206)	₩ 546,729,602

(2) The Company recognized a reversal of loss on valuation of inventories amounting to ₩3,876 million and ₩869 million as cost of sales for each of the three-month periods ended March 31, 2025 and 2024, respectively.

8. Other financial assets and financial liabilities

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

	March 31, 2025		
	Current	Non-current	Total
Other financial assets:			
Financial assets measured at fair value through profit or loss	₩ -	₩ 2,720,774,698	₩ 2,720,774,698
Financial assets measured at fair value through other comprehensive income	-	14,779,439	14,779,439
Government bonds	125,418	191,870	317,288
Derivative assets	3,177,659	-	3,177,659
	₩ 3,303,077	₩ 2,735,746,007	₩ 2,739,049,084

	December 31, 2024		
	Current	Non-current	Total
Other financial assets:			
Financial assets measured at fair value through profit or loss	₩ -	₩ 2,748,880,048	₩ 2,748,880,048
Financial assets measured at fair value through other comprehensive income	-	17,984,042	17,984,042
Government bonds	139,090	202,336	341,426
Derivative assets	21,549,893	-	21,549,893
	₩ 21,688,983	₩ 2,767,066,426	₩ 2,788,755,409

8. Other financial assets and financial liabilities (cont'd)

(2) Financial assets measured at fair value through profit or loss

① Details of financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025		December 31, 2024
	Acquisition cost	Carrying amount	Carrying amount
Financial assets measured at fair value through profit or loss:			
Marketable equity securities	₩ 1,411,672,577	₩ 2,660,490,128	₩ 2,688,595,478
Non-marketable equity securities	48,628,930	58,340,570	58,340,570
Debt instruments (compound financial instruments)	1,944,000	1,944,000	1,944,000
	₩ 1,462,245,507	₩ 2,720,774,698	₩ 2,748,880,048
Financial assets measured at fair value through other comprehensive income:			
Marketable equity securities	54,219,741	14,779,439	17,984,042
	₩ 1,516,465,248	₩ 2,735,554,137	₩ 2,766,864,090

② Changes in financial assets measured at fair value through profit or loss classified at level 3 for the three-month period ended March 31, 2025 and the year ended December 31, 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the year ended December 31, 2024
Beginning balance	₩ 60,284,570	₩ 57,908,773
Acquisitions	-	2,125,093
Unrealized gain (loss) on valuation	-	250,704
Ending balance	₩ 60,284,570	₩ 60,284,570
Interim statement of financial position:		
Non-current	₩ 60,284,570	₩ 60,284,570

9. Derivative instruments

(1) The Company entered into a currency forward contract with Hana Bank prior to the year ended December 31, 2024 in order to hedge the risk of fluctuations in the fair value of foreign currency trade receivables.

The aforementioned derivative contracts, in accordance with risk management policy of the Company, provide hedging effects; however, the Company does not apply hedge accounting described in KIFRS 1109 to these derivative contracts.

(2) Details of derivative instruments as of March 31, 2025 and December 31, 2024 are as follows:

	March 31, 2025			
	Transaction purpose	Derivative instruments type	Accounting method	Contract contents
Trade receivables denominated in foreign currency	Fair value hedge	Currency forward contract	Trading	Counterparty: Hana Bank Period: Apr. 24, 2020 – Dec. 17, 2025 Contract amount: JPY 10.98 billion and KRW 125.487 billion

	December 31, 2024			
	Transaction purpose	Derivative instruments type	Accounting method	Contract contents
Long-term borrowings (including current portion of long-term borrowings)	Fair value hedge	Interest rate swap	Trading	Counterparty: Shinhan Bank Period: Mar. 4, 2022 – Mar. 4, 2025 Interest rate swap: KRW CD (91 days) +0.70% and KRW 3.005% Principal: KRW 150 billion
	Fair value hedge	Currency swap	Trading	Counterparty: Hana Bank Period: Mar. 18, 2022 – Mar. 18, 2025 Contract amount: EUR 90 million and interest, KRW 120.780 billion and interest
Trade receivables denominated in foreign currency	Fair value hedge	Currency forward contract	Trading	Counterparty: Hana Bank Period: Apr. 24, 2020 – Dec. 17, 2025 Contract amount: JPY 10.98 billion and KRW 125.487 billion

(3) There were no changes in the derivatives classified at Level 3 for the three-month period ended March 31, 2025.

(4) Changes in derivatives classified at Level 3 for the year ended December 31, 2024 are summarized as follows (Korean won in thousands):

		For the year ended December 31, 2024		
	Contents	Beginning balance	Settlement	Ending balance
Other derivatives	Drag-Along Right (liabilities)	₩ (164,369,968)	₩ 164,369,968	₩ -

10. Investments in associates and joint ventures

(1) Details of associates and joint ventures as of March 31, 2025 is as follows:

	Classification	Main business area	Fiscal year end	Main business activities
MOM No. 1 Private Equity Fund (*1)	Associate	Korea, Republic of	December 31	Financial investment
KCC Engineering & Construction Co., Ltd.	Associate	Korea, Republic of	December 31	Construction
KCW Corporation (*2)	Associate	Korea, Republic of	December 31	Financial investment
Kumgang Leisure Co., Ltd.	Associate	Korea, Republic of	December 31	Operation of golf course
SIC Management, Ltd (*3)	Associate	UAE	December 31	Project management
SIC Investment, Ltd (*4)	Joint venture	UAE	December 31	Financial investment
Polysilicon Technology Company (*5)	Joint venture	Saudi Arabia	December 31	Manufacture of polysilicon

Details of investments in associates and joint ventures as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025		December 31, 2024	
	% Ownership	Carrying amount	% Ownership	Carrying amount
MOM No.1 Private Equity Fund (*1)	49.81	₩ 64,476,027	49.81	₩ 64,476,027
KCC Engineering & Construction Co., Ltd.	38.66	147,014,671	38.66	147,014,671
KCW Corporation (*2)	38.75	22,281,250	38.75	22,281,250
Kumgang Leisure Co., Ltd	20.50	4,273,809	20.50	4,273,809
SIC Management, Ltd (*3)	32.15	-	32.15	-
SIC Investment, Ltd (*4)	33.33	1,926,993	33.33	1,926,993
Polysilicon Technology Company (*5)	50.00	-	50.00	-
Total		₩ 239,972,750		₩ 239,972,750

(*1) For the year ended December 31, 2024, an additional investment of ₩388 million and capital reduction of ₩324,159 million were made in the MOM No. 1 Private Equity Fund, and there was no change in the ownership interests.

(*2) For the year ended December 31, 2024, an additional investment of ₩6,781 million was made in KCW Corporation, and there was no change in the ownership interests.

(*3) For the year ended December 31, 2024, an additional investment of ₩208 million was made in the SIC Management, Ltd, and the ownership interests changed from 32.03% to 32.15%. There was indication that the investment may be impaired for the year ended December 31, 2024. The Company performed assessment of impairment on the investments in SIC Management, Ltd. As a result, the carrying amount was greater than the estimated recoverable amount. Therefore, the Company recognized an impairment loss on the entire carrying amount of its investments in the joint venture.

(*4) The Company has classified SIC Investment, Ltd, as a joint venture because the Company has concluded that the Company has a joint control according to the agreement among the three investing parties. For the year ended December 31, 2024, an additional investment of ₩69 million was made in the SIC Investment, Ltd, and there was no change in the ownership interests.

(*5) Prior to the year ended December 31, 2024, the Company performed assessment of impairment on the investments in PTC. As a result, the carrying amount was greater than the estimated recoverable amount. Therefore, the Company recognized an impairment loss on the entire carrying amount of its investments in the joint venture.

(2) The market prices of marketable investments in associates as of March 31, 2025 are as follows (Korean won in thousands):

	Fair value	Carrying amount
KCC Engineering & Construction Co., Ltd.	₩ 30,072,939	₩ 147,014,671

11. Investments in subsidiaries

(1) Details of investments in subsidiaries as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	Main business area	Main business activities	March 31, 2025		December 31, 2024	
			% Ownership	Carrying amount	% Ownership	Carrying amount
KCC Chemical (HK) Holdings Limited	Hong Kong	Holding Company	100	₩ 267,644,647	100	₩ 267,644,647
KCC (Singapore) Pte. Ltd. (*1)	Singapore	Manufacturing and Sale of Paints	100	272,963,279	100	272,963,279
KCC Boya Sanayi ve Ticaret Limited Sirketi	Türkiye	Manufacturing and Sales of Paints	100	39,838,620	100	39,838,620
KCC Japan Co., Ltd.	Japan	Sales of Building Materials, Paints, Silicones, etc.	100	3,858,321	100	3,858,321
MOM Holding Company (*2)	USA	Manufacturing and Sales of Silicones	100	2,255,466,196	100	2,255,466,196
Total				₩ 2,839,771,063		₩ 2,839,771,063

(*1) For the year ended December 31, 2024, KCC (Singapore) Pte. Ltd, a subsidiary, made a new investment of ₩4,569 million, and there was no change in the ownership interests.

(*2) For the year ended December 31, 2024, the Company acquired 40,941 shares of convertible preferred stock with voting rights issued by MOM Holding Company from MOM USA Limited Partnership, resulting in an increase in its ownership percentage in MOM holding Company from 60.00% to 100.00%.

12. Property, plant and equipment

(1) Changes in property, plant and equipment for the three-month period ended March 31, 2025 and for the year ended December 31, 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the year ended December 31, 2024
Carrying amount:		
Beginning balance	₩ 1,546,196,241	₩ 1,647,382,600
Acquisitions and capital expenditures (*1)	12,672,585	84,587,324
Gain (loss) on revaluation	877,888,300	-
Disposals and retirements	(135,981)	(2,653,247)
Depreciation	(34,072,619)	(138,042,265)
Other changes (*2)	(7,796,567)	(45,078,171)
Ending balance	₩ 2,394,751,959	₩ 1,546,196,241

(*1) For the year ended December 31, 2024, government grants amounting to ₩638 million were deducted from the acquisition cost of property, plant and equipment.

For the three-month period ended March 31, 2025, the Company has capitalized interest cost of ₩17 million (For the year ended December 31, 2024: ₩659 million) which is included in the acquisition cost of property, plant and equipment for. The capitalization interest rate was 3.83% for the three-month period ended March 31, 2025 (For the year ended December 31, 2024: 3.83%).

(*2) For the three-month period ended March 31, 2025, increases and decreases on others are the replacement amount of ₩7,692 million to investment property, repairs and other expenses of ₩97 million. For the year ended December 31, 2024, increases and decreases on others are the replacement amount of ₩41,990 million to investment property, the replacement amount of ₩56 million to intangible assets, repairs and other expenses of ₩3,032 million.

12. Property, plant and equipment (cont'd)

(2) For the three-month period ended March 31, 2025, the Company revalued its land as of January 1, 2025 through an independent appraiser. Based on the nature, characteristics, and risks of the assets, the Company determined that land represents a separate class of property, plant and equipment.

The fair value of the assets was determined by comparing and assessing the reasonableness of preliminary estimates derived from the Officially Announced Land Price ("OALP") Method, the Market Comparable Approach, and the Income Capitalization Method. To determine the fair value, the Company engaged Joong-ang Appraisal Co., Ltd., an independent and accredited external valuation specialist, and the valuation was based on the market-based evidence.

The carrying amounts of the land after revaluation and the carrying amounts under the cost model are as follows (Korean won in thousands):

	Revaluation model	Cost model
Land	₩ 1,684,413,832	₩ 806,525,532

The Company recognized the revaluation gain of ₩887,751,030 thousand (before income tax effect) in other comprehensive income and the revaluation loss of ₩9,862,730 thousand (before income tax effect) in profit or loss as a result of the revaluation of land conducted for the three-month period ended March 31, 2025.

(3) The fair value of land classified in the fair value hierarchy as of March 31, 2025 is as follows (Korean won in thousands):

	March 31, 2025			
	Level 1	Level 2	Level 3	Total
Land	₩ -	₩ -	₩ 1,684,413,832	₩ 1,684,413,832

The Company classifies all land measured at fair value within Level 3 of the fair value hierarchy. Detailed descriptions of the fair value hierarchy are provided in Note 18.

(4) Changes in the carrying amount of land classified as Level 3 for the three-month period ended March 31, 2025 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025
Carrying amount:	
Beginning balance	₩ 812,896,678
Level 3 revaluation gain recognized due to change in accounting policy to revaluation model	887,751,030
Level 3 revaluation loss recognized due to change in accounting policy to revaluation model	(9,862,730)
Others	(6,371,146)
Ending balance	1,684,413,832

The Company changed its accounting policy with respect to the measurement of land to the revaluation model as of January 1, 2025, therefore the fair value of the land was not measured as of January 1, 2024.

13. Intangible assets

Changes in intangible assets for the three-month period ended March 31, 2025 and for the year ended December 31, 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the year ended December 31, 2024
Carrying amount:		
Beginning balance	₩ 7,340,671	₩ 7,794,260
Acquisitions and capital expenditures	153,647	726,686
Disposals and retirements	(14,629)	(38,964)
Amortization	(303,865)	(1,196,919)
Other changes (*1)	-	55,608
Ending balance	₩ 7,175,824	₩ 7,340,671

(*1) The other changes in the prior period reflects the amount transferred from construction in progress to intangible assets.

14. Investment property

(1) Changes in investment properties for the three-month period ended March 31, 2025 and the year ended December 31, 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the year ended December 31, 2024
Carrying amount:		
Beginning balance	₩ 1,117,009,796	₩ 661,961,578
Effect of the change in accounting policy as of January 1, 2025	-	389,895,471
Revaluation	(709,833)	28,343,841
Transfer (*1)	7,692,199	36,808,906
Ending balance	₩ 1,123,992,162	₩ 1,117,009,796

(*1) The reclassification between property, plant and equipment and investment property was made due to changes in the intended use and the rental ratio of the real estate.

(2) Collateral

Land and buildings as of March 31, 2025 are collateralized with respect to the borrowings from banks and leasehold rights (refer to Note 15).

(3) Profit or loss related to investment property

Details of profits or losses incurred in respect of investment properties, excluding depreciation expenses, for each of the three-month periods ended March 31, 2025 and 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Rental revenues	₩ 4,456,742	₩ 3,683,051
Operating expenses	(458,675)	(235,996)
	₩ 3,998,067	₩ 3,447,055

(4) Fair value model for investment property

On January 1, 2025, the Company elected to change the method of accounting for investment property, as the Company believes that the fair value model provides more reliable and relevant information regarding its financial position and cash flows, as the fair value of investment property better reflects the economic substance of the assets.

14. Investment property (cont'd)

(4) Fair value model for investment property (cont'd)

After initial recognition, investment property is measured at fair value at the date of the valuation. The Company applied the fair value model retrospectively. The financial effects of the accounting policy changes on periods prior to the three-month period ended March 31, 2025 are disclosed in Note 3.

The fair values of the properties are based on valuations performed by Joong-ang Appraisal Co., Ltd., an accredited independent valuation firm. Joong-ang Appraisal Co., Ltd. is a specialist in valuing these types of investment properties. A valuation model including the Publicly Announced Land Price Method, the Market Comparable Approach, and the Cost Approach, in accordance with Article 14, 15, and 16 of the Rules on Appraisal and Valuation has been applied.

The fair value hierarchy levels for the fair value measurement of investment properties as of March 31, 2025 are as follows (Korean won in thousands):

	March 31, 2025			
	Level 1	Level 2	Level 3	Total
Land	₩ -	₩ -	₩ 1,006,796,885	₩ 1,006,796,885
Buildings	-	-	117,195,277	117,195,277

The Company classifies all investment property measured at fair value within Level 3 of the fair value hierarchy. Detailed descriptions of the fair value hierarchy are provided in Note 18.

15. Pledged assets and guarantees

(1) Details of assets pledged as collateral for the Company's borrowings as of March 31, 2025 are as follows (Korean won in thousands):

Pledged asset	Pledged amount	Carrying amount	Type	Amount of borrowings	Lender
Head office land and buildings	2,103,573	422,992,363	Mortgage	1,752,977	Kookmin Bank and others
Gwangju operation office building and others	610,000	6,532,445	Leasehold rights	610,000	Korea Industrial Safety Association
	₩ 2,713,573	₩ 429,524,808		₩ 2,362,977	

(2) Details of deposits restricted in use as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

Asset	Type of deposit	Financial institutions	March 31, 2025	December 31, 2024	Details of restriction
Other non-current receivables	Special deposits	KEB Hana bank and others	₩ 7,000	₩ 7,000	Deposits for checking account
	Special deposits (*1)	Nonghyup Bank	46,700	44,947	Provisions for expected repair
			₩ 53,700	₩ 51,947	

(*1) The Company made a deposit in Nonghyup Bank for the expected repair expense of employee housing located near Daejuk 1 Plant.

16. Borrowings

(1) Details of borrowings as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025	December 31, 2024
Current borrowings:		
Short-term borrowings	₩ 782,545,298	₩ 688,405,344
Current portion of long-term borrowings	-	137,585,700
Current portion of bonds	464,798,166	319,909,994
	₩ 1,247,343,464	₩ 1,145,901,038
Non-current borrowings:		
Long-term borrowings	₩ 644,698,738	₩ 644,663,009
Bonds	1,561,826,923	1,307,469,090
	₩ 2,206,525,661	₩ 1,952,132,099
	₩ 3,453,869,125	₩ 3,098,033,137

(2) Short-term borrowings

Details of short-term borrowings as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	Description	Annual interest rate (%)	March 31, 2025	December 31, 2024
Samsung Card Co., Ltd. (*1)	Transaction settlement service	0.90 ~ 1.75	₩ 42,175,889	₩ 45,198,996
Kookmin Bank	Bank overdraft	MOR (6M) + 1.74	47,500,590	
BNK Securities	Commercial paper and others	-	-	90,000,000
Bookook Securities Co., Ltd.	Commercial paper and others	2.98 ~ 3.21	100,000,000	30,000,000
Shinhan Bank	Commercial paper	MOR (6M) + 0.80	100,000,000	100,000,000
Shinhan Bank	Commercial paper acquisition agreement	CD (91 days) + 0.85 ~ 1.00	290,000,000	290,000,000
Hyundai Motor Securities Co., Ltd.	Commercial paper and others	3.01 ~ 3.15	70,000,000	30,000,000
IM Investment & Securities Co., Ltd	Commercial paper and others	3.27 ~ 3.29	70,000,000	70,000,000
Yuanta Securities Korea Co., Ltd.	Commercial paper	3.49	30,000,000	
Shinhan Bank and others	Banker's Usance (USD)	SOFR + 0.35 ~ 0.80	26,731,817	28,939,677
	Banker's Usance (EUR)	EURIBOR + 0.15 ~ 0.80	1,458,361	1,713,755
	Banker's Usance (JPY)	TIBOR + 0.25 ~ 0.80	2,960,785	2,245,711
	Banker's Usance (CNY)	HIBOR + 0.40 ~ 0.80	1,717,856	307,205
			₩ 782,545,298	₩ 688,405,344

(*1) The Company pledged trade receivables of its branch as collateral for the loan agreement with Samsung Card Co., Ltd. According to the loan agreement, Samsung Card Co., Ltd. has a right of recourse when the repayment is delayed for more than three months. Above interest rate is applied as a discount rate for the financing.

16. Borrowings (cont'd)

(3) Long-term borrowings

① Details of long-term borrowings as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	Description	Annual interest rate (%)	Maturity	March 31, 2025	December 31, 2024
Kumgang Hana First. LLC	Acquisition financing	CD (91 days) + 1.00	Apr. 29, 2027	400,000,000	400,000,000
KDB Bank and others	Syndicated loan	CD (91 days) + 0.80	Apr. 29, 2027	145,000,000	145,000,000
China Construction Bank	Syndicated loan	CD (91 days) + 0.98	May 10, 2027	50,000,000	50,000,000
Bank of China	Syndicated loan	CD (91 days) + 0.98	May 10, 2027	50,000,000	50,000,000
Hana Bank	Foreign currency loan	-	Mar. 18, 2025	-	137,585,700
				₩ 645,000,000	₩ 782,585,700
Discount on present value				(301,262)	(336,991)
Current portion of long-term borrowings				-	- (137,585,700)
				₩ 644,698,738	₩ 644,663,009

② The repayment schedules of long-term borrowings as of March 31, 2025 are as follows (Korean won in thousands):

	Long-term borrowings
Apr. 1, 2027 - Mar. 31, 2028	₩ 645,000,000
	₩ 645,000,000

16. Borrowings (cont'd)

(4) Bonds

① Details of bonds issued by the Company as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	Redemption date	Annual interest rate (%)	March 31, 2025	December 31, 2024
69th non-guaranteed domestic bond	Oct. 30, 2025	2.48	50,000,000	50,000,000
73-2nd non-guaranteed domestic bond	Oct. 8, 2026	2.59	80,000,000	80,000,000
74-1st non-guaranteed domestic bond	Apr. 8, 2025	3.76	270,000,000	270,000,000
74-2nd non-guaranteed domestic bond	Apr. 8, 2027	3.85	30,000,000	30,000,000
75-1st non-guaranteed domestic bond	May 29, 2026	4.57	275,000,000	275,000,000
75-2nd non-guaranteed domestic bond	May 31, 2028	4.78	45,000,000	45,000,000
76-1st non-guaranteed domestic bond	Jan. 15, 2026	4.10	145,000,000	145,000,000
76-2nd non-guaranteed domestic bond	Jan. 15, 2027	4.25	380,000,000	380,000,000
76-3rd non-guaranteed domestic bond	Jan. 15, 2029	4.59	55,000,000	55,000,000
77-1st non-guaranteed domestic bond	Oct. 7, 2026	3.23	80,000,000	80,000,000
77-2nd non-guaranteed domestic bond	Oct. 7, 2027	3.38	220,000,000	220,000,000
78-1st non-guaranteed domestic bond	Mar. 7, 2028	3.16	280,000,000	-
78-2nd non-guaranteed domestic bond	Mar. 7, 2030	3.33	120,000,000	-
			₩ 2,030,000,000	₩ 1,630,000,000
Discount on bonds			(3,374,911)	(2,620,916)
			₩ 2,026,625,089	₩ 1,627,379,084
Current portion of bonds			(464,798,166)	(319,909,994)
			₩ 1,561,826,923	₩ 1,307,469,090

② The repayment schedules of the bonds as of March 31, 2025 are as follows (Korean won in thousands):

	Bonds
Apr. 1, 2025 – Mar. 31, 2026	₩ 465,000,000
Apr. 1, 2026 – Mar. 31, 2027	815,000,000
Apr. 1, 2027 – Mar. 31, 2028	530,000,000
Apr. 1, 2028 – Mar. 31, 2029	100,000,000
Apr. 1, 2029 – Mar. 31, 2030	120,000,000
	₩ 2,030,000,000

17. Other payables

Details of other payables as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025		December 31, 2024	
	Current	Non-current	Current	Non-current
Other payable	₩ 241,183,219	₩ -	₩ 212,638,262	₩ -
Advances received (*1)	33,918,138	7,431,988	28,473,477	7,184,214
Deposits received	1,523,197	-	13,642,596	-
Accrued expenses	33,167,905	-	30,892,699	-
Guarantee deposit received	10,818,459	-	10,250,789	-
Financial guarantee liabilities (*2)	252,712,137	-	253,534,333	-
Refund liabilities (*3)	1,294,842	-	580,606	-
Leasehold deposit received	-	63,217,763	-	57,528,933
Lease liabilities	7,753,997	24,652,560	8,204,756	24,839,245
	₩ 582,371,894	₩ 95,302,311	₩ 55,217,518	₩ 89,552,392

(*1) Advances received are comprised of contract liabilities (refer to Note 33).

(*2) Refer to the note on related parties for detailed information regarding financial guarantee (refer to Note 31).

(*3) The Company has accounted for the expected sales returns as refund liabilities in connection with the return of goods and merchandise. The Company has accounted for ₩492 million and ₩409 million as right of return assets in the related cost of goods sold as of March 31, 2025 and December 31, 2024, respectively.

18. Financial instruments by category

(1) Details of financial instruments by category as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025					
	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Financial guarantee liabilities	Total
Financial assets:						
Derivative assets	₩ 3,177,659	₩ -	-	-	-	3,177,659
Financial asset measured at fair value through profit or loss	2,720,774,698	-	-	-	-	2,720,774,698
Financial assets measured at fair value through other comprehensive income	-	14,779,439	-	-	-	14,779,439
Cash equivalents	-	-	699,424,779	-	-	699,424,779
Short-term financial instruments	509,061,063	-	-	-	-	509,061,063
Trade receivables	-	-	531,849,644	-	-	531,849,644
Other receivables	-	-	313,082,020	-	-	313,082,020
Government bonds	-	-	317,288	-	-	317,288
	₩ 3,233,013,420	₩ 14,779,439	1,544,673,731	-	-	4,792,466,590
Financial liabilities:						
Trade payables	-		-	249,991,290	-	249,991,290
Short-term borrowings (including current portion of long- term borrowings and bonds)	-		-	1,247,343,464	-	1,247,343,464
Other liabilities (*1)	-		-	379,361,010	-	379,361,010
Long-term borrowings (including bonds)	-		-	2,206,525,661	-	2,206,525,661
Financial guarantee liabilities	-		-	-	252,712,137	252,712,137
	₩ -	₩	-	4,083,221,425	252,712,137	4,335,933,562

(*1) Other liabilities classified as financial liabilities measured at amortized cost include lease liabilities which are not subject to the classification of financial liabilities by category, and liabilities for the rights and obligations of employer under the employee benefit plan applying KIFRS 1019.

	December 31, 2024					
	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Financial guarantee liabilities	Total
Financial assets:						
Derivative assets	₩ 21,549,893	₩ -	-	-	-	21,549,893
Financial asset measured at fair value through profit or loss	2,748,880,048	-	-	-	-	2,748,880,048
Financial assets measured at fair value through other comprehensive income	-	17,984,042	-	-	-	17,984,042
Cash equivalents	-	-	276,042,672	-	-	276,042,672
Short-term financial instruments	481,477,348	-	-	-	-	481,477,348
Trade receivables	-	-	572,400,085	-	-	572,400,085
Other receivables	-	-	247,924,305	-	-	247,924,305
Government bonds	-	-	341,426	-	-	341,426
	₩ 3,251,907,289	₩ 17,984,042	1,096,708,488	-	-	4,366,599,819
Financial liabilities:						
Trade payables	-		-	252,195,795	-	252,195,795
Short-term borrowings (including current portion of long- term borrowings and bonds)	-		-	1,145,901,038	-	1,145,901,038
Other liabilities (*1)	-		-	340,485,921	-	340,485,921
Long-term borrowings (including bonds)	-		-	1,952,132,099	-	1,952,132,099
Financial guarantee liabilities	-		-	-	253,534,333	253,534,333
	₩ -	₩	-	3,690,714,853	253,534,333	3,944,249,186

(*1) Other liabilities classified as financial liabilities measured at amortized cost include lease liabilities which are not subject to the classification of financial liabilities by category, and liabilities for the rights and obligations of employer under the employee benefit plan applying KIFRS1019.

18. Financial instruments by category (cont'd)

(2) Details of net gains (losses) from financial instruments by category for each of the three-month periods ended March 31, 2025 and 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Financial assets measured at fair value through profit or loss:		
Gain (loss) on valuation	₩ (23,165,190)	₩ 504,922,385
Gain on transaction	4,649,967	155,839
Dividend income	62,434,942	47,259,092
Gain (loss) on disposal	(5,740,727)	3,269,026
Financial assets measured at fair value through other comprehensive income:		
Loss on valuation, net of tax	(2,268,839)	(507,918)
Dividend income	478,299	800,722
Financial assets measured at amortized cost:		
Reversal of impairment loss	825,579	543,812
Interest income	5,421,780	8,275,417
Gain on foreign currency translation	3,903,284	28,963,856
Financial liabilities measured at fair value through profit or loss:		
Loss on valuation	-	(4,569,688)
Financial liabilities measured at amortized cost:(*1)		
Interest expenses	(32,549,243)	(28,957,866)
Loss on foreign currency translation	(317,808)	(6,677,266)
Financial guarantee liabilities:		
Financial guarantee income	732,620	1,254,196
Financial guarantee expenses	(384,902)	(357,068)
Gain (loss) on foreign currency translation	465,788	(10,532,805)

(*1) Gains or losses for financial liabilities measured at amortized cost include gains or losses for lease liabilities which are not subject to the classification of financial liabilities by category.

(3) Financial risk

The financial risk management objectives and policies of the Company are consistent with those followed in the Company's annual financial statements for the year ended December 31, 2024.

18. Financial instruments by categories (cont'd)

(4) Fair value risk

① The carrying amounts and fair values of financial assets and liabilities as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025		December 31, 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets:				
Assets measured at fair value:				
Financial assets measured at fair value through profit or loss (*1)	₩ 2,720,774,698	₩ 2,720,774,698	₩ 2,748,880,048	₩ 2,748,880,048
Financial assets measured at fair value through other comprehensive income (*2)	14,779,439	14,779,439	17,984,042	17,984,042
Derivative assets (*3)	3,177,659	3,177,659	21,549,893	21,549,893
Short-term financial instruments (*1)	509,061,063	509,061,063	481,477,348	481,477,348
	₩ 3,247,792,859	₩ 3,247,792,859	₩ 3,269,891,331	₩ 3,269,891,331
Assets measured at amortized cost (*4,5):				
Cash equivalents	₩ 699,424,779	₩ 699,424,779	₩ 276,042,672	₩ 276,042,672
Trade and other receivables	844,931,664	844,931,664	820,324,390	820,324,390
Government bonds	317,288	317,288	341,426	341,426
	₩ 1,544,673,731	₩ 1,544,673,731	₩ 1,096,708,488	₩ 1,096,708,488
	₩ 4,792,466,590	₩ 4,792,466,590	₩ 4,366,599,819	₩ 4,366,599,819
Liabilities:				
Liabilities measured at amortized cost:				
Trade payables (*5)	₩ 249,991,290	₩ 249,991,290	₩ 252,195,795	₩ 252,195,795
Short-term borrowings (including current portion of long-term borrowings) (*5)	782,545,298	782,545,298	825,991,044	825,991,044
Long-term borrowings	644,698,738	641,509,901	644,663,009	641,063,952
Bonds (including current portion of bonds)	2,026,625,089	2,053,337,993	1,627,379,084	1,650,090,663
Other liabilities (*5,6)	346,954,453	346,954,453	307,441,920	307,441,920
Financial guarantee liabilities	252,712,137	252,712,137	253,534,333	253,534,333
	₩ 4,303,527,005	₩ 4,327,051,072	₩ 3,911,205,185	₩ 3,930,317,707
	₩ 4,303,527,005	₩ 4,327,051,072	₩ 3,911,205,185	₩ 3,930,317,707

The above fair value of financial instruments has been determined based on the methods described below.

(*1) Investments in financial assets measured at fair value through profit or loss

The fair values of financial assets measured at fair value through profit or loss that are traded in the market are determined by the disclosed buying price at the end of the reporting period. The fair values of investments in financial assets measured at fair value through profit or loss that are non-marketable equity securities are assessed and valued at level 3 fair value as of the end of the reporting period. In addition, the short-term investment instruments are assessed and valued at level 2 fair value as of the end of the reporting period using financial institution's valuation, considering directly or indirectly observable inputs.

18. Financial instruments by categories (cont'd)

(4) Fair value risk (cont'd)

① The carrying amounts and fair values of financial assets and liabilities, as of March 31, 2025 and December 31, 2024 are as follows (cont'd) (Korean won in thousands):

(*2) Investments in financial assets measured at fair value through other comprehensive income

Fair value of financial assets measured at fair value through other comprehensive income that are traded in the market is determined by the disclosed buying price at the end of the reporting period.

(*3) Derivatives

a. Currency and interest rate swap: Using the swap rate and the spot rate that were quoted in the market, the difference of incoming cash flows from the variable interest rates and fixed interest rates are calculated, and using the forward exchange rate as of the end of the period, the estimation is calculated for the amount that will be exchanged at maturity discounted to current value.

b. Forward exchange: Considering the contract rate and the leading exchange rate at the end of the reporting period, the amount is discounted to the current value.

(*4) Trade and other receivables

Trade and other receivables approximate the carrying amounts.

(*5) Current asset and liabilities

Fair values of current asset and liabilities approximate the carrying amounts.

(*6) Other liabilities

Lease liabilities classified as other liabilities are excluded from fair value disclosure in accordance with KIFRS 1107 *Financial Instruments: Disclosure*.

18. Financial instruments by categories (cont'd)

(4) Fair value risk (cont'd)

② Interest rate used for determining fair value

The interest rates used to discount estimated cash flows are based on the interest rate of non-guaranteed corporate bonds with the same credit rating, at the reporting date, plus an adequate credit spread.

The interest rates used as of March 31, 2025 and December 31, 2024 are as follows:

	March 31, 2025		December 31, 2024	
	Benchmark rate	Rate (%)	Benchmark rate	Rate (%)
Long-term borrowings	CD rate	3.64 ~ 3.84	CD Rate	4.19 ~ 4.39
Unguaranteed corporate bonds	Earnings rate of same credit rating unguaranteed corporate bonds	3.02 ~ 3.28	Earnings rate of same credit rating unguaranteed corporate bonds	3.20 ~ 3.45

③ Fair value hierarchy

The table below analyses financial instruments measured at fair value, by valuation method. The different levels have been defined as follows:

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

The fair values of financial instruments by hierarchy level as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss	₩ 2,660,490,128	₩ -	₩ 60,284,570	₩ 2,720,774,698
Financial assets measured at fair value through other comprehensive income	14,779,439	-	-	14,779,439
Current derivative assets	-	3,177,659	-	3,177,659
Short-term financial instruments	-	509,061,063	-	509,061,063
	₩ 2,675,269,567	₩ 512,238,722	₩ 60,284,570	₩ 3,247,792,859

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss	₩ 2,688,595,478	₩ -	₩ 60,284,570	₩ 2,748,880,048
Financial assets measured at fair value through other comprehensive income	17,984,042	-	-	17,984,042
Current derivative assets	-	21,549,893	-	21,549,893
Short-term financial instruments	-	481,477,348	-	481,477,348
	₩ 2,706,579,520	₩ 503,027,241	₩ 60,284,570	₩ 3,269,891,331

18. Financial instruments by categories (cont'd)

(4) Fair value risk (cont'd)

③ Fair value hierarchy (cont'd)

The fair value of financial instruments traded in the active market is calculated based on market prices announced at the end of the reporting period. If publicly available prices are readily and regularly available through the exchange, seller, broker, industrial group, rating agency, or supervisory institution, such transactions will occur regularly in the market between the independent parties. The publicly traded market price for the financial assets held by the Company is the buy price. These instruments are included in level 1, and the instruments in Level 1 are listed under the listed equity instruments, which are classified as financial assets measured at fair value through profit or loss or other comprehensive income.

The Company determines the fair value of financial instruments not traded in the active market by using the valuation technique. The Company takes advantage of a variety of assessment techniques and establishes assumptions based on market conditions as of the end of the reporting period. These techniques use observable market information as much as possible and corporate-specific information available at a minimum level. At this point, if all significant input variables required to measure the fair value of the instrument are observable, the instrument is included in the hierarchy Level 2.

If the fair value measurement uses unobservable inputs that are significant, including using observable inputs that require significant adjustments based on unobservable inputs, then the resulting fair value measurement is classified at a Level 3 measurement.

As for trade and other receivables classified as current assets, their carrying amounts are the reasonable approximation of fair values.

④ Movement between Level 1 and Level 2

For fair value measurement, the management used valuation method using all significant inputs only based on observable market data. There was no movement between 'Level 1' and 'Level 2' for the three-month period ended March 31, 2025 and the year ended December 31, 2024.

(5) Transfer of financial assets and others

Financial assets that are not fully derecognized as of March 31, 2025 are summarized as follows (Korean won in thousands):

	Trade receivables (*1)	
The carrying amount of the asset	₩	42,175,889
The carrying amount of the related liabilities		42,175,889
For those liabilities that have recourse only to the transferred assets		42,175,889
The fair value of the asset		42,175,889
The fair value of the related liabilities		42,175,889
Net position		-

(*1) The Company has pledged trade receivables of its branch as collateral for the agreement with Samsung Card Co., Ltd. prior to the year ended December 31, 2024. According to this loan agreement, Samsung Card Co., Ltd. has a right of recourse when the repayment is delayed for over 3 months.

19. Employee benefits

The Company operates both defined benefit and defined contribution plans, as well as a long-term employee benefit program related to long service. Under the defined benefit plan, the Company is obligated to pay employees an amount calculated by multiplying a predetermined rate by the average salary over the final three months of service for each year of service upon retirement. In addition, under the Company's policy, a certain amount is paid to technical employees upon reaching specific service milestones.

The actuarial valuations of the defined benefit obligations and other long-term employee benefits have been performed using the projected unit credit method by a qualified and independent actuary.

(1) Details of defined benefit obligations and other liabilities in respect to employee benefits as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025	December 31, 2024
Present value of defined benefit obligations	₩ 292,998,519	₩ 290,401,888
Fair value of plan assets	(296,605,758)	(300,098,359)
Contribution to the National Pension Plan	(60,083)	(63,170)
Defined benefit liabilities, net	₩ (3,667,322)	₩ (9,759,641)
Present value of other long-term employee benefits	₩ 7,468,035	₩ 7,515,147

(2) Changes in the present values of defined benefit obligations for the three-month period ended March 31, 2025 and the year ended December 31, 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the year ended December 31, 2024
Beginning balance	₩ 290,401,888	₩ 265,666,179
Recognized in profit or loss:		
Current service cost	6,286,548	23,774,688
Interest expenses	2,742,862	11,555,527
Recognized in other comprehensive income:		
Re-measurement of defined benefit plans	-	5,009,561
- Demographic assumptions	-	-
- Financial assumptions	-	10,556,379
- Adjustment based on experience	-	(5,546,818)
Others:		
Transfers from related parties	-	713,989
Other decreases (*1)	(2,051,070)	(10,764,275)
Benefits paid:	(4,381,709)	(5,553,781)
Ending balance	₩ 292,998,519	₩ 290,401,888

(*1) Other decreases include the amount transferred to defined contribution retirement benefit plans.

19. Employee benefits (cont'd)

(3) Changes in other long-term employee benefits for the three-month period ended March 31, 2025 and the year ended December 31, 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the year ended December 31, 2024
Beginning balance	₩ 7,515,147	₩ 5,569,620
Current service cost	122,123	352,606
Interest expenses	71,394	242,279
Benefits paid	(240,629)	(876,631)
Re-measurement factors of defined benefits obligation	-	2,227,273
Ending balance	₩ 7,468,035	₩ 7,515,147

(4) Expenses recognized in profit or loss in respect to defined benefit plans for each of the three-month periods ended March 31, 2025 and 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Defined benefit liabilities:		
Current service costs	₩ 6,286,548	₩ 5,943,672
Interest expenses	2,742,862	2,888,882
Expected return on plan assets	(2,837,398)	(2,963,695)
	₩ 6,192,012	₩ 5,868,859
Other long-term employee benefits:		
Current service costs	₩ 122,123	₩ 88,151
Interest expenses	71,394	60,570
	193,517	148,721
	₩ 6,385,529	₩ 6,017,580

According to the defined contribution retirement plans applied to some employees prior to the year ended December 31, 2024, the Company additionally recognized the retirement benefit of ₩892 million and ₩641 million in profit or loss for each of the three-month periods ended March 31, 2025 and 2024, respectively. In addition, retirement compensation of ₩2,501 million and ₩701 million were paid for each of the three-month periods ended March 31, 2025 and 2024, respectively.

20. Provisions

(1) Changes in provisions for the three-month period ended March 31, 2025 and the year ended December 31, 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025			
	Provisions for product warranties	Provisions for customer points	Provisions for site restoration	Total
Beginning balance	₩ 2,703,800	₩ 76,935	₩ 923,567	₩ 3,704,302
Increase (reversal)	163,843	102,813	43,637	310,293
Payment	(222,521)	(133,276)	-	(355,797)
Ending balance	₩ 2,645,122	₩ 46,472	₩ 967,204	₩ 3,658,798
Interim statement of financial position:				
Current	₩ 2,645,122	₩ 46,472	₩ -	₩ 2,691,594
Non-current	-	-	967,204	967,204
Ending balance	₩ 2,645,122	₩ 46,472	₩ 967,204	₩ 3,658,798

	For the year ended December 31, 2024			
	Provisions for product warranties	Provisions for customer points	Provisions for site restoration	Total
Beginning balance	₩ 2,494,102	₩ 53,980	₩ 787,652	₩ 3,335,734
Increase (reversal)	4,347,503	603,221	268,215	5,218,939
Payment	(4,137,805)	(580,266)	(132,300)	(4,850,371)
Ending balance	₩ 2,703,800	₩ 76,935	₩ 923,567	₩ 3,704,302
Interim statement of financial position:				
Current	₩ 2,703,800	₩ 76,935	₩ -	₩ 2,780,735
Non-current	-	-	923,567	923,567
Ending balance	₩ 2,703,800	₩ 76,935	₩ 923,567	₩ 3,704,302

(2) The Company recognized provisions based on the historical experience for warranty costs related to compensation for defects in goods and constructions.

(3) The Company recognized provisions for expenses expected to incur to restore the environment to its original status due to damages caused by mining developments. The provision is recognized under the units-of-production method. Although the time of completion can't be estimated reliably, it is certain that the restoration will not be completed within one year. Therefore, the Company classified the provision as non-current liabilities.

21. Commitments and contingencies

(1) Details of lawsuits and claims in which the Company is involved, as of March 31, 2025, are as follows (Korean won in thousands):

	March 31, 2025			
	Amount claimed	Plaintiff	Defendant	Court in regard
The Company as defendant:				
Damages and others	₩ 1,230,228	SB General Building Materials, etc.	KCC Corporation, etc.	Seoul High Court, etc.
The Company as plaintiff:				
Payment for Goods and others	₩ 520,061	KCC Corporation	Roto Tech Diamond Co., Ltd. etc.	Seoul Central District Court, etc.

The Company has not recognized a provision for any other ongoing lawsuits as the final outcomes cannot be predicted as of March 31, 2025.

(2) The Company entered into the technical assistance agreements with AXALTA (USA) and others. In accordance with the agreement the Company pays or receives technical assistance fees, calculated based on net sales of products or usage of the patents during the agreement term.

(3) The Company's lines of credit with financial institutions and significant commitments as of March 31, 2025 are as follows (Korean won in thousands):

	March 31, 2025	
	Credit limit	Executed amount
Overdrafts	₩ 82,500,590	₩ 47,500,590
General loans	232,093,916	130,000,000
Facility loans	145,000,000	145,000,000
Purchase cards	102,360,000	24,000,405
Trade discount	400,000,000	42,175,889
Trade finance	184,731,200	44,703,361
Commercial paper acquisition agreements	660,053,000	660,000,000
Guarantee	105,378,500	97,237,054
Others	78,675,600	2,321,214
Acquisition financing	400,000,000	400,000,000

(4) Some of the Company's loans are subject to the borrowing arrangements that require the credit rating to be maintained above a certain level, and there are no violations of the borrowing arrangements as of March 31, 2025.

22. Share capital and share premium

(1) Details of capital stocks as of March 31, 2025 and December 31, 2024 are as follows:

	March 31, 2025	December 31, 2024
Number of shares authorized (In shares)	24,000,000	24,000,000
Par value per share (Korean won)	₩ 5,000	₩ 5,000
Number of issued shares (In shares)	8,886,471	8,886,471
Capital stock (Korean won in thousands)	₩ 48,084,660	₩ 48,084,660

As the Company retired shares of treasury stock by charging it to retained earnings prior to the year ended December 31, 2024, capital stock is not consistent with the aggregate par value of issued shares. The difference amounts to ₩3,652,305 thousand.

(2) Details of share premium as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025	December 31, 2024
Paid-in capital in excess of par value	₩ 36,654,892	₩ 36,654,892
Gain from merger	274,831,910	274,831,910
Other share premium	241,584,011	241,584,011
	₩ 553,070,813	₩ 553,070,813

23. Capital adjustments and accumulated other comprehensive income

(1) Details of capital adjustments as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025	December 31, 2024
Treasury shares	₩ (304,846,769)	₩ (304,846,769)

23. Capital adjustments and accumulated other comprehensive income (cont'd)

(2) Details of accumulated other comprehensive income (loss) as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025	December 31, 2024
Loss on valuation of financial assets at fair value through other comprehensive income	₩ (30,108,726)	₩ (27,839,887)
Asset revaluation surplus	677,709,136	-
	₩ 647,600,410	₩ (27,839,887)

24. Retained earnings

Details of retained earnings as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025	December 31, 2024
Legal reserves (*1)	₩ 24,042,330	₩ 24,042,330
Voluntary reserves (*2)	5,504,587,282	5,016,987,282
Unappropriated retained earnings	425,979,496	873,113,441
	₩ 5,954,609,108	₩ 5,914,143,053

(*1) Legal reserves are the reserves made from retained earnings. The *Commercial Act* of Korea requires the Company to appropriate as a legal reserve at least 10% of cash dividends paid for each accounting period until the reserve equals 50% of outstanding share capital. This reserve cannot be allocated as cash dividend and may only be used to offset a deficit, if any, or be transferred to capital.

(*2) Details of voluntary reserves as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025	December 31, 2024
Reserve for improvements of financial structure	₩ 1,598,621	₩ 1,598,621
Reserve for streamlining of the Company	30,545,346	30,545,346
Reserve for facility expansion	3,441,710,000	2,954,110,000
Other reserves	866,524,013	866,524,013
Revaluation reserve	1,164,209,302	1,164,209,302
	₩ 5,504,587,282	₩ 5,016,987,282

25. Operating income

(1) Revenue from contracts with customers

Details of revenue from contracts with customers for each of the three-month periods ended March 31, 2025 and 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Timing of revenue recognition		
Goods transferred at a point in time:		
Sales of finished goods and others	₩ 627,063,850	₩ 651,339,047
Service transferred over time:		
Construction revenues and others	73,000,007	110,261,229
Total revenue from contracts with customers	₩ 700,063,857	₩ 761,600,276
Geographical Area:		
Korea	578,545,146	653,176,543
China	33,502,082	28,682,258
Japan	5,425,700	4,552,574
Other Asia	31,986,315	27,711,913
USA	5,033,520	4,560,890
Central and South America	2,395,347	858,930
Europe	18,104,559	16,352,669
Others	25,071,188	25,704,499
Total revenue from contracts with customers	700,063,857	761,600,276

(2) Selling and administrative expenses

Details of selling and administrative expenses for each of the three-month periods ended March 31, 2025 and 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Salaries	₩ 27,003,148	₩ 26,893,801
Retirement and severance benefits	5,397,563	3,576,482
Employee welfare	4,922,050	4,928,694
Advertisement	3,376,582	6,659,118
Depreciation	1,869,909	1,788,684
Amortization	220,884	228,345
Transportation	20,871,875	23,065,234
Professional service fees	8,320,041	7,262,606
Technology development	20,449,246	18,360,730
Recognition (reversal) of allowance for bad debts	(825,579)	(543,812)
Increase in provisions	163,843	361,033
Others	9,891,971	10,398,646
	₩ 101,661,533	₩ 102,979,561

26. Other non-operating income (expenses)

(1) Non-operating income

Details of non-operating income for each of the three-month periods ended March 31, 2025 and 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Rental revenues	₩ 5,127,963	₩ 3,878,598
Revenue from royalties	3,530,430	2,842,564
Gain on disposal of property, plant and equipment	123,874	178,409
Gain on disposal of right-of-use assets	456	655
Gain on revaluation of investment properties	635,048	3,572,100
Miscellaneous income	34,281,584	3,508,100
	₩ 43,699,355	₩ 13,980,426

(2) Non-operating expense

Details of non-operating expense for each of the three-month periods ended March 31, 2025 and 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Loss on disposal of property, plant and equipment	₩ 8,809	₩ 83,369
Loss on disposal of intangible assets	12,473	1,661
Depreciation of assets not in use	164,362	130,527
Donations	867,088	953,310
Investment properties lease cost	458,675	235,996
Loss on revaluation of property, plant and equipment	9,862,730	-
Loss on revaluation of investment properties	1,344,881	2,079,027
Miscellaneous loss	936,317	776,287
	₩ 13,655,335	₩ 4,260,177

27. Nature of expenses

Details of expenses by nature for each of the three-month periods ended March 31, 2025 and 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Changes in inventories	₩ 13,914,884	₩ 8,326,530
Purchase of materials and merchandise	300,557,870	316,747,003
Salaries	67,856,951	65,734,379
Retirement and severance benefits	9,581,789	7,208,718
Other long-term employee benefits	193,517	148,721
Employee welfare	15,575,312	14,861,688
Depreciation	33,908,257	33,249,090
Amortization	303,865	306,777
Depreciation of right-of-use assets	2,181,257	1,870,416
Transportation	23,006,433	24,310,947
Advertisement	3,376,582	6,659,118
Professional service fees	32,247,714	33,611,861
Electricity	25,713,390	24,525,279
Fuel	24,844,370	28,102,041
Supplies	7,635,720	8,733,146
Packaging	17,803,490	19,996,918
Others	59,659,318	79,025,069
Total (*1)	₩ 638,360,719	₩ 673,417,701

(*1) Including cost of sales and selling and administrative expenses on the interim statements of comprehensive income.

28. Finance income and finance costs

(1) Details of finance income and finance costs for each of the three-month periods ended March 31, 2025 and 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Finance income:		
Interest income	₩ 5,421,780	₩ 8,275,417
Dividend income	64,352,002	121,690,171
Gain on valuation of financial assets measured at fair value through profit or loss	52,388,941	514,488,151
Gain on disposal of financial assets measured at fair value through profit or loss	543,203	3,661,008
Gain on valuation of derivatives	-	6,092,541
Gain on transactions of derivatives	5,394,589	663,974
Gain on foreign currency transactions	8,776,421	20,540,804
Gain on foreign currency translations	5,285,288	10,822,961
Financial guarantee income	732,620	1,254,196
	₩ 142,894,844	₩ 687,489,223
Finance costs:		
Interest expense	₩ (32,549,243)	₩ (28,957,866)
Loss on valuation of financial assets measured at fair value through profit or loss	(74,806,621)	(15,340,981)
Loss on disposal of financial assets measured at fair value through profit or loss	(6,283,930)	(391,982)
Loss on valuation of derivatives	(747,510)	(4,887,013)
Loss on transactions of derivatives	(744,623)	(508,135)
Loss on foreign currency transactions	(8,863,003)	(3,646,040)
Loss on foreign currency translations	(1,147,442)	(15,963,941)
Financial guarantee expenses	(384,902)	(357,068)
	₩ (125,527,274)	₩ (70,053,026)
Net finance income and cost	₩ 17,367,570	₩ 617,436,197

29. Income taxes

(1) Details of income tax expense for each of the three-month periods ended March 31, 2025 and 2024 are summarized as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Current income tax	₩ 38,761,536	₩ 39,436,425
Additional income taxes for prior years	5,438,328	1,870,347
Deferred income tax from temporary differences	167,367,398	96,687,797
= Total income tax effect	₩ 211,567,262	₩ 137,994,569
Income tax recognized directly in other comprehensive income	(209,106,129)	(250,544)
= Income tax expense reflected in income (loss) from continuing operations	₩ 2,461,133	₩ 137,744,025

The average annual effective tax rates are 2.26% and 19.26% for each of the three-month periods ended March 31, 2025 and 2024, respectively.

29. Income taxes

(2) The Organization for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) addresses the tax challenges arising from the digitalization of the global economy. The Global Anti-Base Erosion Model Rules (Pillar Two Model Rules) apply to multinational enterprises (MNEs) with annual revenue in excess of EUR 750 million per their consolidated financial statements.

The Pillar Two Model Rules introduce four new taxing mechanisms under which MNEs would pay a minimum level of tax (the Minimum Tax):

- the Qualified Domestic Minimum Top-up Tax (QDMTT);
- the Income Inclusion Rule (IIR); and
- the Under Taxed Payments/Profits Rule (UTPR).

The Subject to Tax Rule is a tax treaty-based rule that generally proposes a Minimum Tax on certain cross-border intercompany transactions that otherwise are not subject to a minimum level of tax.
The new taxing mechanisms can impose a minimum tax on the income arising in each jurisdiction in which an MNE operates. The IIR, UTPR and QDMTT do so by imposing a top-up tax in a jurisdiction whenever the effective tax rate (ETR), determined on a jurisdictional basis under the Pillar Two rules, is below a 15% minimum rate.

The International Accounting Standards Board issued Amendments to KIFRS 1012 -*International Tax Reform—Pillar Two Model Rules*. The Amendments clarify that KIFRS 1012 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the OECD, including tax law that implements a QDMTT. The Company has adopted these amendments, which introduce:
• a mandatory application of a temporary exception provision regarding the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two Model Rules; and
• disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation.

The Pillar Two Model Rules were adopted in the Republic of Korea at the end of 2023 and are applicable starting from January 1, 2024. According to these rules, the Company is considered a multinational enterprise to which the Pillar Two Model Rules shall be applied. At the same time, Pillar Two legislation has been enacted or substantively enacted in several other jurisdictions in which the Company operates for the financial year beginning January 1, 2024.

The Company has performed an assessment of its potential exposure to Pillar Two income taxes based on the country-by-country reporting and financial information for 2024 and 2023 for the constituent entities in the Company. The Pillar Two effective tax rates in most of the jurisdictions in which the Company operates are above 15%. Exemption provisions for the transitional period have been applied in most of the countries where the connected entities conduct their business activities and in a limited number of countries where these provisions are not applicable, no additional tax liability arise.

The Company continues to follow Pillar Two legislative developments, as further countries enact the Pillar Two Model Rules, to evaluate the potential future impact on its results of operations, financial position and cash flows beginning.

30. Earnings per share

(1) Basic earnings per share

① Details of basic earnings per share for each of the three-month periods ended March 31, 2025 and 2024 are as follows (Korean won in thousands, except per share amounts):

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Profit after income tax	₩ 106,653,594	₩ 577,594,996
Weighted-average number of common shares outstanding (In shares)	7,354,171	7,354,171
Basic earnings per share (Korean won)	₩ 14,502	₩ 78,540

② The weighted-average number of common shares outstanding for each of the three-month periods ended March 31, 2025 and 2024 are calculated as follows (In shares):

	For the three-month period ended March 31, 2025			For the three-month period ended March 31, 2024		
	Number of shares	Weight (days)	Weighted shares	Number of shares	Weight (days)	Weighted shares
Beginning	7,354,171	90	661,875,390	7,354,171	91	669,229,561
Days			÷ 90			÷ 91
Weighted-average number of common shares outstanding			7,354,171			7,354,171

(2) Diluted earnings per share

The Company has not calculated diluted earnings per share as there is no potential dilutive share for each of the three-month periods ended March 31, 2025 and 2024.

31. Related party transactions

(1) Details of the Company's subsidiaries and related parties as of March 31, 2025 and December 31, 2024 are as follows:

	March 31, 2025	December 31, 2024
Subsidiary	KCC Chemical (HK) Holdings Limited	KCC Chemical (HK) Holdings Limited
	KCC Chemical (Kunshan) Co., Ltd. (*1)	KCC Chemical (Kunshan) Co., Ltd. (*1)
	KCC Chemical (Guangzhou) Co., Ltd. (*1)	KCC Chemical (Guangzhou) Co., Ltd. (*1)
	Yuan Yuan Investment (Shanghai) Co., Ltd. (*1)	Yuan Yuan Investment (Shanghai) Co., Ltd. (*1)
	KCC Chemical (Beijing) Co., Ltd. (*1)	KCC Chemical (Beijing) Co., Ltd. (*1)
	KCC Chemical (Chongqing) Co., Ltd. (*2)	KCC Chemical (Chongqing) Co., Ltd. (*2)
	KCC Chemical (Tianjin) Co., Ltd. (*2)	KCC Chemical (Tianjin) Co., Ltd. (*2)
	KCC (Singapore) Pte. Ltd.	KCC (Singapore) Pte. Ltd.
	KCC Paint (India) Private Limited (*3)	KCC Paint (India) Private Limited (*3)
	KCC Paints Sdn. Bhd. (*3)	KCC Paints Sdn. Bhd. (*3)
	KCC Coating Sdn. Bhd. (*3)	KCC Coating Sdn. Bhd. (*3)
	PT KCC Indonesia (*3)	PT KCC Indonesia (*3)
	KCC (Vietnam) Company Limited (*3)	KCC (Vietnam) Company Limited (*3)
	KCC (Hanoi) Co., Ltd. (*3)	KCC (Hanoi) Co., Ltd. (*3)
	KCC (Viet Nam Nhon Trach) Company Limited (*3)	KCC (Viet Nam Nhon Trach) Company Limited (*3)
	KCC Boya Sanayi ve Ticaret Limited Sirketi	KCC Boya Sanayi ve Ticaret Limited Sirketi
	KCC PAINTS FE LLC (*3) (*10)	KCC PAINTS FE LLC (*3) (*10)
	KCC Europe GmbH (*4)	KCC Europe GmbH (*4)
	KCC Japan Co., Ltd.	KCC Japan Co., Ltd.
	MOM Holding Company and its subsidiaries	MOM Holding Company and its subsidiaries
	KCC International Paints Co., Ltd (*3)	KCC International Paints Co., Ltd (*3)
Associate	KCC Engineering & Construction Co.,Ltd.	KCC Engineering & Construction Co.,Ltd.
	Kumgang Leisure Co., Ltd.	Kumgang Leisure Co., Ltd.
	MOM No. 1 Private Equity Fund and its subsidiaries (*5)	MOM No. 1 Private Equity Fund and its subsidiaries (*5)
	KCW Corporation and its subsidiaries (*6)	KCW Corporation and its subsidiaries (*6)
	SIC Management Ltd (*6)	SIC Management Ltd (*6)
Joint venture	PTC	PTC
	SIC Investment Ltd and its subsidiaries (*7)	SIC Investment Ltd and its subsidiaries (*7)
	Zhejiang Xinan Momentive Performance Materials Co., Ltd. (*8)	Zhejiang Xinan Momentive Performance Materials Co., Ltd. (*8)
Large-scale business group affiliates (*9)	KCC Glass Corporation	KCC Glass Corporation
	Mirae Co., Ltd.	Mirae Co., Ltd.
	DONG JU Co., LTD. and others	DONG JU Co., LTD. and others

(*1) It is a subsidiary of KCC Chemical (HK) Holdings Limited.

(*2) It is a subsidiary of KCC Chemical (Beijing) Co., Ltd.

(*3) It is a subsidiary of KCC (Singapore) Pte. Ltd.

(*4) It is a subsidiary of KCC Boya Sanayi ve Ticaret Limited Sirketi.

(*5) The Company acquired the interests in a period prior to the year ended December 31, 2024, and it is classified to an associate as being judged that the Company has significant influence over the entity. Meanwhile, MOM No. 1 Private Equity Fund, sold its 40% stake in MOM Holding company, a subsidiary of the Company, which it held through its own subsidiary, to the Company for the year ended December 31, 2024.

(*6) The Company acquired the interests in a period prior to the year ended December 31, 2024, and it is classified to an associate as being judged that the Company has significant influence over the entity.

(*7) The Company acquired the interests in a period prior to the year ended December 31, 2024, and it is classified to a Joint venture as being judged that the Company has joint control over the entity according to the agreement with the three financial investors.

(*8) It is a joint venture of MOM Holding Company and its subsidiaries.

(*9) Large-scale business group affiliates are not included in the scope of related parties described in KIFRS 1024 but belong to the same large-scale business group under the *Monopoly Regulation and Fair Trade Act* of Korea.

31. Related party transactions (cont'd)

(1) Details of the Company's subsidiaries and related parties as of March 31, 2025 and December 31, 2024 are as follows (cont'd):

(*10) For the year ended December 31, 2024, KCC (Singapore) Pte. Ltd, a subsidiary, made a new investment and established KCC PAINTS FE LLC, classifying the entity as a subsidiary of the Company.

(2) Significant transactions with the related parties for each of the three-month periods ended March 31, 2025 and 2024 are as follows (Korean won in thousands):

Revenue :

		For the three-month period ended March 31, 2025				
	Related party	Sales of goods	Revenue from royalties	Rent income	Others	Revenue total
Subsidiary	KCC (Singapore) Pte. Ltd.	₩ 564,803	₩ -	₩ -	₩ -	₩ 56,4803
	KCC Chemical (Kunshan) Co., Ltd.	3,964,218	1,338,651	-	-	5,302,869
	KCC Chemical (Guangzhou) Co., Ltd.	35,797	320,792	-	-	356,589
	KCC Chemical (Tianjin) Co., Ltd.	2,954,637	286,318	-	-	3,240,955
	KCC Boya Sanayi ve Ticaret Limited Sirketi	4,698,344	340,666	-	-	5,039,010
	KCC Paint (India) Private Limited	8,829,326	229,741	-	-	9,059,067
	PT KCC Indonesia	70,567	-	-	-	70,567
	KCC (Vietnam) Company Limited	4,863,196	523,330	-	-	5,386,526
	KCC (Hanoi) Co., Ltd.	2,149,014	172,986	-	-	2,322,000
	KCC (Viet Nam Nhon Trach) Company Limited	1,498,226	-	-	138,956	1,637,182
	KCC Paints Sdn. Bhd.	266,069	284	-	-	266,353
	KCC Europe GmbH	-	-	-	-	-
	KCC Japan Co., Ltd.	-	-	-	-	-
	MOM Holding Company and its subsidiaries	259,058	-	1,682,461	6,796,589	8,738,108
	KCC International Paints Co., Ltd.	7,754,763	317,662	-	-	8,072,425
Associate	Kumgang Leisure Co., Ltd.	-	-	-	575	575
	KCC Engineering & Construction Co., Ltd.	437,083	-	-	315,899	752,982
Large-scales business group affiliates	KCC Glass Corporation	9,617,276	-	400,989	554,487	10,572,752
	Others	-	-	-	-	-
		₩ 47,962,377	₩ 3,530,430	₩ 2,083,450	₩ 7,806,506	₩ 61,382,763

		For the three-month period ended March 31, 2024				
	Related party	Sales of goods	Revenue from royalties	Rent income	Others	Revenue total
Subsidiary	KCC (Singapore) Pte. Ltd.	₩ 182,598	₩ -	₩ -	₩ -	₩ 182,598
	KCC Chemical (Kunshan) Co., Ltd.	3,573,532	809,645	-	-	4,383,177
	KCC Chemical (Guangzhou) Co., Ltd.	297,772	242,196	-	-	539,968
	KCC Chemical (Tianjin) Co., Ltd.	2,884,235	303,662	-	-	3,187,897
	KCC Boya Sanayi ve Ticaret Limited Sirketi	5,539,249	368,252	-	-	5,907,501
	KCC Paint (India) Private Limited	9,320,645	195,853	-	-	9,516,498
	PT KCC Indonesia	345,230	-	-	-	345,230
	KCC (Vietnam) Company Limited	4,758,747	421,444	-	-	5,180,191
	KCC (Hanoi) Co., Ltd.	1,888,650	160,112	-	-	2,048,762
	KCC (Viet Nam Nhon Trach) Company Limited	585,954	-	-	297,173	883,127
	KCC Paints Sdn. Bhd.	72,247	3,687	-	-	75,934
	KCC Europe GmbH	-	-	-	-	-
	KCC Japan Co., Ltd.	-	-	-	-	-
	MOM Holding Company and its subsidiaries	11,668	-	1,673,467	4,940,085	6,625,220
	KCC International Paints Co., Ltd.	7,376,697	337,714	-	-	7,714,411
Associate	Kumgang Leisure Co., Ltd.	-	-	-	578	578
	KCC Engineering & Construction Co., Ltd.	76,446	-	-	314,866	391,312
Large-scales business group affiliates	KCC Glass Corporation	11,576,610	-	240,533	572,050	12,389,193
	Others	-	-	-	-	-
		₩ 48,490,280	₩ 2,842,565	₩ 1,914,000	₩ 6,124,752	₩ 59,371,597

31. Related party transactions (cont'd)

(2) Significant transactions with the related parties for each of the three-month periods ended March 31, 2025 and 2024 are as follows (Korean won in thousands) (cont'd):

Expense :

		For the three-month period ended March 31, 2025				
	Related party	Purchase of materials	Purchase of PPE	Sales Support Fee	Others	Expense total
Subsidiary	KCC (Singapore) Pte. Ltd.	₩ 490,005	₩ -	₩ -	₩ -	₩ 490,005
	KCC Chemical (Kunshan) Co., Ltd.	6,184,851	-	522,061	-	6,706,912
	KCC Chemical (Guangzhou) Co., Ltd.	-	-	42,255	-	42,255
	KCC Chemical (Tianjin) Co., Ltd.	-	-	-	-	-
	KCC Boya Sanayi ve Ticaret Limited Sirketi	1,219,003	-	203,259	-	1,422,262
	KCC Paint (India) Private Limited	-	-	-	-	-
	PT KCC Indonesia	188,543	-	35,382	-	223,925
	KCC (Vietnam) Company Limited	4,891,038	-	-	-	4,891,038
	KCC (Hanoi) Co., Ltd.	613,914	-	-	-	613,914
	KCC (Viet Nam Nhon Trach) Company Limited	11,084,914	-	-	-	11,084,914
	KCC Paints Sdn. Bhd.	-	-	-	-	-
	KCC Europe GmbH	-	-	141,305	-	141,305
	KCC Japan Co., Ltd.	-	-	196,493	-	196,493
	MOM Holding Company and its subsidiaries	1,791,683	-	-	186,788	1,978,471
	KCC International Paints Co., Ltd.	-	-	22,983	-	22,983
Associate	Kumgang Leisure Co., Ltd.	-	-	-	40,000	40,000
	KCC Engineering & Construction Co., Ltd.	-	4,316,604	-	60,665	4,377,269
Large-scales business group affiliates	KCC Glass Corporation	1,317,298	-	-	52,135	1,369,433
	Others	2,192,271	-	-	143,559	2,335,830
		₩ 29,973,520	₩ 4,316,604	₩ 1,163,738	₩ 483,147	₩ 35,937,009

		For the three-month period ended March 31, 2024				
	Related party	Purchase of materials	Purchase of PPE	Sales Support Fee	Others	Expense total
Subsidiary	KCC (Singapore) Pte. Ltd.	₩ 118,499	₩ -	₩ -	₩ -	₩ 118,499
	KCC Chemical (Kunshan) Co., Ltd.	3,264,702	-	440,384	-	3,705,086
	KCC Chemical (Guangzhou) Co., Ltd.	-	-	35,009	-	35,009
	KCC Chemical (Tianjin) Co., Ltd.	-	-	-	-	-
	KCC Boya Sanayi ve Ticaret Limited Sirketi	1,369,600	-	182,946	-	1,552,546
	KCC Paint (India) Private Limited	59,322	-	-	-	59,322
	PT KCC Indonesia	-	-	27,978	-	27,978
	KCC (Vietnam) Company Limited	2,650,794	-	-	-	2,650,794
	KCC (Hanoi) Co., Ltd.	652,219	-	-	-	652,219
	KCC (Viet Nam Nhon Trach) Company Limited	6,164,464	-	-	-	6,164,464
	KCC Paints Sdn. Bhd.	-	-	-	-	-
	KCC Europe GmbH	-	-	56,890	-	56,890
	KCC Japan Co., Ltd.	-	-	125,967	-	125,967
	MOM Holding Company and its subsidiaries	2,325,396	-	-	250,426	2,575,822
	KCC International Paints Co., Ltd.	-	-	33,166	-	33,166
Associate	Kumgang Leisure Co., Ltd.	-	-	-	40,400	40,400
	KCC Engineering & Construction Co., Ltd.	-	4,625,154	-	60,372	4,685,526
Large-scales business group affiliates	KCC Glass Corporation	2,603,097	-	-	48,341	2,651,438
	Others	2,407,530	90,507	-	458,525	2,956,562
		₩ 21,615,623	₩ 4,715,661	₩ 902,340	₩ 858,064	₩ 28,091,688

31. Related party transactions (cont'd)

(3) Financial transactions which occurred with the related parties for each of the three-month periods ended March 31, 2025 and 2024 are as follows (Korean won in thousands):

		Capital contribution of cash		Capital withdrawal	
	Related party	For the three-month period March 31, 2025	For the three-month period ended March 31, 2024	For the three-month period March 31, 2025	For the three-month period ended March 31, 2024
Subsidiary	KCC (Singapore) Pte. Ltd.	₩ -	₩ 4,569,430	₩ -	₩ -
	MOM Holding Company	-	-	-	134,680,000
Associate	MOM No. 1 Private Equity Fund	-	387,830	-	-
		₩ -	₩ 4,957,260	₩ -	₩ 134,680,000

(4) Receivables and payables arising from the related party transactions as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

		March 31, 2025					
		Receivables			Payables		
	Related party	Accounts receivable	Other receivables	Long-term loans	Accounts payable	Other payables	Leasehold deposit
Subsidiary	KCC (Singapore) Pte. Ltd.	₩ 543,288	₩ -	₩ -	₩ 284,368	₩ 7,614	₩ -
	KCC Chemical (Kunshan) Co., Ltd.	4,046,626	1,544,158	-	4,049,602	189,039	-
	KCC Chemical (Guangzhou) Co., Ltd.	94,086	362,308	-	-	13,335	-
	KCC Chemical (Chongqing) Co., Ltd.	2,885,632	286,318	-	-	-	-
	KCC Boya Sanayi ve Ticaret Limited Sirketi	11,602,574	340,666	-	585,827	53,445	-
	KCC Paint (India) Private Limited	9,966,502	229,741	-	-	130,731	-
	PT KCC Indonesia	622,068	15,028	-	-	15,731	-
	KCC (Vietnam) Company Limited	5,130,996	523,330	-	2,597,009	523	-
	KCC (Hanoi) Co., Ltd.	2,231,428	172,986	-	293,096	-	-
	KCC (Viet Nam Nhon Trach) Company Limited	1,508,988	175,154	-	5,307,496	-	-
	KCC Paints Sdn. Bhd.	250,357	284	-	-	-	-
	KCC Europe GmbH	-	-	-	-	52,588	-
	KCC Japan Co., Ltd.	-	-	-	-	58,481	-
	MOM Holding Company and its subsidiaries	-	20,499,384	146,650,000	1,056,667	511,878	23,483,109
	KCC International Paints Co., Ltd	16,768,197	317,662	-	-	140,784	-
Associate	Kumgang Leisure Co., Ltd.	-	3,050,259	-	-	-	-
	KCC Engineering & Construction Co., Ltd.	712,252	1,536,277	-	-	-	-
Joint venture	PTC	-	2,102,524	15,232,000	-	-	-
Large-scales business group affiliates	KCC Glass Corporation	4,713,302	2,704,559	-	1,449,028	471,695	34,811,157
	Others	-	100,000	-	1,446	2,925,783	-
		₩ 61,076,296	₩ 33,960,638	₩ 161,882,000	₩ 15,624,539	₩ 4,571,627	₩ 58,294,266

The Company has recognized allowance for doubtful accounts of 446 million for receivables to the related parties except for PTC and has fully recognized allowance for doubtful accounts for receivables to the related parties from PTC as of March 31, 2025.

31. Related party transactions (cont'd)

(4) Receivables and payables arising from the related party transactions as of March 31, 2020 and December 31, 2019 are as follows (Korean won in thousands) (cont'd):

		December 31, 2024					
		Receivables			Payables		
	Related party	Accounts receivable	Other receivables	Long-term loans	Accounts payable	Other payables	Leasehold deposit
Subsidiary	KCC (Singapore) Pte. Ltd.	₩ 965,125	₩ -	₩ -	₩ 186,638	₩ 4,484	₩ -
	KCC Chemical (Kunshan) Co., Ltd.	4,714,255	5,883,491	-	2,739,701	235,561	-
	KCC Chemical (Beijing) Co., Ltd.	-	5,946	-	-	-	-
	KCC Chemical (Guangzhou) Co., Ltd.	121,269	2,445,471	-	-	9,203	-
	KCC Chemical (Tianjin) Co., Ltd.	4,451,196	2,301,382	-	-	-	-
	KCC Boya Sanayi ve Ticaret Limited Sirketi	11,589,779	1,412,196	-	649,755	55,913	-
	KCC Paint (India) Private Limited	11,425,401	907,262	-	307,598	130,731	-
	PT KCC Indonesia	829,282	21,626	-	-	10,559	-
	KCC (Vietnam) Company Limited	8,727,438	2,347,496	-	4,015,533	-	-
	KCC (Hanoi) Co., Ltd.	2,566,197	836,411	-	418,938	-	-
	KCC (Viet Nam Nhon Trach) Company Limited	1,415,834	519,606	-	3,383,848	-	-
	KCC Paints Sdn. Bhd.	7,313	13,841	-	-	-	-
	KCC Europe GmbH	-	-	-	-	75,791	-
	KCC Japan Co., Ltd.	-	-	-	-	67,956	-
	MOM Holding Company and its subsidiaries	27,849	20,437,546	147,000,000	1,278,500	946,836	23,426,035
	KCC International Paints Co., Ltd	18,869,884	1,445,714	-	-	117,600	-
Associate	Kumgang Leisure Co., Ltd.	-	3,050,194	-	-	-	-
	KCC Engineering & Construction Co., Ltd.	231,460	2,733,106	-	-	-	-
	KCW Corporation and its subsidiaries	-	50,626	-	-	-	-
Joint venture	PTC	-	2,102,524	15,232,000	-	-	-
Large-scales business group affiliates	KCC Glass Corporation	5,447,272	4,213,546	-	1,825,256	667,704	29,301,800
	Others	-	100,000	-	262	2,975,790	
		₩ 71,389,554	₩ 50,827,984	₩ 162,232,000	₩ 14,806,029	₩ 5,298,128	₩ 52,727,835

The Company has recognized allowance for doubtful accounts of ₩538 million for receivables to the related parties except for PTC and has fully recognized allowance for doubtful accounts for receivables to the related parties from PTC as of December 31, 2024.

31. Related party transactions (cont'd)

(5) Details of financial guarantees provided for the related parties as of March 31, 2025 are summarized as follow (in USD and SAR):

		Foreign Currency	Financial guarantee liabilities	Limit of financial guarantee liabilities	Period for financial guarantee liabilities	Loan agent
Subsidiary	KCC Boya Sanayi ve Ticaret Limited Sirketi	EUR	2,700,000	3,240,000	Sep. 13, 2024 ~ Sep. 15, 2027	KEB Hana Bank London Branch
	MPM Holdings Inc. (*11)	USD	439,000,000	1,006,800,000	Mar. 30, 2023 ~ Mar. 29, 2028	Kookmin Bank and others
Joint venture	PTC(*2)	USD	80,000,000	80,000,000	Completion of Construction	SIDF
		SAR	288,362,244	288,362,244	Completion of Construction	Saudi British Bank, Alinma Bank

(*1) MOM Special company entered into a loan agreement with Kookmin Bank and others at the end of April 2019 to secure funds for the merger payment under its merger agreement with MPM. The Company has provided a payment guarantee for a portion of this loan, amounting to USD 439 million. The Company recognized a financial guarantee liability for the expected credit loss related to this guarantee. MOM Special Company was merged into MPM on May 15, 2019, and the loan agreement for securing the payment funds was succeeded by Momentive Performance Materials Inc., a wholly owned subsidiary of MPM. At the end of March 2023, an amendment agreement was signed, extending the maturity of the loan to March 29, 2028.

(*2) PTC, a joint venture of the Company, borrowed construction funds from Saudi British Bank and Alinma Bank through HSBC as a loan agent for the establishment project of a polysilicon production plant.
As the project was suspended, HSBC applied for arbitration to the London International Arbitration Court to enforce the obligation to supplement funds, despite the Company's obligation to supplement funds together with other shareholders of PTC in case of insufficient funds for the completion of the project.
The Company received an arbitration award from the London International Arbitration Court on August 19, 2022, which ordered them to take necessary actions to fulfill the obligation to supplement funds.
The Company has recorded the entire principal and interest expense to be fulfilled in accordance with the arbitration award as financial guarantee liabilities related to the obligation.

The Company received a judgment from the Seoul Central District Court on March 12, 2024, which approved the arbitration award and request for execution decision from the London International Arbitration Court. Subsequently, on March 18, 2024, an approval was filed with the Seoul High Court.
It has been determined that this judgment will not have any additional impact on the financial statements.

In addition, PTC borrowed construction costs from the SIDF for the above plant establishment project. Although there are currently no lawsuits or arbitration cases related to the fulfillment of payment guarantee obligations from SIDF, the Company determined that it is likely to fulfill its obligation of the guarantee liability and therefore fully accounted for the principal and interest expenses to be satisfied in the contract in relation to financial guarantee liabilities.

Furthermore, in connection with PTC's bankruptcy filing, a petition for the commencement of bankruptcy proceedings was submitted to the Saudi court on January 27, 2025, and Abdulrahman bin Abdullah Al-Dulaijan was appointed as the bankruptcy trustee.

31. Related party transactions (cont'd)

(6) The Company provides long-term loan assets amounting to ₩11,946 million to its employees for housing and other purposes. The Company received dividends of ₩1,234 million and ₩205 million, and ₩478 million respectively, from KCC Engineering & Construction Co., Ltd. and Kumgang Leisure Co., Ltd. and KCC Glass Corporation, respectively, for the three-month period ended March 31, 2025.

(7) The Company regards registered internal and external directors who have significant roles and responsibilities in planning, operating and controlling its business activities as key management personnel. Details of key management personnel compensation in total for each of the three-month periods ended March 31, 2025 and 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the three-month period ended March 31, 2024
Short-term employee benefits	₩ 938,684	₩ 927,689
Retirement and severance benefits	72,809	81,348
	₩ 1,011,493	₩ 1,009,037

32. Lease

The Company has lease contracts for various items of land, buildings, machinery, vehicles and other equipment used in its operations. The Company also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the short-term lease and lease of low-value assets recognition exemptions for these leases.

(1) Right-of-use assets

Changes in right-of-use assets for the three-month period ended March 31, 2025 and the year ended December 31, 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the year ended December 31, 2024
Carrying amount:		
Beginning balance	₩ 31,940,333	₩ 29,085,438
Acquisitions and capital expenditures	1,688,408	12,577,607
Disposals and terminations	(17,493)	(1,615,440)
Depreciation	(2,181,257)	(8,107,272)
Ending balance	₩ 31,429,991	₩ 31,940,333

(2) Lease liabilities

1) Changes in lease liabilities for the three-month period ended March 31, 2025 and the year ended December 31, 2024 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025	For the year ended December 31, 2024
Beginning balance	₩ 33,044,001	₩ 29,894,634
Increase	1,361,339	12,305,558
Decrease	(15,516)	(1,620,106)
Interest expense	339,297	1,248,850
Lease payment	(2,322,564)	(8,784,935)
Ending balance	₩ 32,406,557	₩ 33,044,001

33. Major construction contracts and the balances

(1) The Company's major construction contracts and their balances as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025			
	Beginning balance	Increase	Revenue recognized	Ending balance
Construction works	₩ 260,243,113	₩ 97,324,770	₩ 73,000,007	₩ 284,567,876

	December 31, 2024			
	Beginning balance	Increase	Revenue recognized	Ending balance
Construction works	₩ 458,435,966	₩ 192,219,513	₩ 390,412,366	₩ 260,243,113

(2) Details of construction-in-progress as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025		
	Cumulative construction revenue	Cumulative construction cost	Cumulative construction income
Construction works	₩ 410,068,369	₩ 370,347,174	₩ 39,721,195

	December 31, 2024		
	Cumulative construction revenue	Cumulative construction cost	Cumulative construction income
Construction works	₩ 449,142,792	₩ 405,290,722	₩ 43,852,070

(3) Due from and to customers for contract works as of March 31, 2025 and December 31, 2024 are as follows (Korean won in thousands):

	March 31, 2025		December 31, 2024	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
Construction works	₩ 874,622	₩ 16,282,070	₩ 1,789,196	₩ 15,466,915

The Company recorded the amounts relating to contract assets and contract liabilities in advanced payments and other liabilities (current) in the financial statements.

(4) Provisions for construction loss for contracts under the percentage-of completion method and changes in due from customers and profits or losses from constructions for the three-month period ended March 31, 2025 are as follows (Korean won in thousands):

Changes in the total contract revenue	Changes in the total expected contract costs	Effects on profit or loss for the three-month period ended March 31, 2025	Effects on future profit or loss	Changes in contract asset and liability	Provision for construction loss
₩ 2,786,912	₩ 2,104,747	₩ 507,041	₩ 175,124	₩ 507,041	₩ -

(5) The Company provides ordering organizations with confirmation of guarantee amounting to ₩85,496 million (₩83,669 million as of December 31, 2024) issued from financial institutions to guarantee performance of construction contracts, payment of advances related contracts and tenders.

34. Statement of cash flows

(1) The Company's statement of cash flows was prepared using the indirect method, and major transactions without inflows or outflows of cash for the three-month period ended March 31, 2025 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025
Reclassification of current trade receivables to non-current trade receivables	₩ 130,819
Deposit transferred to right-of use assets	327,069
Recognition of right-of-use assets and lease liabilities	1,361,339
Property, plant and equipment transferred to investment property	7,692,199
Decrease of other payable (related to property, plant and equipment)	5,073,713
Reclassification of construction-in-progress	7,773,682
Reclassification of non-current long-term bonds to current bonds	144,779,970
Reclassification of non-current lease liabilities to current lease liabilities	1,871,805
Revaluation of property, plant and equipment (recognized in other comprehensive income)	887,751,030

(2) Changes in liabilities from financing activities for the three-month period ended March 31, 2025 are as follows (Korean won in thousands):

	For the three-month period ended March 31, 2025								
		Cash flows provided by (used in) financing activities		Non-cash changes					
	Jan. 1, 2025	Increase	Decrease	Dividends declared	Interest expenses (*1)	Current portions	Changes in foreign exchange rates	Others (*2)	Mar. 31, 2025
Short-term borrowings	₩ 688,405,344	₩ 945,033,423	₩ (848,492,128)	₩ -	₩ -	₩ -	₩ 305,136	₩ (2,706,477)	₩ 782,545,298
Current portion of long-term borrowings	137,585,700	-	(137,585,700)	-	-	-	-	-	-
Current portion of bond	319,909,994	-	-	-	108,202	144,779,970	-	-	464,798,166
Long-term borrowings	644,663,009	-	-	-	35,729	-	-	-	644,698,738
Bonds	1,307,469,090	398,851,077	-	-	286,726	(144,779,970)	-	-	1,561,826,923
Current lease liabilities	8,204,756	-	(2,322,564)	-	-	1,871,805	-	-	7,753,997
Lease liabilities	24,839,245	-	-	-	339,297	(1,871,805)	-	1,345,823	24,652,560
Long-term guarantee deposits	57,528,933	6,036,131	(64,300)	-	486,663	-	-	(769,664)	63,217,763
Interest payable	18,804,281	-	(30,469,070)	-	31,309,218	-	-	(590,959)	19,053,470
Dividends payable	-	-	-	66,187,539	-	-	-	-	66,187,539
	₩ 3,207,410,352	₩ 1,349,920,631	₩ (1,018,933,762)	₩ 66,187,539	₩ 32,565,835	₩ -	₩ 305,136	₩ (2,721,277)	₩ 3,634,734,454

(*1) Interest expenses comprise of amortization of corporate bonds based on the effective interest rate amounting to ₩431 million and capitalization of borrowing costs amounting to ₩17 million.

(*2) Others of lease liabilities present the effects of new lease contracts and lease modification for the three-month period ended March 31, 2025. Others of interest payable present the effect of prepaid interest.

(3) Cash inflows and outflows related to short term financial instruments and short-term borrowings with significant amounts and short maturities which are traded frequently are presented as net amounts.

35. Subsequent events

On April 25, 2025, the Company's subsidiary, Momentive Performance Materials Japan LLC, obtained a loan of JPY 10 billion from Mizuho Bank for working capital purposes, for which the Company has provided a payment guarantee.

KCC Corporation and its subsidiaries

Consolidated financial statements
for each of the two years in the period ended December 31, 2024
with the independent auditor's report

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Independent auditor's report

(English translation of a report originally issued in Korean)

The Shareholders and Board of Directors
KCC Corporation

Opinion

We have audited the consolidated financial statements of KCC Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the two years in the period ended December 31, 2024, and the notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the each of the two years in the period ended December 31, 2024 in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS").

We have audited the Group's internal control over financial reporting ("ICFR") as of December 31, 2024 based on the Conceptual Framework for Design and Operation of ICFR established by the Operating Committee of ICFR in Korea, in accordance with Korean Standards on Auditing ("KSA"), and our report dated March 13, 2025 expressed an unqualified opinion thereon.

Basis for opinion

We conducted our audit in accordance with KSA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements 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 of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(1) The timing of revenue recognition related to the sale of paints and construction materials

As described in Notes 5 and 37 to the consolidated financial statements, the Group has engaged in selling products and merchandises such as paints, construction materials and silicone and providing related construction services. Revenues therefrom are recognized at a point in time or over a period of time. Revenue from products and merchandises of paints and construction materials, which account for about 46% of the total sales, are recognized at the point in time when control of the goods is transferred to the customer. There is a high possibility of misstatement due to human error because the point in time at which a customer obtains control of promised goods may differ according to transaction agreements and export sales terms. Considering the materiality and the possibility of misstatement, we identified the timing of revenue recognition from sale of products and merchandises of paints and construction materials as a key audit matter.

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As the primary audit procedures to address this key audit matter, we did:

- Understand and assess the Group's accounting policy over the timing and criteria of revenue recognition.
- Understand controls over sales and accounting system related to the revenue recognition and assess whether such controls are designed and is operating effectively.
- Inspect supporting evidence for sampled revenue transactions which occurred near the reporting period end.
- Inspect supporting evidence including terms and conditions of sales agreements for sampled revenue transactions with major customers from whom revenue near the reporting period end accounts for a significant portion of the Group`s total sales.
- Inspect supporting evidence for samples of cancellations made to revenue within a short period of time subsequent to the reporting period end.

(2) Measurement of recoverable amount of a cash-generating unit containing goodwill of MOM Holding Company and an investment in associate, KCC Engineering & Construction Co., Ltd.

As described in Notes 5, 13 and 15 to the consolidated financial statements, the Group performs an impairment test on cash-generating units containing goodwill and reviews if there is any indication of impairment for non-financial assets other than the cash-generating units containing goodwill. If such impairment indicators exist, the Group performs an impairment test and recognizes an impairment loss when the carrying amount of an asset exceeds its recoverable amount. If the recoverable amount exceeds the current carrying amount of an asset for which impairment loss was previously recognized, a reversal of the impairment loss is recognized to the extent of the carrying amount before recognizing an impairment loss.

In the Group's consolidated financial statements, goodwill allocated to the cash generating unit of MOM Holding Company is ₩996,912,376 thousand, and the investment in KCC Engineering & Construction Co., Ltd. is ₩131,109,280 thousand. The carrying amounts of cash generating units of MOM Holding Company and the investment in KCC Engineering & Construction Co., Ltd. account for a significant portion in the consolidated financial statements and management's judgment is involved in assumptions, such as operating revenue, growth rate and perpetual growth rate, discount rate and others, which have a material impact on the estimate of the recoverable amount. Therefore, we identified the measurement of the recoverable amount of the cash generating unit including applicable goodwill and the investment in the respective associate as a key audit matter.

As the primary audit procedures to address this key audit matter, we did:

- Understand controls over impairment test process and assess whether such controls are designed and is operating effectively. Assess the basis of the management's judgment on whether there are any indicators of (reversal of) impairment for non-financial assets.
- Instruct and supervise the component auditor of MOM Holding Company to assess the key assumptions used by the entity's management in measuring the recoverable amount of the cash-generating unit by involving valuation specialists.
- Assess the valuation model used by the Group's management in estimating the recoverable amount.
- Assess the management's key assumptions used in measuring the recoverable amount by involving the internal valuation specialists.
- Assess the external specialists engaged in the measurement of recoverable amounts by the Group.
- Assess the result of the sensitivity analysis on discount rate conducted by Group's management to assess the impact of changes in key assumption on the recoverable amount.
- Compare the future cash flows forecasts prepared in prior year with the current year's performance to assess the appropriateness of the Group's estimation.
- Compare projected future cash flows to business plans approved by management.

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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 KIFRS, and for such internal control as management determines is necessary to enable the preparation of the 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.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with KSA 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 KSA we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Joon-Yang Jeong.

Ernst & Young Han Young

March 13, 2025

This audit report is effective as of March 13, 2025, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to this report.

KCC Corporation and its subsidiaries

Consolidated financial statements
for each of the two years in the period ended December 31, 2024

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

Mong-Jin Chung and Jae-Hun Jung
Chief Executive Officers
KCC Corporation

KCC Corporation and its subsidiaries
Consolidated statements of financial position
as of December 31, 2024 and 2023

(Korean won)

	Notes	2024	2023
Assets			
Current assets			
Cash and cash equivalents	7,20,36	₩ 501,329,763,430	₩ 1,045,142,107,132
Short-term financial instruments	20,36	510,145,132,540	509,868,880,834
Short-term trade receivables	8,18,20,35,36	1,213,492,615,213	1,039,818,291,729
Other short-term receivables	9,19,20,35,36	95,247,085,439	89,234,553,349
Advanced payments	39	16,911,153,066	16,696,258,276
Prepaid expenses		50,561,936,755	45,249,447,613
Other current financial assets	11,12,20,36	21,694,681,916	32,224,008,079
Income tax refund receivables	33	1,870,038,922	959,695,669
Inventories	10	1,583,235,991,296	1,398,999,724,007
		3,994,488,398,577	4,178,192,966,688
Non-current assets			
Long-term trade receivables	8,20,36	492,399,886	1,655,272,037
Other long-term receivables	9,17,20,35,36	84,824,473,699	80,741,049,639
Long-term advanced payments		2,191,287,240	-
Long-term prepaid expenses		7,164,930,454	8,473,851,983
Other non-current financial assets	11,12,20,36	2,767,067,321,178	2,723,865,225,479
Share of profit of associates and joint ventures	13	335,787,978,585	704,809,321,783
Right-of-use assets	38,40	204,204,042,447	199,176,066,356
Property, plant and equipment	14,17,35,40	3,525,478,447,439	3,447,106,244,857
Intangible assets	15,35,40	394,698,974,348	393,389,670,767
Goodwill	15	1,012,559,922,828	888,470,256,499
Investment property	16,17,40	751,490,913,403	705,088,716,227
Deferred tax assets	33	18,341,411,572	15,738,478,639
Net defined benefit assets	21	9,759,641,098	6,763,957,443
		9,114,061,744,177	9,175,278,111,709
Total assets		**₩ 13,108,550,142,754**	**₩ 13,353,471,078,397**

(Continued)

KCC Corporation and its subsidiaries
Consolidated statements of financial position
as of December 31, 2024 and 2023 (cont'd)

(Korean won)

	Notes	2024	2023
Liabilities			
Current liabilities			
Trade payables	20,23,35,36	₩ 770,281,368,251	₩ 647,424,598,087
Short-term borrowings	17,18,20,23,36,40	910,081,138,384	1,217,352,890,343
Current portion of long-term borrowings	17,18,20,23,36,40	150,080,700,000	553,484,414,966
Current bonds	18,20,36,40	319,909,993,834	369,805,196,612
Short-term other payables	19,20,35,36,38,39,40	817,905,836,527	756,534,133,095
Other current financial liabilities	11,12,20,36	-	164,369,968,258
Current provisions	22,23	32,737,475,143	21,080,877,716
Current tax liabilities	33	229,862,801,760	106,391,953,671
		3,230,859,313,899	3,836,444,032,748
Non-current liabilities			
Long-term borrowings	17,18,20,23,36,40	2,499,421,725,661	2,261,570,424,089
Non-current bonds	18,20,36,40	1,307,469,089,709	748,637,262,344
Long-term other payables	17,19,20,35,36,38,40	210,023,649,006	184,048,640,080
Net defined benefit liabilities	21	304,997,406,924	300,680,990,223
Long-term employee benefit liabilities	21	61,280,310,309	55,856,693,888
Non-current provisions	22	24,331,399,660	21,640,366,161
Deferred tax liabilities	33	430,851,841,037	497,063,259,345
		4,838,375,422,306	4,069,497,636,130
Total liabilities		8,069,234,736,205	7,905,941,668,878
Equity			
Issued capital	24	48,084,660,000	48,084,660,000
Capital surplus	24	349,758,885,697	552,912,603,380
Capital adjustments	25	(504,350,306,344)	(304,846,768,510)
Accumulated other comprehensive income (loss)	26	(20,214,981,688)	(21,227,448,772)
Retained earnings	27	5,166,037,148,884	4,902,440,148,479
Equity attributable to equity holders of the parent		5,039,315,406,549	5,177,363,194,577
Non-controlling interests	1	-	270,166,214,942
Total equity		5,039,315,406,549	5,447,529,409,519
Total equity and liabilities		**₩ 13,108,550,142,754**	**₩ 13,353,471,078,397**

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

KCC Corporation and its subsidiaries
Consolidated statements of profit or loss and other comprehensive income
for each of the two years in the period ended December 31, 2024

(Korean won)

	Notes		2024		2023
Sales	29,35,37,39	₩	6,658,762,417,820	₩	6,288,442,613,717
Cost of sales	10,21,31,35,39		5,028,041,458,944		4,959,942,844,934
Gross profit			**1,630,720,958,876**		**1,328,499,768,783**
Selling and administrative expenses	21,29,31,35		1,159,602,723,692		1,015,969,564,854
Operating profit			**471,118,235,184**		**312,530,203,929**
Share of profit (loss) of associates and joint ventures	13		72,334,833,254		(200,302,508,287)
Net finance income (costs):	20,32,35				
Finance income			709,372,460,765		723,338,387,403
Finance costs			(769,832,798,478)		(554,248,708,442)
Other non-operating income (expenses):	30,35				
Other non-operating income			42,801,762,099		63,475,562,408
Other non-operating expenses			(55,925,848,131)		(100,357,158,155)
Profit before tax			**469,868,644,693**		**244,435,778,856**
Income tax expense	33		176,574,132,226		151,933,153,754
Net profit for the year		**₩**	**293,294,512,467**	**₩**	**92,502,625,102**
Other comprehensive income (loss)					
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods					
Share of other comprehensive income (loss) of associates and joint ventures	13	₩	(50,989,265,531)	₩	6,561,877,418
Effective portion of changes in fair value of cash flow hedges	12		(23,135,727,410)		(87,402,559,270)
Exchange differences on translation of foreign operations, etc			55,652,520,529		1,073,227,389
Net other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods		**₩**	**(18,472,472,412)**	**₩**	**(79,767,454,463)**
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods					
Re-measurement of defined benefit plans	21	₩	16,709,577,155	₩	(61,141,136,634)
Share of retained earnings of associates and joint ventures	13		(142,857,779)		1,850,554,892
Gain (loss) on valuation of financial assets at fair value through other comprehensive income (loss)	11,20		(1,770,664,483)		1,779,683,284
Net other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods (net of tax)		**₩**	**14,796,054,893**	**₩**	**(57,510,898,458)**
Total comprehensive income (loss) for the period, net of tax		**₩**	**289,618,094,948**	**₩**	**(44,775,727,819)**
Profit (loss) for the period attributable to					
Equity holders of the parent		₩	310,568,028,257	₩	212,662,787,381
Non-controlling interests			(17,273,515,790)		(120,160,162,279)
		₩	**293,294,512,467**	**₩**	**92,502,625,102**
Total comprehensive income (loss) attributable to					
Equity holders of the parent		₩	323,442,835,489	₩	118,411,489,612
Non-controlling interests			(33,824,740,541)		(163,187,217,431)
		₩	**289,618,094,948**	**₩**	**(44,775,727,819)**
Earnings per share attributable to equity holders of the parent	34				
Basic earnings per share		₩	42,230	₩	28,917
Diluted earnings per share			42,230		28,917

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

KCC Corporation and its subsidiaries
Consolidated statements of changes in equity
for each of the two years in the period ended December 31, 2024

(Korean won)

	Attributable to the equity holders of the parent					Non-controlling interests	Total equity
	Issued capital	Capital surplus	Capital adjustments	Accumulated other comprehensive income (loss)	Retained earnings		
As of January 1, 2023	₩ 48,084,660,000	₩ 552,912,603,380	₩ (304,846,768,510)	₩ 23,231,821,349	₩ 4,798,402,756,746	₩ 433,353,432,373	₩ 5,551,138,505,338
Total comprehensive income							
Profit (loss) for the year	-	-	-	-	212,662,787,381	(120,160,162,279)	92,502,625,102
Gain on valuation of financial assets at fair value through OCI, net of tax	-	-	-	1,779,683,284	-	-	1,779,683,284
Share of other comprehensive income (loss) of associates and joint ventures, net of tax	-	-	-	7,783,448,278	-	(1,221,570,860)	6,561,877,418
Share of retained earnings of associates and joint ventures, net of tax	-	-	-	-	1,850,554,892	-	1,850,554,892
Exchange differences on translation of foreign operations, etc	-	-	-	(1,581,036,554)	-	2,654,263,943	1,073,227,389
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	(52,441,365,129)	-	(34,961,194,141)	(87,402,559,270)
Re-measurement of defined benefit plans	-	-	-	-	(51,642,582,540)	(9,498,554,094)	(61,141,136,634)
Transactions with owners of the company, recognized directly in equity							
Annual dividends (Note 28)	-	-	-	-	(51,479,197,000)	-	(51,479,197,000)
Interim dividends (Note 28)	-	-	-	-	(7,354,171,000)	-	(7,354,171,000)
As of December 31, 2023	**₩ 48,084,660,000**	**₩ 552,912,603,380**	**₩ (304,846,768,510)**	**₩ (21,227,448,772)**	**₩ 4,902,440,148,479**	**₩ 270,166,214,942**	**₩ 5,447,529,409,519**
As of January 1, 2024	₩ 48,084,660,000	₩ 552,912,603,380	₩ (304,846,768,510)	₩ (21,227,448,772)	₩ 4,902,440,148,479	₩ 270,166,214,942	₩ 5,447,529,409,519
Total comprehensive income							
Profit (loss) for the year	-	-	-	-	310,568,028,257	(17,273,515,790)	293,294,512,467
Loss on valuation of financial assets at fair value through OCI, net of tax	-	-	-	(1,770,664,483)	-	-	(1,770,664,483)
Disposal of financial assets at fair value through OCI, net of tax	-	-	-	5,395,176,596	(5,395,176,596)	-	-
Share of other comprehensive loss of associates and joint ventures, net of tax	-	-	-	(49,991,740,716)	-	(997,524,815)	(50,989,265,531)
Share of retained earnings of associates and joint ventures, net of tax	-	-	-	-	(142,857,779)	-	(142,857,779)
Exchange differences on translation of foreign operations, etc	-	-	-	61,261,087,019	-	(5,608,566,490)	55,652,520,529
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	(13,881,391,332)	-	(9,254,336,078)	(23,135,727,410)
Re-measurement of defined benefit plans	-	-	-	-	17,400,374,523	(690,797,368)	16,709,577,155
Transactions with owners of the company, recognized directly in equity							
Annual dividends (Note 28)	-	-	-	-	(51,479,197,000)	-	(51,479,197,000)
Interim dividends (Note 28)	-	-	-	-	(7,354,171,000)	-	(7,354,171,000)
Acquisition of non-controlling interests	-	(203,153,717,683)	(199,503,537,834)	-	-	(236,341,474,401)	(638,998,729,918)
As of December 31, 2024	**₩ 48,084,660,000**	**₩ 349,758,885,697**	**₩ (504,350,306,344)**	**₩ (20,214,981,688)**	**₩ 5,166,037,148,884**	**₩ -**	**₩ 5,039,315,406,549**

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

KCC Corporation and its subsidiaries
Consolidated statements of cash flows
for each of the two years in the period ended December 31, 2024
(Korean won)

	2024	2023
Operating activities		
Profit for the year	₩ 293,294,512,467	₩ 92,502,625,102
Adjustments to reconcile profit (loss) for the year to net cash provided by operating activities:	782,870,426,884	759,553,455,622
Income tax expenses	176,574,132,226	151,933,153,754
Interest expenses	347,806,538,134	254,644,522,493
Interest income	(36,029,843,068)	(33,625,432,678)
Dividend income	(48,520,292,501)	(44,285,161,100)
Loss on foreign currency translation	90,768,440,509	76,665,382,000
Gain on foreign currency translation	(115,549,856,929)	(40,311,070,454)
Loss on valuation of derivatives	1,680,641,442	113,131,493,043
Gain on valuation of derivatives	(12,063,752,856)	(13,101,778,412)
Loss on transaction of derivatives	6,563,806,718	2,156,788,239
Gain on transaction of derivatives	(4,736,717,094)	(11,118,752,767)
Financial guarantee costs	1,570,292,220	1,373,619,740
Loss on valuation of financial assets at fair value through profit or loss	258,258,126,187	22,608,838,229
Gain on valuation of financial assets at fair value through profit or loss	(342,195,674,089)	(452,438,333,769)
Loss on disposal of financial assets at fair value through profit or loss	399,003,418	528,440,655
Gain on disposal of financial assets at fair value through profit or loss	(11,204,628,280)	(29,823,775,485)
Depreciation	364,887,715,803	364,948,047,550
Depreciation expenses on right-of-use assets	28,535,175,165	32,056,621,203
Amortization of intangible assets	48,314,823,390	46,594,590,760
Depreciation expenses on assets not in use	522,164,021	522,612,333
Retirement and severance benefits	76,480,020,579	68,949,770,117
Other long-term employee benefits	2,601,961,504	3,104,628,907
Loss on disposal of property, plant and equipment, net	8,353,173,458	3,983,212,033
Gain on disposal of property, plant and equipment, net	(4,263,659,964)	(18,601,564,420)
Loss on disposal of intangible assets	654,006,977	3,238,272,818
Gain on disposal of right-of-use assets	(47,476,709)	(34,248,422)
Repair and maintenance expenses	3,421,449,468	3,708,545,092
Impairment losses on property, plant and equipment, net	5,987,126,621	24,476,878,285
Reversal of impairment losses on property, plant and equipment, net	-	(1,037,449,580)
Provisions for product warranties and others	3,736,890,767	3,653,857,951
Provisions for site restoration	370,845,278	2,717,943,398
Contribution to provisions for litigation	3,568,180,187	16,532,176,457
Provisions for customer points	603,220,568	594,707,259
Bad debt expenses (reversal)	(617,507,963)	5,404,934,202
Loss on equity method investments	1,223,062,212	256,009,750,506
Gain on equity method investments	(73,557,895,466)	(55,707,242,219)
Loss on disposal of business	-	99,477,904
Rental revenues	(1,223,065,049)	-
Changes in operating assets and liabilities:	(346,455,689,607)	86,893,918,777
Trade receivables	(144,411,401,064)	43,450,367,755
Current other receivables	(9,640,309,959)	56,162,508,776
Advance payments	(975,192,657)	193,779,192
Prepaid expenses	(9,165,617,393)	(972,069,415)
Long-term prepaid expenses	1,760,289,790	(1,887,100,696)
Inventories	(88,269,171,766)	189,397,032,552
Long-term trade receivables	(85,463,560)	(726,047,474)
Non-current other receivables	(1,491,973,504)	(4,354,526,590)
Trade payables	22,435,807,566	(66,641,735,932)
Current other payables	(17,169,904,916)	(44,385,098,776)
Non-current other payables	(562,320,023)	(596,674,770)
Decrease in national pension fund	6,131,000	13,499,800
Retirement and severance benefits paid	(81,790,260,540)	(73,685,806,524)
Decrease in plan assets	(8,292,158,958)	(3,317,675,277)
Other long-term employee benefits paid	(3,733,786,819)	(1,799,591,408)
Transfer of retirement benefits from associates	713,988,937	758,250,745
Provision for product warranties and others paid	(4,137,804,788)	(2,870,193,474)
Provisions for litigation paid	(933,975,750)	(854,411,823)
Provisions for customer points paid	(580,265,203)	(554,599,201)
Provisions for site restoration paid	(132,300,000)	(435,988,683)
Income taxes paid	(132,907,961,428)	(150,683,668,304)
Net cash flows provided by operating activities	**₩ 596,801,288,316**	**₩ 788,266,331,197**

(Continued)

KCC Corporation and its subsidiaries
Consolidated statements of cash flows
for each of the two years in the period ended December 31, 2024 (cont'd)
(Korean won)

	2024	2023
Investing activities		
Derivative instruments settlement amount, net	₩ 12,337,305,043	₩ 4,523,369,298
Short-term financial instruments, net	38,274,379,191	(67,232,210,733)
Acquisition of long-term financial instruments	(186,152,665)	(2,110,265,237)
Increase in short-term loans	(200,000,000)	(820,000,000)
Increase in long-term loans	(4,397,000,000)	(7,034,541,569)
Acquisition of government bonds	(2,050,000)	(39,250,000)
Acquisition of financial assets at fair value through profit or loss	(2,125,092,493)	(12,799,265,196)
Acquisition of equity method investments	(7,446,160,339)	(4,014,532,000)
Acquisition of property, plant and equipment	(257,719,840,837)	(379,009,357,955)
Acquisition of intangible assets	(7,280,781,946)	(10,837,850,050)
Increase in guarantee deposits	(801,396,990)	(1,334,660,640)
Decrease in short-term loans	4,521,464,945	3,710,767,355
Decrease in long-term loans	489,845,174	290,129,600
Maturity of government bonds	173,440,000	211,840,000
Disposal of financial assets at fair value through profit or loss	-	474,240,447
Disposal of financial assets at fair value through other comprehensive income	3,593,628,990	-
Disposal of investments under equity method	324,158,960,824	-
Disposal of property, plant and equipment	7,127,725,010	35,359,440,462
Disposal of intangible assets	8,854,876	9,700,683
Receipt of government grants	638,105,009	418,551,123
Decrease in guarantee deposits	6,045,769,643	3,312,705,189
Interest received	29,111,708,875	35,080,847,020
Dividends received	135,214,617,620	45,585,312,600
Disposal of business	-	913,873,157
Net cash flows provided by (used in) investing activities	**₩ 281,537,329,930**	**₩ (355,341,156,446)**
Financing activities		
Short-term borrowings, net	(327,023,171,166)	550,579,579,391
Repayment of long-term borrowings	(545,592,000,000)	(2,150,485,345,250)
Proceeds from long-term borrowings	648,687,002,237	2,138,155,720,387
Redemption of bonds	(370,000,000,000)	(670,000,000,000)
Issuance of bonds	877,513,900,000	319,080,318,400
Repayment of current long-term liabilities	(554,216,709,554)	(11,095,985,000)
Lease liabilities paid	(33,913,465,778)	(34,749,194,579)
Increase in long-term guarantee deposits	17,669,973,000	-
Decrease in long-term guarantee deposits	(688,979,794)	-
Interest paid	(299,722,383,995)	(244,393,843,895)
Dividends paid	(58,833,368,000)	(58,833,368,000)
Acquisition of non-controlling interests	(807,938,386,266)	-
Net cash flows used in financing activities	**₩ (1,454,057,589,316)**	**₩ (161,742,118,546)**
Net increase (decrease) in cash and cash equivalents	₩ (575,718,971,070)	₩ 271,183,056,205
Cash and cash equivalents as of January 1	1,045,142,107,132	776,747,673,687
Effect of exchange rate fluctuations on cash and cash equivalents	31,906,627,368	(2,788,622,760)
Cash and cash equivalents as of December 31	**₩ 501,329,763,430**	**₩ 1,045,142,107,132**

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

1. Corporate information

(1) Description of the Controlling Company

KCC Corporation (the "Controlling Company" or the "Company") was established on August 12, 1958. On June 25, 1973, the Controlling Company was listed on the Korea Exchange. On February 25, 2005, the Controlling Company changed its name from Kumgang Korea Chemicals to KCC Corporation. Meanwhile, the Controlling Company demerged KCC Glass Corporation, which engaged in the glass, HomeCC and flooring segments, through a spin-off as of January 1, 2020, and demerged KCC Silicone Corporation, which engaged in the silicone segment, through a split-off as of December 1, 2020.

The consolidated financial statements for the year ended December 31, 2024 comprise the Controlling Company and its subsidiaries (collectively referred to as the "Group") and the Group's interests in associates and joint ventures.

Information about the Controlling Company's head office, plants and major business units are as follows:

1) Locations of head office and plants

① Location of head office: 344, Sapyungdaero, Seocho-gu, Seoul, South Korea
② 9 plants, a central research center and 15 branches are located in various regions throughout Korea.

2) Major business units

Manufacturing and sales of construction materials, PVC, paints and coatings for automotive and ships & construction works

3) Chief executive officer

Mong-Jin Chung and Jae-Hun Jung

4) Major shareholders and percentage of ownership

	Number of shares (In shares)	Percentage of ownership
Mong-Jin Chung and 2 other individuals	2,668,432	30.03%

1. Corporate information (cont'd)

(2) Consolidated subsidiaries

1) The consolidated subsidiaries as of December 31, 2024 and 2023 and for each of the two years in the period ended December 31, 2024 are as follows:

				Ownership percentage (%) (*6)			Prior year ownership percentage (%)
	Location	Primary business	Closing date	Controlling company	Subsidiaries	Total	
KCC Chemical (HK) Holdings Limited	Hong Kong	Other	December 31	100	-	100	100
KCC Chemical (Kunshan)Co., Ltd. (*1)	China	Coating	December 31	-	100	100	100
KCC Chemical (Guangzhou) Co., Ltd. (*1)	China	Coating	December 31	-	100	100	100
Yuan Yuan Investment (Shanghai) Co., Ltd. (*1)	China	Other	December 31	-	100	100	100
KCC Chemical (Beijing) Co., Ltd. (*1)	China	Coating	December 31	-	100	100	100
KCC Chemical (Chongqing) Co., Ltd. (*2)	China	Coating	December 31	-	100	100	100
KCC Chemical (Tianjin) Co., Ltd. (*2)	China	Coating	December 31	-	100	100	100
KCC (Singapore) Pte. Ltd.	Singapore	Sales	December 31	100	-	100	100
KCC Paint (India) Private Limited (*3)	India	Coating	March 31	-	100	100	100
KCC Paints Sdn. Bhd. (*3)	Malaysia	Coating	December 31	-	100	100	100
KCC Coating Sdn. Bhd. (*3)	Malaysia	Coating	December 31	-	100	100	100
PT KCC Indonesia (*3)	Indonesia	Sales	December 31	-	100	100	100
KCC (Vietnam) Company Limited (*3)	Vietnam	Coating	December 31	-	100	100	100
KCC (Hanoi) Co., Ltd. (*3)	Vietnam	Coating	December 31	-	100	100	100
KCC (Viet Nam Nhon Trach) Company Limited (*3)	Vietnam	Material	December 31	-	100	100	100
KCC International Paints Co., Ltd. (*3)	Saudi Arabia	Coating	December 31	-	100	100	100
KCC PAINTS FE LLC (*3) (*7)	Kyrgyzstan	Coating	December 31	-	100	100	-
KCC Boya Sanayi ve Ticaret Limited Sirketi	Turkey	Coating	December 31	100	-	100	100
KCC Europe GmbH (*4)	Germany	Sales	December 31	-	100	100	100
KCC Japan Co., Ltd.	Japan	Sales	December 31	100	-	100	100
MOM Holding Company (*8)	USA	Silicone	December 31	100	-	100	60
MPM Holdings Inc. (*5)	USA	Silicone	December 31	-	100	100	100
MPM Intermediate Holdings Inc. (*5)	USA	Silicone	December 31	-	100	100	100
Momentive Performance Materials Inc. (*5)	USA	Silicone	December 31	-	100	100	100
Momentive Performance Materials Worldwide LLC (*5)	USA	Silicone	December 31	-	100	100	100
Momentive Performance Materials USA LLC (*5)	USA	Silicone	December 31	-	100	100	100
Juniper Bond Holdings III LLC (*5)	USA	Silicone	December 31	-	100	100	100
Juniper Bond Holdings IV LLC (*5)	USA	Silicone	December 31	-	100	100	100
Momentive Performance Materials South America Inc. (*5)	USA	Silicone	December 31	-	100	100	100
Momentive Performance Materials China SPV Inc. (*5)	USA	Silicone	December 31	-	100	100	100
MPM AR LLC (*5)	USA	Silicone	December 31	-	100	100	100
MPM Silicones, LLC (*5)	USA	Silicone	December 31	-	100	100	100
Momentive Performance Materials Nova Scotia ULC (*5)	Canada	Silicone	December 31	-	100	100	100
Momentive Performance Materials S. de R.L. de C.V. (*5)	Mexico	Silicone	December 31	-	100	100	100

1. Corporate information (cont'd)

(2) Consolidated subsidiaries (cont'd)

1) The consolidated subsidiaries as of December 31, 2024 and 2023 and for each of the two years in the period ended December 31, 2024 are as follows: (cont'd)

Momentive Performance Materials Industria de Silicones Ltda (*5)	Brazil	Silicone	December 31	-	100	100	100
Momentive Performance Materials Limited (*5)	UK	Silicone	December 31	-	100	100	100
Momentive Performance Materials Rus LLC (*9)	Russia	Silicone	December 31	-	-	-	100
Momentive Performance Materials Kimya Sanayi Ve Ticaret Limited Sirketi (*5)	Turkey	Silicone	December 31	-	100	100	100
Momentive Performance Materials Benelux BVBA (*5)	Belgium	Silicone	December 31	-	100	100	100
Momentive Performance Materials France Sarl (*5)	France	Silicone	December 31	-	100	100	100
Momentive Performance Materials GmbH (*5)	Germany	Silicone	December 31	-	100	100	100
Momentive Performance Materials Italy Srl (*5)	Italy	Silicone	December 31	-	100	100	100
Momentive Performance Materials Specialties Srl (*5)	Italy	Silicone	December 31	-	100	100	100
Momentive Performance Materials Silicones BV (*5)	Netherland	Silicone	December 31	-	100	100	100
Momentive Performance Materials Shanghai Co., Ltd. (*5)	China	Silicone	December 31	-	100	100	100
Momentive Performance Materials (Nantong) Co., Ltd. (*5)	China	Silicone	December 31	-	100	100	100
Momentive Performance Materials (Shanghai) Management Co., Ltd. (*5)	China	Silicone	December 31	-	100	100	100
Momentive Performance Materials (Shanghai) Trading Co., Ltd. (*5)	China	Silicone	December 31	-	100	100	100
Momentive Performance Materials Hong Kong Ltd (*5)	Hong Kong	Silicone	December 31	-	100	100	100
Momentive Performance Materials Pte Ltd (*5)	Singapore	Silicone	December 31	-	100	100	100
TA Holding Pte Ltd (*5)	Singapore	Silicone	December 31	-	100	100	100
Nautilus Pacific Two Pte Ltd (*5)	Singapore	Silicone	December 31	-	100	100	100
Momentive Performance Materials Asia Pacific Pte Ltd (*5)	Singapore	Silicone	December 31	-	100	100	100
Momentive Performance Materials (Thailand) Ltd (*5)	Thailand	Silicone	December 31	-	100	100	100
Momentive Performance Materials Japan LLC (*5)	Japan	Silicone	December 31	-	100	100	100
Ohta Kako LLC (*5)	Japan	Silicone	December 31	-	100	100	100
Momentive Performance Materials Korea Co., Ltd (*5)	Korea	Silicone	December 31	-	100	100	100
Momentive Performance Materials FZE (*5)	UAE	Silicone	December 31	-	100	100	100
Momentive Performance Materials (India) Private Limited (*5)	India	Silicone	March 31	-	100	100	100
KCC Silicone Corporation (*5)	Korea	Silicone	December 31	-	100	100	100
Momentive Performance Materials Holdings UK Limited (*5)	UK	Silicone	December 31	-	100	100	100
Basildon Chemical Co. Limited (*5)	UK	Silicone	December 31	-	100	100	100

1. Corporate information (cont'd)

(2) Consolidated subsidiaries (cont'd)

1) The consolidated subsidiaries as of December 31, 2024 and 2023 and for each of the two years in the period ended December 31, 2024 are as follows: (cont'd)

	Location	Primary business	Closing date	Ownership percentage (%) (*6) Controlling company	Subsidiaries	Total	Prior year ownership (%)
Momentive Performance Materials Holdings UK Limited (*5)	UK	Silicone	December 31	-	100	100	100
Basildon Chemical Co. Limited (*5)	UK	Silicone	December 31	-	100	100	100

(*1) It is a subsidiary of KCC Chemical (HK) Holdings Limited.

(*2) It is a subsidiary of KCC Chemical (Beijing) Co., Ltd.

(*3) It is a subsidiary of KCC (Singapore) Pte. Ltd.

(*4) It is a subsidiary of KCC Boya Sanayi ve Ticaret Limited Sirketi.

(*5) It is a subsidiary of MOM Holding Company.

(*6) It is based on the voting stock (including the holding of the subsidiary's shares).

(*7) For the year ended December 31, 2024, KCC (Singapore) Pte. Ltd, a subsidiary, made a new investment and established KCC PAINTS FE LLC, classifying the entity as a subsidiary of the Company.

(*8) For the year ended December 31, 2024, the Company acquired 40,941 shares of convertible preferred stock with voting rights issued by MOM Holding Company from MOM USA Limited Partnership, resulting in an increase in its ownership percentage in MOM holding Company.

(*9) Momentive Performance Materials Rus LLC was liquidated for the year ended December 31, 2024.

1. Corporate information (cont'd)

(2) Consolidated subsidiaries (cont'd)

2) The summarized financial information of the subsidiaries as of and for the year ended December 31, 2024 are as follows (Korean won in thousands):

	2024					
	Total assets	Total liabilities	Total equity	Sales	Net income (loss)	Total comprehensive income (loss)
KCC Chemical (HK) Holdings Limited	₩ 295,076,360	₩ 18,522	₩ 295,057,838	₩ -	₩ 75,187,094	₩ 108,704,582
KCC Chemical (Kunshan) Co., Ltd.	318,775,986	111,736,405	207,039,581	308,811,864	10,492,704	31,957,229
KCC Chemical (Guangzhou) Co., Ltd.	101,487,997	19,463,294	82,024,703	80,517,981	1,095,837	9,742,766
Yuan Yuan Investment (Shanghai) Co., Ltd.	199,682,814	2,714,088	196,968,726	-	(3,081,618)	17,047,944
KCC Chemical (Beijing) Co., Ltd.	208,884,656	5,102,629	203,782,027	-	(415,077)	20,288,248
KCC Chemical (Chongqing) Co., Ltd.	2,415,808	5,234,829	(2,819,021)	-	(288,079)	(561,496)
KCC Chemical (Tianjin) Co., Ltd.	81,709,595	18,109,294	63,600,301	78,698,628	1,959,345	8,328,546
KCC (Singapore) Pte. Ltd.	383,805,625	2,844,272	380,961,353	9,493,635	10,425,129	41,668,187
KCC Paint (India) Private Limited	48,512,491	15,138,463	33,374,028	75,753,678	5,314,932	8,335,176
KCC Paints Sdn. Bhd.	28,151,621	4,504,185	23,647,436	21,153,239	1,960,605	5,386,399
KCC Coating Sdn. Bhd.	227,277	904,175	(676,898)	1,069,854	(176,909)	(267,476)
PT KCC Indonesia	3,249,132	2,747,800	501,332	2,930,689	(647,975)	(587,887)
KCC (Vietnam) Company Limited	75,801,388	22,998,468	52,802,920	92,252,921	8,372,986	12,527,606
KCC (Hanoi) Co., Ltd.	48,735,087	7,614,193	41,120,894	34,099,520	3,520,129	6,649,481
KCC (Viet Nam Nhon Trach) Company Limited	184,361,635	7,758,548	176,603,087	34,261,559	(3,141,610)	10,408,880
KCC Boya Sanayi ve Ticaret Limited Sirketi	59,945,402	30,665,003	29,280,399	71,160,127	2,111,984	24,625,693
KCC Europe GmbH	935,602	77,325	858,277	534,455	16,883	73,673
KCC Japan Co., Ltd.	3,504,859	27,505	3,477,354	546,642	11,611	100,218
KCC International Paints Co., Ltd.	46,521,956	24,679,239	21,842,717	44,330,112	3,114,869	5,607,445
KCC PAINTS FE LLC	690,416	18,293	672,123	-	(158,817)	(129,537)
MOM Holding Company and subsidiaries	4,415,791,430	3,677,718,816	738,072,614	3,004,016,772	(218,798,625)	(342,243,215)
	₩ 6,508,267,137	₩ 3,960,075,346	₩ 2,548,191,791	₩ 3,859,631,676	₩ (103,124,602)	₩ (32,337,538)

3) Changes in the Company's ownership interest in MOM Holding Company and its subsidiaries, all of which are included in the scope of consolidation, are as follows (Korean won in thousands) :

	2024
Beginning balance	₩ 658,816,705
Increase	588,165,753
Acquisition of non-controlling interests	236,341,474
Capital increase with consideration	579,720,000
Total comprehensive loss attributable to the Company	(227,895,721)
Ending balance	₩ 1,246,982,458

4) Information of the subsidiary newly included in the scope of consolidation for the year ended December 31, 2024 is as follows :

	Reason
KCC PAINTS FE LLC	New investment

2. Basis of preparation

(1) Basis of consolidated financial statements

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

The consolidated financial statements of the Group for the year ended December 31, 2024 were approved by the Board of Directors on February 11, 2025 and will be finally approved by the Board of Directors on March 13, 2025.

The consolidated financial statements have been prepared on a historical cost basis, except for when otherwise indicated. The consolidated financial statements are presented in Korean won ("KRW" or "₩") and all values are rounded to the nearest thousands, except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the year ended December 31, 2023. In addition, the Group presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in the consolidated financial statements.

(2) Use of estimates and judgments

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

Material accounting decisions, estimates, and assumptions for the Group are described in Note 6.

3. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as of December 31, 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

4. Changes in accounting policies and disclosures

(1) New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2024.

① Amendments to KIFRS 1116 : *Lease Liability in a Sale and Leaseback*
The amendments to KIFRS 1116 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.
The amendments had no impact on the Group's consolidated financial statements.

② Amendments to KIFRS1001 : *Classification of Liabilities as Current or Non-current*
The amendments to KIFRS 1001 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
• what is meant by a right to defer settlement;
• that a right to defer must exist at the end of the reporting period;
• that classification is unaffected by the likelihood that an entity will exercise its deferral right; and
• that terms of a liability that could result in its settlement by the transfer of the entity's own equity instruments do not affect its classification as current or non-current if the entity classifies the option as an equity instrument, recognizing it separately from the liability as an equity component of a compound financial instrument.

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. The amendments have not had an impact on the classification of the Group's liabilities.

③ Amendments to KIFRS1007 and 1107 : *Supplier Finance Arrangements*
The amendments to KIFRS 1007 *Statement of Cash Flows* and KIFRS 1107 *Financial Instruments: Disclosures* clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.
As a result of implementing the amendments, the Group has provided additional disclosures about its supplier finance arrangement. Please refer to Note 36.

(2) Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

① Amendments to KIFRS1021: *Lack of exchangeability*
The amendments to KIFRS 1021 *The Effects of Changes in Foreign Exchange Rates* specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments will be effective for annual reporting periods beginning on or after January 1, 2025. Early adoption is permitted, but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information.
The amendments are not expected to have a material impact on the Group's consolidated financial statements.

4. Changes in accounting policies and disclosures (cont'd)

(2) Standards issued but not yet effective (cont'd)

② Amendments to KIFRS 1109 and KIFRS1107: *Classification and Measurement Requirements of Financial Instruments*

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

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

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

In relation to the derecognition of financial liabilities that are settled via electronic payment systems, the Group is performing assessment on all the major electronic payment systems used in various jurisdictions in which the Group operates. The Group is assessing whether the amendments will have a material impact on the current practices and whether the criteria for the accounting policy choice to derecognize financial liabilities are met. In order to assess if a financial asset is derecognized on the date on which the contractual rights to the cash flows expire, and if a financial liability is derecognized on the settlement date, the Group is currently assessing all payment systems such as cheques, credit cards, and debit cards.

Furthermore, the Group is assessing the impact of the amendments on financial assets with ESG-linked and similar contingent features, financial instruments with non-recourse features, and contractually linked financial instruments. The amendments are not expected to have a material impact on its consolidated financial statements based on the initial assessment performed but the assessment has not been completed.

③ Annual Improvements to KIFRS Volume 11

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

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

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

④ Amendments to KIFRS 1101: *Disclosure of Virtual Assets*

These amendments mandate entities to disclose material information for the financial statement users such as the impact of holding and issuing virtual assets on their accounting policies and financial statements. The entities should separately disclose information related to holding virtual assets, holding them on behalf of the

customers, and issuing them. The amendments are not expected to have a material impact on the Group's consolidated financial statements as the Group neither holds nor issues virtual assets.

5. Summary of material accounting policies

(1) Accounting policy for hyperinflation in foreign operations

In cases where the functional currency of a foreign operation is the currency of a hyperinflationary economy, all items in the foreign operation's statement of financial position and statement of comprehensive income (excluding statements presented for comparative purposes) are translated at the closing exchange rate at the end of the reporting period. However, the statements of financial position and comprehensive income presented for comparative purposes are presented at the amounts reported in the prior period, without reflecting the effects of changes in price levels or exchange rates since the prior period.

For the subsidiary KCC Boya Sanayi ve Ticaret Limited Sirketi within the Group, its functional currency is the Turkish Lira, and it has been deemed to be operating in a hyperinflationary economy in accordance with KIFRS 1029, as the cumulative inflation rate over the past three years has exceeded 100%. Consequently, the financial statements have been restated in accordance with KIFRS 1029 *Financial Reporting in Hyperinflationary Economies* to reflect changes in the general purchasing power of the functional currency as of December 31, 2023, and are presented in the unit of measurement as of the end of the reporting period.

The price index as of December 31, 2024 in Turkey reflects the producer price index disclosed by the Turkish Statistical Institute, and the conversion factors applied during the past three years for the producer price index and the restatement of the financial statements are as follows.

	Producer Price Index (PPI)	Conversion factor
December 31, 2024	3,746.52	1.00
December 31, 2023	2,915.02	1.29
December 31, 2022	2,021.19	1.85
December 31, 2021	1,022.25	3.66

Monetary assets and monetary liabilities are already presented in the monetary units as of December 31, 2023, and therefore have not been restated. Non-monetary assets and liabilities have been restated using a conversion factor that considers the Producer Price Index of Turkiye. The impact of hyperinflation on the company's monetary assets and monetary liabilities is included in the profit or loss from the transition effects under the KIFRS 1029 *Financial Reporting in Hyperinflationary Economies*. During the periods of hyperinflation, holding excessive monetary assets compared to monetary liabilities results in a loss of purchasing power, leading to monetary losses. Monetary gains and losses arise from non-monetary assets and non-monetary liabilities, as well as from foreign currency translation gains and losses on the consolidated statement of comprehensive income.

(2) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes inputs and substantive processes that significantly contributes to the ability to produce outputs.(1) A process (or a set of processes) acquired is considered as very important in the ability to continue producing outputs and the acquired inputs include an organized workforce that has the necessary skills, knowledge, or experience to carry out the process (or the set of processes), or (2) an acquired process significantly contributes to the ability to continue producing outputs and is considered as substantive if it is unique or scarce, or if replacement would involve significant cost, effort, or result in a delay in an ability to continue producing outputs.

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

5. Summary of material accounting policies (cont'd)

(2) Business combinations and goodwill (cont'd)

Contingent consideration is measured at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. If contingent consideration is not classified as equity, the Group subsequently recognizes changes in fair value of contingent consideration through profit or loss.

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

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

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

5. Summary of material accounting policies (cont'd)

(3) Current versus non-current classification

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

An asset is current when it is:
- expected to be realized or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Assets other than those mentioned above are classified as non-current assets.

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

Liabilities other than those mentioned above are classified as non-current liabilities.

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

(4) Investment in associates and joint ventures

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

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

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its associate and joint venture are accounted for using the equity method.

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

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

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

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

5. Summary of material accounting policies (cont'd)

(4) Investment in associates and joint ventures (cont'd)

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

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

(5) Fair value measurement

The Group measures some financial instruments at fair value at each balance sheet date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

	Notes
- Disclosure for valuation methods, significant estimates and assumptions	6, 36
- Quantitative disclosures of fair value measurement hierarchy	36
- Investment in unlisted equity shares	36
- Investment properties	16
- Financial instruments (including those carried at amortized cost)	36

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

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

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

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

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

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

5. Summary of material accounting policies (cont'd)

(5) Fair value measurement (cont'd)

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

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

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

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon by the Chief Financial Officer. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group, in conjunction with the Group's external valuers, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. In Note 36, it includes a discussion of the major assumptions used in the valuations.

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

(6) Foreign currencies translation

The Group's consolidated financial statements are presented in Korean won, which is also the Controlling Company's functional currency and reporting currency. Monetary items in foreign currencies are retranslated to the functional currency using the reporting date's exchange rate. Exchange differences are recognized in profit or loss in the period.

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

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

5. Summary of material accounting policies (cont'd)

(6) Foreign currencies translation (cont'd)

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

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

(7) Property, plant and equipment

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

However, the Group applied KIFRS1101 *First Adoption of KIFRS* to some land properties to be measured at fair value at the date of transition to KIFRS and used the fair value as deemed cost.

Depreciation of property, plant and equipment is provided using the straight-line method over the estimated useful life of the assets as follows and assessed for impairment whenever there is an indication that the asset may be impaired:

	Depreciation method	Useful life (years)
Buildings	Straight-line method	8 - 55
Structures		8 - 34
Machinery		3 - 20
Vehicles		3 - 6
Tools		3 - 15
Equipment		1 - 10

The Group reviews the estimated residual values and expected useful lives of assets at least annually. In particular, the Group considers the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values. Furthermore, the Group considers climate-related matters, including physical and transition risks. Specifically, the Group determines whether climate-related legislation and regulations might impact either the useful life or residual values, e.g., by banning or restricting the use of the Group's fossil fuel-driven machinery and equipment or imposing additional energy efficiency requirements on the Group's buildings and office properties.

Property, plant and equipment are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of comprehensive income (loss) in the period of derecognition.

5. Summary of material accounting policies (cont'd)

(8) Leases

A lease is a contract, whereby the lessor conveys to the lessee, the right to control the use of an identified asset for a period of time in exchange for consideration. At inception of a contract, the Group assesses whether the contract is, or contains, a lease.

(a) Group as a lessor
Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

(b) Group as a lessee
Upon adoption of KIFRS1116, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities representing the obligation to pay lease payments and right-of-use assets that represents a right to use of an underlying asset.

Right-of-use assets
The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Depreciation if ownership of the underlying asset is transferred to the Group at the end of the lease term or if the cost of the right-of-use assets reflects that the Group's exercises a call option is calculated using the estimated useful life of the underlying asset.

Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of office furniture (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

5. Summary of material accounting policies (cont'd)

(9) Borrowing costs

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

(10) Investment property

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

Investment properties, other than land, are depreciated on a straight-line basis over the economic useful life of 15 to 50 years and are assessed for impairment whenever there is an indication that the investment properties may be impaired.

At least at the end of each reporting period, the Group reviews the residual values, useful lives and depreciation methods of investment property. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the depreciation period or method, as appropriate, and are treated as changes in accounting estimates. The depreciation expense is recognized in the statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the investment property.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the income statement in the period of derecognition. Transfers are made to (or from) investment property only when there is a change in use.

In addition, only if the purpose of use of the asset has changed, it is being replaced by another account in the investment property or an investment property in another account.

(11) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Meanwhile, the Group has recognized intangible assets, which are internally generated, as expense items when they are incurred.

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

5. Summary of material accounting policies (cont'd)

(11) Intangible assets (cont'd)

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

Intangible assets, other than membership and telephone subscription rights with an indefinite life, are amortized on a straight-line basis over the following useful life:

	Useful life (years)
Industrial property rights	5 - 10
Others	4 - 20

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

Research and development costs
Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate (i) the technical feasibility of completing the intangible asset so that the asset will be available for use or sale, (ii) its intention to complete and its ability to use or sell the asset, (iii) how the asset will generate future economic benefits, (iv) the availability of resources to complete the asset, and (v) the ability to measure reliably the expenditure during development.

(12) Inventories

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

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(13) Impairment of non-financial assets

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

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

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

5. Summary of material accounting policies (cont'd)

(13) Impairment of non-financial assets (cont'd)

Impairment losses are recognized in the expense categories, consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. Recognized impairment losses excluding goodwill in past, are reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment losses were recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of comprehensive income (loss) unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The following assets have specific characteristics for impairment testing:

Goodwill
Goodwill is tested for impairment annually as of September 30 and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets
Intangible assets with indefinite useful lives are tested for impairment annually as of December 31, individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

(14) Cash and cash equivalents

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

For the purpose of the consolidated statement of cash flows, cash and cash equivalents mean it as defined above.

(15) Financial instruments - initial recognition and subsequent measurement

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

1) Financial assets

① Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under KIFRS1115. Refer to the accounting policies in section Revenue from contracts with customers.

5. Summary of material accounting policies (cont'd)

(15) Financial instruments - initial recognition and subsequent measurement (cont'd)

1) Financial assets (cont'd)

① Initial recognition and measurement (cont'd)

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets that cash flows are not comprised of SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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

Financial assets that are classified and measured at amortized cost are held within a business model with the objective of holding to collect contractual cash flows, but financial assets that are classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

② Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortized cost (debt instruments)
- Financial assets measured at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets measured at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets measured at fair value through profit or loss

Financial assets at amortized cost (debt instruments)
This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:
- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets measured at fair value through OCI (debt instruments)
The Group measures debt instruments at fair value through OCI if both of the following conditions are met:
- the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

5. Summary of material accounting policies (cont'd)

(15) Financial instruments - initial recognition and subsequent measurement (cont'd)

1) Financial assets (cont'd)

② Subsequent measurement (cont'd)

Financial assets measured at fair value through OCI (debt instruments) (cont'd)

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

Financial assets measured at fair value through OCI (equity instruments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under KIFRS1032 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

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

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

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

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

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

5. Summary of material t accounting policies (cont'd)

(15) Financial instruments - initial recognition and subsequent measurement (cont'd)

1) Financial assets (cont'd)

③ Derecognition (cont'd)

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:
- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

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

	Notes
- Disclosures for significant assumptions	36
- Trade receivables, including contract assets	36

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

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

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

5. Summary of material accounting policies (cont'd)

(15) Financial instruments - initial recognition and subsequent measurement (cont'd)

2) Financial liabilities

① Initial recognition and measurement

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

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

② Subsequent measurement

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

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by KIFRS1109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in KIFRS1109 are satisfied.

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 18.

③ Derecognition

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

5. Summary of material accounting policies (cont'd)

(15) Financial instruments - initial recognition and subsequent measurement (cont'd)

3) Offsetting of financial instruments

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

4) Interest rate benchmark reform

(a) the change is necessary as a direct consequence of the reform; and

(b) the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updates the effective interest rate, and then applies the policies on accounting for modifications to the additional changes.

(16) Financial derivatives and hedge

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

When a derivative is designated to hedge the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in hedging reserve. The effective portion of the change in the fair value of the derivatives recognized in other comprehensive income is limited to the cumulative change in the fair value of the hedged item, determined based on the present value, from the inception of the hedge. Ineffective portion of changes in the fair value of derivatives are recognized immediately in profit or loss.

For other hedged forecast transactions, the accumulated hedging reserves and the hedging cost are reclassified to profit or loss in the same period or in the period in which the hedged expected future cash flows affect profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively.

When the hedged future cash flows are no longer expected to occur, the accumulated cash flow hedge reserve and the cost of the hedge are immediately reclassified to profit or loss.

The cumulative gain or loss on the hedging instrument that has been recognized in other comprehensive income is reclassified to profit or loss in the periods during which the forecasted transaction occurs.

(17) Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in share premium.

5. Summary of material accounting policies (cont'd)

(18) Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. The criteria for held for sale classification is regarded as met only when the distribution is highly probable, and the asset or disposal group is available for immediate disposal in its present condition. Just prior to the initial classification as held for sale, the asset (or assets and liabilities) is measured at the lower of its carrying amount or fair value less costs to sell. The Group immediately recognizes the accumulated impairment loss in profit or loss if the fair value less costs to sell of an asset with an impairment loss recognized has decreased. The Group recognizes the accumulated impairment loss recognized in prior periods in profit or loss, up to the limit of the initial impairment loss recognized, if the fair value less costs to sell increases.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale or as held for distribution.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been dispose of, or is classified as held for sale, and:
- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose or a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

The Group presents profit or loss after tax from discontinued operations as a single amount in the consolidated statements of comprehensive income (loss), excluding the results of continuing operations.

(19) Cash dividend to equity holders of the parent

The Group recognizes a liability to make distributions when the distribution is authorized, and the distribution are no longer at the discretion of the Group. A distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

(20) Employee benefits

1) Short-term employee benefits

Short-term employee benefits are employee benefits that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services. When an employee has rendered service to the Group during an accounting period, the Group recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service.

2) Other long-term employee benefits

Other long-term employee benefits include employee benefits that are expected to be settled beyond 12 months after the end of the annual reporting period in which the employees render the related service. The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

5. Summary of material accounting policies (cont'd)

(20) Employee benefits (cont'd)

3) Retirement benefits: defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The Group calculates defined benefit cost by using the projected unit credit method. Remeasurements of actuarial gain or loss, return on plan assets excluding amounts included in net interest and changes in the effect of the asset ceiling excluding amounts included in net interest are recognized immediately in other comprehensive income. Remeasurements recognized in other comprehensive income are not reclassified to profit or loss in a subsequent period.

The Group recognizes past service cost as an expense on earlier of:
- when the plan amendment or curtailment occurs; and
- when the entity recognizes related restructuring costs or termination benefits

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

4) Retirement benefits: defined contribution plans

When an employee has rendered service to the Group during the period, the Group recognizes the contribution payable to a defined contribution plan in exchange for that service as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, the Group recognizes that excess as an asset (prepaid expense) to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

5) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(21) Provisions

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

As of December 31, 2023, the Group has recognized provisions for product warranties, site restoration, litigation, provisions for customer points (Note 22).

(22) Revenue from contracts with customers

The Group recognizes revenue for all contracts within the scope of KIFRS1115 *Revenue* from contracts with customers by applying a five-stage revenue recognition model (① Identify a contract with a customer → ② Identify the performance obligations in the contract → ③ Determine the transaction price → ④ Allocate the transaction price to the separate performance obligations in the contract → ⑤ Recognize revenue when the entity satisfies a performance obligation) to its all contracts with customers.

5. Summary of material accounting policies (cont'd)

(22) Revenue from contracts with customers (cont'd)

1) Sales of product – coating products, building materials and silicone

Identifying performance obligations and timing of satisfaction of performance obligations

The Group sells building materials such as building interior and exterior materials, organosilicon, PVC and goods such as automotive coatings and cargo container coatings directly to the customer or through the agency as domestic sales or exports. By the application of KIFRS1115, the sale of these goods corresponds to performance obligations satisfied at a point in time. In addition, as required by KIFRS1115, the Group assessed the timing of revenue recognition in considering of indicators of control transfer such as the right to claim for payment, the legal ownership, the transfer of physical occupancy, the transfer of the risks, rewards of ownership of the good and customer's acquisition condition. Accordingly, the Group has recognized the revenue at the time when customer or agency accepts the inspected goods.

- Variable consideration

The Group provides sales discount to its customers if the certain conditions are met in a contract with customers for the sale of goods. Under KIFRS1115, the sales discount provided to customers is variable consideration. The Group has deducted appropriate estimates from sales. If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

- Right of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in KIFRS1115 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognizes a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer.

- Assets and liabilities arising from rights of return

Right of return assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

- Warranty

The customer generally does not have the option of purchasing warranty separately on the sale of goods, and promised warranty does not provide services to the customer in addition to the assurance that the related good meets agreed standards. The Group accounts for warranties in accordance with KIFRS1037 *Provisions, Contingent Liabilities and Contingent Assets*.

5. Summary of material accounting policies (cont'd)

(22) Revenue from contracts with customers (cont'd)

1) Sales of product - building materials and coating products (cont'd)

- Principal versus agent considerations

The Group provides transportation and insurance services in addition to the supply of goods in subject to export contract terms. Upon the adoption of KIFRS1115, the Group determined that the Group is not responsible for the main responsibility for the transportation and insurance services provided by the Group. Hence, it is an agent in these contracts because the Group does not have the ability to direct the performance of its services or to obtain benefits from the services.

- Consideration payable to the customer

The Group grants support fees related to business sign replacement and mixing machine rental for free of charge to a customer in accordance with specific criteria in a contract with the customer. And, the Group provides sales incentives to the ship owners in connection with the coating operation. Under KIFRS1115, the support fees granted to customers, mixing rental and sales incentives provided by the Group for free of charge are the consideration payable to the customer. The Group deducts the support fees from sales.

2) Provision of services - construction contracts

- Timing of satisfaction of performance obligations and measurement of stage of completion

The construction services provided by the Group to its customers creates or enhances the assets that the customer controls as the Group performs the service or enhances the value. Upon the adoption of KIFRS1115, The Group concluded that revenue for construction services is to be recognized over time. In addition, in order to measure reasonable progress based on the characteristics of such construction services, the Group recognized revenue by applying the cost basis method.

- Variable consideration

The transaction price based on the construction contract includes the amount of the initially agreed contract and the variable consideration expected to be caused by the contract change, compensation and penalty. The variable consideration includes the fair value of the transaction price as a reasonable estimate of the likelihood that a significant portion of the cumulative revenue already recognized is highly unlikely to be reduced.

- Contract assets and contract liabilities

The unconditional right to receive compensation under construction contracts is classified as trade receivables. If the Group transfer the construction services prior to the payment date of the consideration, the amount indicated as a trade receivable in the contract is shown as contract asset except for the amount indicated. On the other hand, if the customer pays or has unconditional rights to receive payment before the transfer of construction services to the customer, the contract is presented as a contract liability. These contract assets and liabilities are explained in note 39.

- Warranty

The customer generally does not have the option of purchasing warranty separately on the construction services, and promised warranty does not provide services to the customer in addition to the assurance that the related good meets agreed standards. The Group accounts for warranties in accordance with KIFRS1037 *Provisions, Contingent Liabilities and Contingent Assets.*

5. Summary of material accounting policies (cont'd)

(23) Taxes

1) Current income tax

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

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

2) Deferred tax

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

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

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

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

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

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

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

5. Summary of material accounting policies (cont'd)

(23) Taxes (cont'd)

2) Deferred tax (cont'd)

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

3) Sales tax

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

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

(24) Government grants

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

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

(25) Equity-based compensation

The Group provides share-based compensation for the services received from employees and operates a system that grants cash-settled share price difference compensation rights to employees (cash-settled equity-based compensation transactions).

6. Material accounting judgments, estimates and assumptions

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

Other disclosures relating to the Group's exposure to risks and uncertainties includes:
- Financial instruments risk management and policies (Note 36)
- Sensitivity analyses disclosures (Notes 21 and 36)

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

(1) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that non-financial assets may be impaired. The Group performs impairment tests for intangible assets with indefinite useful lives and goodwill every year or when there is an indication of impairment. The Group performs impairment tests for other non-financial assets if there is an indication that their book value is not recoverable. To calculate a value in use, the management estimates expected future cash flows arising from cash generating units (CGU) or assets, and selects an appropriate discount rate to compute the present value of the expected future cash flows.

(2) Deferred tax assets

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The major judgments made by management related to deferred tax assets are disclosed in Note 33.

(3) Defined benefit plans (pension benefits)

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

In determining the appropriate discount rate, management considers market yields on high quality corporate bonds. The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

The major assumptions made by management related to an actuarial valuation are disclosed in Note 21.

(4) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments (Note 36).

7. Cash and cash equivalents

Cash and cash equivalents as of December 31, 2024 and 2023 are summarized as follows (Korean won in thousands):

	December 31, 2024	December 31, 2023
Cash on hand	₩ 30,482	₩ 30,707
Bank deposits	437,044,016	847,713,776
Government grants	-	(140,000)
Short-term financial instruments	64,255,265	197,537,624
	₩ 501,329,763	₩ 1,045,142,107

Above cash and cash equivalents have short-term maturity with floating interest rate which reflects current market rate. The difference between the carrying amount and fair value of the above cash and cash equivalents is insignificant.

8. Trade receivables

(1) Trade receivables are presented in the consolidated financial statements, net of allowance for doubtful accounts and present value discount. Details of the gross amount of trade receivables, allowance for doubtful accounts and present value discount as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

	December 31, 2024			
	Gross amount	Allowance for doubtful accounts	Present value discount (*2)	Carrying amount
Trade receivables (*1)	₩ 1,222,428,434	₩ (8,935,819)	₩ -	₩ 1,213,492,615
Non-current trade receivables	16,324,182	(15,788,302)	(43,480)	492,400
	₩ 1,238,752,616	₩ (24,724,121)	₩ (43,480)	₩ 1,213,985,015

	December 31, 2023			
	Gross amount	Allowance for doubtful accounts	Present value discount (*2)	Carrying amount
Trade receivables (*1)	₩ 1,049,447,070	₩ (9,628,778)	₩ -	₩ 1,039,818,292
Non-current trade receivables	20,465,653	(18,727,851)	(82,531)	1,655,271
	₩ 1,069,912,723	₩ (28,356,629)	₩ (82,531)	₩ 1,041,473,563

(*1) The difference between carrying amount and fair value of trade receivables is insignificant for short-term receivables.
(*2) Effective interest rates: 2.20% ~ 4.03%

8. Trade receivables (cont'd)

(2) Changes in allowance for doubtful accounts for each of the two years in the period ended December 31, 2024 are as follows (Korean won in thousands):

	2024	2023
Beginning balance	₩ 28,356,629	₩ 27,229,342
Provision(reversal)	(617,508)	5,404,934
Write-off, etc.	(3,015,000)	(4,277,647)
Ending balance	₩ 24,724,121	₩ 28,356,629

9. Other receivables

(1) Other receivables are presented net of allowance for doubtful accounts and present value discount. The gross amount of other receivables, allowance for doubtful accounts, present value discount as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

	December 31, 2024			
	Gross amount	Allowance for doubtful accounts	Present value discount	Carrying amount
Current loans receivables	₩ 14,213,693	₩ -	₩ -	₩ 14,213,693
Current non-trade receivables	78,057,695	(1,686)	-	78,056,009
Accrued incomes	2,594,225	(2,100,838)	-	493,387
Current guarantee deposits	1,497,163	-	-	1,497,163
Right of return assets	986,833	-	-	986,833
Current	₩ 97,349,609	₩ (2,102,524)	₩ -	₩ 95,247,085
Non-current loans receivables	26,157,990	(15,232,000)	-	10,925,990
Non-current non-trade receivables	73,797,679	-	(10,049,883)	63,747,796
Non-current guarantee deposits	8,421,269	-	(255,480)	8,165,789
Other investment assets	1,984,899	-	-	1,984,899
Non-current	₩ 110,361,837	₩ (15,232,000)	₩ (10,305,363)	₩ 84,824,474
	₩ 207,711,446	₩ (17,334,524)	₩ (10,305,363)	₩ 180,071,559

	December 31, 2023			
	Gross amount	Allowance for doubtful accounts	Present value discount	Carrying amount
Current loans receivables	₩ 14,345,019	₩ -	₩ -	₩ 14,345,019
Current non-trade receivables	63,342,186	(1,686)	-	63,340,500
Accrued incomes	3,688,707	(2,100,838)	-	1,587,869
Current guarantee deposits	8,487,804	-	-	8,487,804
Right of return assets	1,473,362	-	-	1,473,362
Current	₩ 91,337,078	₩ (2,102,524)	₩ -	₩ 89,234,554
Non-current loans receivables	26,133,932	(15,232,000)	-	10,901,932
Non-current non-trade receivables	66,929,540	-	(10,854,561)	56,074,979
Non-current guarantee deposits	10,454,748	-	(211,916)	10,242,832
Other investment assets	3,521,307	-	-	3,521,307
Non-current	₩ 107,039,527	₩ (15,232,000)	₩ (11,066,477)	₩ 80,741,050
	₩ 198,376,605	₩ (17,334,524)	₩ (11,066,477)	₩ 169,975,604

9. Other receivables (cont'd)

(2) Changes in allowance for doubtful accounts in relation to other receivables for each of the two years in the period ended December 31, 2024 are as follows (Korean won in thousands):

	2024	2023
Beginning balance	₩ 17,334,524	₩ 17,418,815
Others	-	(84,291)
Ending balance (*1)	₩ 17,334,524	₩ 17,334,524

(*1) Allowance for doubtful accounts related to loans receivables, non-trade receivables and accrued incomes for the joint venture POLYSILICON TECHNOLOGY COMPANY (hereinafter, "PTC") is included. As other receivables of PTC stated above are unlikely to be recovered, the entire carrying amount of the receivables are recognized as the allowance for doubtful accounts prior to the year ended December 31, 2023.

10. Inventories

(1) Details of inventories as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

	December 31, 2024		
	Acquisition cost	Allowance	Carrying amount
Finished goods	₩ 906,184,727	₩ (60,166,478)	₩ 846,018,249
Semi-finished goods	195,429,642	(842,923)	194,586,719
Merchandises	55,616,521	(364,373)	55,252,148
Work in process	43,382,283	(1,441,415)	41,940,868
Raw materials	313,838,314	(5,810,748)	308,027,566
Supplies	83,174,101	(2,583)	83,171,518
Material-in-transit	54,238,923	-	54,238,923
	₩ 1,651,864,511	₩ (68,628,520)	₩ 1,583,235,991

	December 31, 2023		
	Acquisition cost	Allowance	Carrying amount
Finished goods	₩ 800,816,364	₩ (51,083,725)	₩ 749,732,639
Semi-finished goods	194,174,512	(859,975)	193,314,537
Merchandises	39,536,563	(342,832)	39,193,731
Work in process	37,819,943	(940,173)	36,879,770
Raw materials	260,859,611	(6,932,810)	253,926,801
Supplies	77,599,110	(2,195)	77,596,915
Material-in-transit	48,355,331	-	48,355,331
	₩ 1,459,161,434	₩ (60,161,710)	₩ 1,398,999,724

(2) The Group recognized a loss on valuation of inventories amounting to ₩2,547 million and ₩2,217 million as cost of sales for each of the two years in the period ended December 31, 2024, respectively.

11. Other financial assets and financial liabilities

(1) Details of other financial assets and financial liabilities as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

	December 31, 2024		
	Current	Non-current	Total
Other financial assets:			
Financial assets measured at fair value through profit or loss	₩ -	₩ 2,748,880,048	₩ 2,748,880,048
Financial assets measured at fair value through OCI	-	17,984,042	17,984,042
Government bonds	144,789	203,231	348,020
Derivative assets	21,549,893	-	21,549,893
	₩ 21,694,682	₩ 2,767,067,321	₩ 2,788,762,003
Other financial liabilities:			
Derivative liabilities	₩ -	₩ -	₩ -

	December 31, 2023		
	Current	Non-current	Total
Other financial assets:			
Financial assets measured at fair value through profit or loss	₩ -	₩ 2,688,879,532	₩ 2,688,879,532
Financial assets measured at fair value through OCI	-	23,478,301	23,478,301
Government bonds	173,652	340,610	514,262
Derivative assets	32,050,356	11,166,782	43,217,138
	₩ 32,224,008	₩ 2,723,865,225	₩ 2,756,089,233
Other financial liabilities:			
Derivative liabilities	₩ 164,369,968	₩ -	₩ 164,369,968

11. Other financial assets and financial liabilities (cont'd)

(2) Financial assets measured at fair value through profit or loss

① Details of financial assets measured at fair value through profit or loss and financial assets measured at fair value through OCI as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

	2024		2023
	Acquisition cost	Carrying amount	Carrying amount
Financial assets measured at fair value through profit or loss:			
Marketable equity securities	₩ 1,411,672,577	₩ 2,688,595,478	₩ 2,630,970,758
Non-marketable equity securities	48,628,930	58,340,570	55,964,774
Debt instruments (compound financial instruments)	1,944,000	1,944,000	1,944,000
	₩ 1,462,245,507	₩ 2,748,880,048	₩ 2,688,879,532
Financial assets measured at fair value through OCI:			
Marketable equity securities	54,219,741	17,984,042	23,478,301
	₩ 1,516,465,248	₩ 2,766,864,090	₩ 2,712,357,833

② Changes in financial assets measured at fair value through profit or loss classified at level 3 for each of the two years in the period ended December 31, 2024 are as follows (Korean won in thousands):

	2024	2023
Beginning balance	₩ 57,908,774	₩ 43,744,009
Acquisitions	2,125,093	12,799,265
Unrealized gain (loss) on valuation	250,703	1,665,689
Disposals	-	(300,190)
Others (*1)	-	1
Ending balance	₩ 60,284,570	₩ 57,908,774
Consolidated statement of financial position:		
Non-current	₩ 60,284,570	₩ 57,908,774

(*1) Increases in financial assets measured at fair value through profit or loss due to investment conversion for the year ended December 31, 2023.

12. Derivative instruments

(1) The Group entered into an interest rate swap contract to hedge the risk of interest rate fluctuations on long-term borrowings (₩150 billion) prior to the year ended December 31, 2023. In addition, the Group entered into a currency swap contract with Hana Bank prior to the year ended December 31, 2024 in order to hedge the risk of fluctuations in the fair value of long-term borrowings and a currency forward contract with Hana Bank prior to the year ended December 31, 2023 in order to hedge the risk of fluctuations in the fair value of foreign currency trade receivables.

The aforementioned derivative contracts, in accordance with risk management policy of the Group, provide hedging effects; however, the Group does not apply hedge accounting described in KIFRS 1109 to these derivative contracts.

(2) Details of derivative instruments as of December 31, 2024 and 2023 are as follows:

	2024			
	Transaction purpose	Derivative instruments type	Accounting Method	Contract contents
Long-term borrowings (including current portion of long-term borrowings)	Fair value hedge	Interest rate swap	Trading	Counterparty: Shinhan Bank Period: 2022.03.04 - 2025.03.04 Interest rate swap: KRW CD (91 days) +0.70% and KRW 3.005% Principal: KRW 150 billion
	Fair value hedge	Currency swap	Trading	Counterparty: Hana Bank Period: 2022.03.18 - 2025.03.18 Contract amount: EUR 90 million and interest, KRW 120.780 billion and interest
Foreign currency trade receivables	Fair value hedge	Currency forward contract	Trading	Counterparty: Hana Bank Period: 2020.04.24 - 2025.12.17 Contract amount: JPY 10.98 billion and KRW 125.487 billion

	2023			
	Transaction purpose	Derivative instruments type	Accounting Method	Contract contents
Long-term borrowings (including current portion of long-term borrowings)	Fair value hedge	Interest rate swap	Trading	Counterparty: Shinhan Bank Period: 2022.03.04 - 2025.03.04 Interest rate swap: KRW CD (91 days) +0.70% and KRW 3.005% Principal: KRW 150 billion
	Fair value hedge	Currency swap	Trading	Counterparty: Hana Bank Period: 2021.05.18 - 2024.05.17 Contract amount: USD 30 million and interest, KRW 33.885 billion and interest
	Fair value hedge	Currency swap	Trading	Counterparty: Hana Bank Period: 2022.03.18 - 2025.03.18 Contract amount: EUR 90 million and interest, KRW 120.780 billion and interest
Subsidiary investment	Acquisition of subsidiary investment	Drag-Along Right	-	Counterparty: SJL Date of issuance: 2019.05.14 Exercise date: 2024.05.14 - 2024.11.14
Foreign currency trade receivables	Fair value hedge	Currency forward contract	Trading	Counterparty: Hana Bank Period: 2020.04.24 - 2025.12.17 Contract amount: JPY 10.98 billion and KRW 125.487 billion
Term Loan A borrowing	Cash flow hedge	Interest rate swap	Cash flow hedge	Counterparty: CITI Bank Period: 2020.03.20 - 2024.03.29 Interest rate swap: USD Term SOFR 3M and USD 0.546% Principal: USD 750 million
Term Loan B borrowing	Cash flow hedge	Interest rate swap	Cash flow hedge	Counterparty: CITI Bank Period: 2020.03.24 - 2024.03.31 Interest rate swap: USD Term SOFR 1M+3.25% and USD 3.799% Principal: USD 215 million
Term Loan B borrowing	Cash flow hedge	Interest rate swap	Cash flow hedge	Counterparty: Deutsche Bank Period: 2020.03.24 - 2024.03.31 Interest rate swap: USD Term SOFR 1M +3.25% and USD 3.764% Principal: USD 215 million
Term Loan B borrowing	Cash flow hedge	Interest rate swap	Cash flow hedge	Counterparty: Deutsche Bank Period: 2020.03.23 - 2024.03.31 Interest rate swap: USD Term SOFR 1M +3.25% and USD 3.764% Principal: USD 280 million

12. Derivative instruments (cont'd)

(3) Changes in the derivatives classified at Level 3 for the year ended December 31, 2024 are summarized as follows (Korean won in thousands):

		2024		
	Contents	Beginning balance	Settlement	Ending balance
Other derivatives	Drag-Along Right (liabilities)	₩ (164,369,968)	₩ 164,369,968	₩ -

(4) Changes in the derivatives classified at Level 3 for the year ended December 31, 2023 are summarized as follows (Korean won in thousands):

		2023		
	Contents	Beginning balance	Loss on valuation	Ending balance
Other derivatives	Drag-Along Right (liabilities)	₩ (53,875,775)	₩ (110,494,193)	₩ (164,369,968)

13. Investments in associates and joint ventures

(1) General information of associates and joint ventures as of December 31, 2024 is as follows:

	Classification	Main business area	Fiscal year end	Main business activities
MOM No. 1 Private Equity Fund (*2)	Associates	Korea, Republic of	December 31	Financial investment
KCC Engineering & Construction Co., Ltd. (*3)	Associates	Korea, Republic of	December 31	Construction
KCW Corporation (*4)	Associates	Korea, Republic of	December 31	Financial investment
Kumgang Leisure Co., Ltd.	Associates	Korea, Republic of	December 31	Golf course operations
SIC Management, Ltd (*5)	Associates	UAE	December 31	Project Management
SIC Investment, Ltd (*6)	Joint venture	UAE	December 31	Financial investment
Zhejiang Xinan Momentive Performance Materials Co., Ltd.	Joint venture	People's Republic of China	December 31	Industrial chemistry
Polysilicon Technology Company (*7)	Joint venture	Saudi Arabia	December 31	Manufacture of polysilicon

Details of investments in associates and joint ventures as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

	December 31, 2024						December 31, 2023	
	Number of shares (In shares)	% Owned	Beginning balance	Gain on equity method	Other increase (decrease) (*1)	Ending balance	Carrying amount	% Owned
MOM No.1 Private Equity Fund (*2)	32,127,246,938	49.81	₩ 460,640,028	₩ 55,887,980	₩ (448,979,474)	₩ 67,548,534	₩ 460,640,028	49.81
KCC Engineering & Construction Co., Ltd (*3)	7,711,010	38.66	124,068,845	10,239,059	(3,198,624)	131,109,280	124,068,845	38.66
KCW Corporation (*4)	7,130	38.75	14,020,677	(728,425)	6,777,689	20,069,941	14,020,677	38.75
Kumgang Leisure Co., Ltd	82,000	20.50	8,761,444	1,251,300	(385,292)	9,627,452	8,761,444	20.50
SIC Management, Ltd (*5)	14,990	32.15	204,283	(494,637)	305,866	15,512	204,283	30.03
SIC Investment, Ltd (*6)	14,730	33.33	1,348,077	145,418	408,029	1,901,524	1,348,077	33.33
Zhejiang Xinan Momentive Performance Materials Co., Ltd.	339,851,883	49.00	95,765,968	6,034,138	3,715,630	105,515,736	95,765,968	49.00
Polysilicon Technology Company (*7)	471,000	50.00	-	-	-	-	-	50.00
Total			₩ 704,809,322	₩ 72,334,833	₩ (441,356,176)	₩ 335,787,979	₩ 704,809,322	

(*1) Other increase(decrease) includes changes in equity, dividends, disposals, acquisitions and impairments, business combinations, and translations resulting from the application of the equity method. For the year ended December 31, 2024, dividends of ₩77,797 million, ₩1,002 million, ₩144 million and ₩7,751 million were deducted from the carrying amount of the investments in MOM No. 1 Private Equity Fund, KCC Engineering & Construction Co., Ltd. and Kumgang Leisure Co., Ltd. and Zhejiang Xian Momentive Materials Co., Ltd., respectively.

(*2) For the year ended December 31, 2024, an additional investment of ₩388 million and capital reduction of ₩324,159 million were made in the MOM No. 1 Private Equity Fund, and there was no change in the ownership interests. For the year ended December 31, 2023, an additional investment of ₩1,709 million was contributed to MOM No. 1 Private Equity Fund, and there was no change in the ownership interests.

13. Investments in associates and joint ventures (cont'd)

(1) General information of associates and joint ventures as of December 31, 2024 and 2023 is as follows: (cont'd)

(*3) The Group valuated recoverable amount on investment on KCC Engineering & Construction Co., Ltd. with an impairment indication as of the December 31, 2024 and 2023. As a result of the impairment test performed as of December 31, 2024, there is no impairment loss recognized as the recoverable amount exceeds the carrying amount.

When performing assessment of impairment, the value in use was used as the recoverable amount, and the main assumptions used in estimating recoverable amount reflect management's evaluation of future trends in the industry, and are based on internal and external historical data. The main assumptions used are as follows: Discount rate as of December 31, 2024 and 2023, is 6.50% and 8.30%, respectively. Perpetual growth rate as of December 31, 2024 and 2023, is 0.00%.

Value in use was determined by discounting future cash flows expected from continued use of the asset. The discount rate was predicted based on the capital structure of similar companies and calculated based on the target debt ratio of KCC Engineering & Construction Co., Ltd. In addition, the estimated cash flow for the next five years is based on the proposed business plan, and the subsequent cash flow is estimated using a fixed perpetual growth rate.

(*4) For the year ended December 31, 2024, an additional investment of ₩6,781 million was made in KCW Corporation, and there was no change in the ownership interests

(*5) For the year ended December 31, 2024, an additional investment of ₩208 million was made in the SIC Management Ltd, and the ownership interests changed from 32.03% to 32.15%. For the year ended December 31, 2023, an additional investment of ₩448 million was made in the SIC Management Ltd, and the ownership interests changed from 31.62% to 32.03%.

(*6) For the year ended December 31, 2024, an additional investment of ₩69 million was made in the SIC Investment, Ltd, and there was no change in the ownership interests. For the year ended December 31, 2023 it is classified to a Joint venture as being judged that the Group has joint control according to the agreement among the three investing parties.

(*7) Before previous reporting period, the Group performed assessment of impairment on the investments in PTC. As a result, the carrying amount was greater than the estimated recoverable amount. Therefore, the Group recognized an impairment loss on the entire carrying amount of its investments in the joint venture.

(2) Reconciliation of the summarized financial information to the carrying amount of the Group's interest in investments in associates and joint ventures as of December 31, 2024 is as follows (Korean won in thousands)

	2024					
	Net assets	Effective owned (%)	Group's share of net assets	Elimination of intra group trade	Other additions/ decreases	As of December 31, 2024
MOM No. 1 Private Equity Fund (*1)	₩ 135,605,588	49.81	₩ 67,548,534	₩ -	₩ -	₩ 67,548,534
KCC Engineering & Construction Co., Ltd.	453,829,707	38.66	175,452,941	(44,343,661)	-	131,109,280
Kumgang Leisure Co., Ltd.	46,963,183	20.50	9,627,452	-	-	9,627,452
KCW Corporation	51,792,990	38.75	20,069,784		157	20,069,941
SIC Management, Ltd	(331,522)	32.15	(107,347)	-	122,859	15,512
SIC Investment, Ltd	2,447,480	33.33	815,745	-	1,085,779	1,901,524
Zhejiang Xinan Momentive Performance Materials Co., Ltd.	₩ 240,785,302	49.00	₩ 117,984,798	₩ (664,246)	₩ (11,804,816)	₩ 105,515,736

(*1) Since the share to be attributed to the investor is determined by a separate agreement rather than the ownership interest, equity-method accounting is applied based on the agreement rather than the ownership interest.

13. Investments in associates and joint ventures (cont'd)

(3) Market price of marketable investments in associates and joint ventures as of December 31, 2024 is as follows (Korean won in thousands):

	Fair value	Carrying amount
KCC Engineering & Construction Co., Ltd.	₩ 30,882,595	₩ 131,109,280

(4) The summarized financial information of associates as of December 31, 2024 and 2023 and for each of the two years in the period ended December 31, 2024 is as follows (Korean won in thousands):

	MOM No. 1 Private Equity Fund	
	December 31, 2024	December 31, 2023
Current assets	₩ 649,050	₩ 1,100,586
Non-current assets	135,035,615	924,480,437
Current liabilities	79,077	833,163
Non-current liabilities	-	-
Sales	-	-
Operating profit	111,787,726	(494,316,388)
Net Income	111,787,726	(494,316,388)

	KCC Engineering & Construction Co, Ltd.	
	December 31, 2024	December 31, 2023
Current assets	₩ 908,709,365	₩ 843,728,992
Non-current assets	515,769,719	397,255,046
Current liabilities	678,107,978	567,632,948
Non-current liabilities	292,541,399	227,180,907
Sales	1,827,039,600	1,909,591,995
Operating profit	64,596,859	18,146,941
Net Income	15,933,143	10,350,678

	KCW Corporation	
	December 31, 2024	December 31, 2023
Current assets	₩ 28,834,027	₩ 28,737,768
Non-current assets	136,557,712	139,723,613
Current liabilities	23,042,494	19,289,748
Non-current liabilities	90,556,255	112,989,241
Sales	74,077,015	72,136,193
Operating profit	6,116,926	6,300,021
Net Income	(209,331)	393,777

	Kumgang Leisure Co., Ltd.	
	December 31, 2024	December 31, 2023
Current assets	₩ 31,141,896	₩ 29,629,253
Non-current assets	71,822,226	68,982,655
Current liabilities	7,102,939	7,000,155
Non-current liabilities	48,898,000	48,873,000
Sales	16,690,563	16,308,724
Operating profit	4,335,931	4,206,649
Net Income	6,104,117	5,143,933

13. Investments in associates and joint ventures (cont'd)

(4) Summarized financial information of associates as of December 31, 2024 and 2023 and for each of the two years in the period ended December 31, 2024 are as follows (Korean won in thousands): (cont'd)

	SIC Management, Ltd	
	December 31, 2024	December 31, 2023
Current assets	₩ 88,356	₩ 586,417
Non-current assets	49	-
Current liabilities	419,926	-
Non-current liabilities	-	-
Sales	-	-
Operating profit	(1,404,182)	(1,164,029)
Net Income	(1,404,182)	(1,164,029)

	SIC Investment, Ltd	
	December 31, 2024	December 31, 2023 (*1)
Current assets	₩ 318,827	₩ 889,258
Non-current assets	2,577,863	-
Current liabilities	449,210	-
Non-current liabilities	-	-
Sales	-	-
Operating profit	(183,405)	(1,486,221)
Net Income	(183,405)	(1,486,221)

	Zhejiang Xinan Momentive Performance Materials Co., Ltd.	
	December 31, 2024	December 31, 2023
Current assets	₩ 141,154,825	₩ 129,294,822
Non-current assets	152,521,161	152,306,145
Current liabilities	51,368,321	55,654,051
Non-current liabilities	1,522,363	5,179,529
Sales	297,075,008	310,419,090
Operating profit	16,145,001	18,106,035
Net Income	13,428,759	14,561,421

(*1) As of December 31, 2023, the business performance of SIC Investment, Ltd is summarized financial information after the acquisition date.

(5) As of December 31, 2024, there are no significant restrictions on the ability to transfer cash to equity-method investees or the ability of an investee to repay borrowings or advance from customer.

14. Property, plant and equipment

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

	2024						
	Land	Buildings	Structures	Machinery	Construction-in-progress	Other plant assets	Total
Acquisition cost:							
Beginning balance	₩ 991,488,620	₩ 1,477,673,723	₩ 448,455,315	₩ 3,467,919,234	₩ 307,025,660	₩ 674,425,311	₩ 7,366,987,863
Acquisition amount	663,369	3,468,428	1,863,788	19,132,230	241,025,224	25,144,142	291,297,181
Disposal amount	(813,906)	(869,427)	(1,100,069)	(143,845,810)	(1,853)	(20,346,788)	(166,977,853)
Transfer (*1)	(4,585,152)	(37,490,760)	-	-	-	-	(42,075,912)
Other changes (*2)	-	55,669,296	8,747,149	127,741,989	(222,790,243)	25,515,793	(5,116,016)
Net foreign exchange difference (*4)	17,830,301	59,114,946	26,820,020	156,856,869	37,018,659	46,472,580	344,113,375
Ending balance	₩ 1,004,583,232	₩ 1,557,566,206	₩ 484,786,203	₩ 3,627,804,512	₩ 362,277,447	₩ 751,211,038	₩ 7,788,228,638
Accumulated depreciation and impairment loss:							
Beginning balance	₩ -	₩ (766,370,115)	₩ (246,060,290)	₩ (2,416,800,713)	₩ (24,873,752)	₩ (464,291,128)	₩ (3,918,395,998)
Disposal amount	-	606,538	896,561	137,845,137	-	16,798,299	156,146,535
Depreciation	-	(54,656,054)	(24,279,508)	(227,013,848)	-	(51,109,260)	(357,058,670)
Impairment losses (*3)	-	(452,892)	(448,596)	(3,113,051)	(991,637)	(980,951)	(5,987,127)
Transfer (*1)	-	1,307,652	-	-	-	-	1,307,652
Other changes (*2)	-	-	-	-	-	29,683	29,683
Net foreign exchange difference (*4)	-	(22,786,021)	(11,317,706)	(74,219,321)	(3,390,931)	(25,245,883)	(136,959,862)
Ending balance	₩ -	₩ (842,350,892)	₩ (281,209,539)	₩ (2,583,301,796)	₩ (29,256,320)	₩ (524,799,240)	₩ (4,260,917,787)
Government grants:							
Beginning balance	₩ -	₩ -	₩ (257,610)	₩ (712,276)	₩ -	₩ (515,733)	₩ (1,485,619)
Receipt	-	-	-	(239,679)	-	(398,426)	(638,105)
Deduction of depreciation	-	-	21,385	4,096	-	346,307	371,788
Net foreign exchange difference (*4)	-	-	-	(80,468)	-	-	(80,468)
Ending balance	₩ -	₩ -	₩ (236,225)	₩ (1,028,327)	₩ -	₩ (567,852)	₩ (1,832,404)
Net Carrying amount:							
Beginning balance	₩ 991,488,620	₩ 711,303,608	₩ 202,137,4155	₩ 1,050,406,245	₩ 282,151,908	₩ 209,618,450	₩ 3,447,106,246
Ending balance	₩ 1,004,583,232	₩ 715,215,314	₩ 203,340,4395	₩ 1,043,474,389	₩ 333,021,127	₩ 225,843,946	₩ 3,525,478,447

(*1) Reclassification from investment properties to property, plant, and equipment due to changes in the purpose of use and rental ratio.

(*2) Increases and decreases on other are replacement amount of ₩1,667 million to intangible assets, repair expense of ₩3,419 million.

(*3) An impairment loss of ₩5,987 million was recognized for buildings, machinery and other assets in Waterford and Sistersville plants of MOM Holding Company.

(*4) Net foreign exchange differences include the effects of hyperinflation.

(2) The Group has capitalized interest cost of ₩2,602 million (in 2023: ₩3,379 million) which is included in the acquisition cost of property, plant and equipment for the year ended December 31, 2024. The capitalization interest rate is 3.83% ~ 9.05% (in 2023: 3.08% ~ 9.07%).

(3) As of December 31, 2024, construction-in-progress consists of the new construction project of Anseong plant's hazardous materials warehouse amounting to ₩941 million, the construction of KCC (Viet Nam Nhon Trach) Company Limited amounting to ₩46,640 million, construction of MOM Holding Company amounting to ₩277,404 million and other constructions amounting to ₩8,036 million. And as of December 31, 2023, construction-in-progress consists of the construction of Anseong EMC Factory amounting to ₩38,060, infrastructure construction project in the vicinity of the Suwon Subway Station amounting to ₩16,322 million, construction of KCC (Viet Nam Nhon Trach) Company Limited amounting to ₩14,160 million, construction of MOM Holding Company amounting to ₩196,648 million and other constructions amounting to ₩17,421 million.

14. Property, plant and equipment (cont'd)

(4) Changes in property, plant and equipment for the year ended December 31, 2023 are as follows (Korean won in thousands):

	2023						
	Land	Buildings	Structures	Machinery	Construction-in-progress	Other plant assets	Total
Acquisition cost:							
Beginning balance	₩ 1,027,314,788	₩ 1,424,030,350	₩ 450,496,342	₩ 3,423,831,566	₩ 413,120,123	₩ 638,195,300	₩ 7,376,988,469
Acquisition amount	4,568,664	7,251,695	4,112,764	29,561,545	279,856,616	27,322,493	352,673,777
Disposal amount	(7,106,933)	(38,079,285)	(23,896,331)	(193,076,251)	(288,195)	(14,010,852)	(276,457,847)
Transfer (*1)	(63,866,903)	(5,197,808)	-	-	-	-	(69,064,711)
Other changes (*2)	31,106,390	63,148,520	21,832,689	272,247,415	(422,313,960)	28,396,946	(5,582,000)
Net foreign exchange difference (*4)	(527,386)	26,520,2511	(4,090,149)	(64,645,041)	36,651,076	(5,478,576)	(11,569,825)
Ending balance	₩ 991,488,620	₩ 1,477,673,723	₩ 448,455,315	₩ 3,467,919,234	₩ 307,025,660	₩ 674,425,311	₩ 7,366,987,863
Accumulated depreciation and impairment loss:							
Beginning balance	₩ -	₩ (749,974,342)	₩ (246,898,149)	₩ (2,399,109,599)	₩ (424,857,927)	₩ (464,291,128)	₩ (3,840,892,942)
Disposal amount	-	35,309,695	23,280,825	184,262,863	12,357,909	16,798,299	255,479,288
Depreciation	-	(54,035,447)	(22,848,631)	(226,287,246)	(54,520,642)	(51,109,260)	(357,691,966)
Impairment losses (*3)	-	(1,283,032)	(1,123,682)	(11,907,142)	(5,201,630)	(980,951)	(24,476,878)
Transfer (*1)	-	1,670,749	-	-	-	-	1,670,749
Other changes (*2)	-	33,130	(156,847)	(28,589)	152,306	29,683	-
Reversal of Impairment losses (*4)	-	49,708	88,063	230,459	535,977		1,037,450
Net foreign exchange difference	-	1,859,424	1,598,131	36,038,541	7,242,879	(25,245,883)	46,478,301
Ending balance	₩ -	₩ (766,370,115)	₩ (246,060,290)	₩ (2,416,800,713)	₩ (464,291,128)	₩ (524,799,240)	₩ (3,918,395,998)
Government grants:							
Beginning balance	₩ -	₩ -	₩ (278,996)	₩ (714,639)	₩ -	₩ (299,303)	₩ (1,292,938)
Receipt	-	-	-	-	-	(418,551)	(418,551)
Deduction of depreciation	-	-	21,386	-	-	202,121	223,507
Net foreign exchange difference	-	-	-	2,363	-	-	2,363
Ending balance	₩ -	₩ -	₩ (257,610)	₩ (712,276)	₩ -	₩ (515,733)	₩ (1,485,619)
Net Carrying amount:							
Beginning balance	₩ 1,027,314,788	₩ 674,056,008	₩ 203,319,1977	₩ 1,024,007,328	₩ 393,067,198	₩ 213,038,070	₩ 3,534,802,589
Ending balance	₩ 991,488,620	₩ 711,303,608	₩ 202,137,4155	₩ 1,050,406,245	₩ 282,151,908	₩ 209,618,450	₩ 3,447,106,246

(*1) Reclassification from investment properties to property, plant, and equipment due to changes in the purpose of use and rental ratio.

(*2) Increases and decreases on other are replacement amount of ₩1,888 million to intangible assets, repair expense of ₩3,694 million.

(*3) An impairment loss of ₩24,477 million was recognized for buildings, machinery and other assets in Waterford and Sistersville plants of MOM Holding Company.

(*4) An impairment loss was recognized for machinery and other plant assets of MOM Holding Company prior to the year ended December 31, 2023, but reversal of loss of ₩904 million was recognized as the recoverable amount increased for the year ended December 31, 2023. Additionally, a reversal of impairment of ₩133 million was recognized for the year ended December 31, 2024 as materials that had been included in the construction in progress in the Gimcheon plant were utilized for the ongoing construction.

(5) Collateral

As of December 31, 2024, property, plant, and equipment are collateralized with respect to the borrowings from banks and leasehold rights (Note 17).

15. Intangible assets and goodwill

(1) Changes in intangible assets for the year ended December 31, 2024 are as follows (Korean won in thousands):

	2024				
	Industrial property rights	Telephone and memberships	Goodwill (*3)	Other intangible assets	Total
Acquisition cost:					
Beginning balance	₩ 6,937,154	₩ 5,779,481	₩ 892,003,222	₩ 573,677,060	₩ 1,478,396,917
Acquisition amount	489,951	123,413	-	6,276,128	6,889,492
Disposal amount	(36,812)	(8,843)	-	(681,507)	(727,162)
Others (*1)	-	849	-	1,666,634	1,667,483
Net foreign exchange difference (*2)	(8,262)	2,132	124,584,512	58,646,464	183,224,846
Ending balance	₩ 7,382,031	₩ 5,897,032	₩ 1,016,587,734	₩ 639,584,779	₩ 1,669,451,576
Accumulated amortization and impairment loss:					
Beginning balance	₩ (4,859,169)	₩ (793,353)	₩ (3,532,965)	₩ (187,351,502)	₩ (196,536,989)
Disposal amount	6,691	-	-	57,621	64,312
Amortization	(575,298)	(849)	-	(47,738,676)	(48,314,823)
Net foreign exchange difference (*2)	5,088	(1,844)	(494,846)	(16,913,577)	(17,405,179)
Ending balance	₩ (5,422,688)	₩ (796,046)	₩ (4,027,811)	₩ (251,946,134)	₩ (262,192,679)
Carrying amount:					
Beginning balance	₩ 2,077,985	₩ 4,986,128	₩ 888,470,257	₩ 386,325,558	₩ 1,281,859,928
Ending balance	₩ 1,959,343	₩ 5,100,986	₩ 1,012,559,923	₩ 387,638,645	₩ 1,407,258,897

(*1) Others consist of ₩1,667 million transferred from construction-in-progress to intangible assets.

(*2) Net foreign exchange differences include the effects of hyperinflation.

(*3) For the year ended December 31, 2024, the Group performed an impairment test on the goodwill allocated to CGU of MOM Holding Company, a subsidiary. The amount of goodwill allocated to each CGU is as follows (Korean won in thousands):

	Silicone-PA	Silicone-FB
Goodwill	₩ 853,240,950	₩ 143,671,426

The value in use was determined by discounting the expected future cash flows from the continued use of the asset. Value in use was calculated using 5-year budget-based cash flow estimate approved by management, and subsequent cash flows were estimated using a fixed perpetual growth rate (does not exceed the long-term average growth rate of the industry to which the cash-generating unit belongs).

The key assumptions used for determining the recoverable amount are as follows:

	Silicone-PA	Silicone-FB
Discount rate	10.50%	10.00%
Perpetual growth rate	3.00%	3.00%

(*3) As of December 31, 2024 and 2023, the carrying amount of goodwill distributed to the cash-generating unit of its subsidiary KCC International Paint Co., Ltd. is ₩15,342 million and ₩13,457 million. The recoverable amount of the cash generating unit for the Group is determined based on the calculation of the value in use with the help of an independent external valuation agency. The value in use was estimated based on the management's business plan by applying a discount rate of 9.43% (9.89% in the year ended December 31, 2023) and a permanent growth rate of 0.00% (0.00% in the year ended December 31, 2023). The permanent growth rate does not exceed the long-term growth rate of the industry to which the company belongs.

15. Intangible assets and goodwill (cont'd)

(2) Changes in intangible assets for the year ended December 31, 2023 are as follows (Korean won in thousands):

	2023				
	Industrial property rights	Telephone and memberships	Goodwill (*2)	Other intangible assets	Total
Acquisition cost:					
Beginning balance	₩ 6,525,365	₩ 5,763,573	₩ 875,899,602	₩ 559,410,707	₩ 1,447,599,247
Acquisition amount	461,226	25,378	-	10,129,180	10,615,784
Disposal amount	(67,081)	(1,381)	(229,851)	(3,381,763)	(3,680,076)
Others (*1)	-	(5,764)	-	1,887,938	1,882,174
Net foreign exchange difference	17,644	(2,325)	16,333,471	5,630,998	21,979,788
Ending balance	₩ 6,937,154	₩ 5,779,481	₩ 892,003,222	₩ 573,677,060	₩ 1,478,396,917
Accumulated amortization and impairment loss:					
Beginning balance	₩ (4,287,522)	₩ (792,571)	₩ (3,472,411)	₩ (142,245,526)	₩ (150,798,030)
Disposal amount	8,155	-	-	194,097	202,252
Amortization	(560,682)	(824)	-	(46,033,085)	(46,594,591)
Net foreign exchange difference	(19,120)	42	(60,554)	733,012	653,380
Ending balance	₩ (4,859,169)	₩ (793,353)	₩ (3,532,965)	₩ (187,351,502)	₩ (196,536,989)
Carrying amount:					
Beginning balance	₩ 2,237,843	₩ 4,971,002	₩ 872,427,191	₩ 417,165,181	₩ 1,296,801,217
Ending balance	₩ 2,077,985	₩ 4,986,128	₩ 888,470,257	₩ 386,325,558	₩ 1,281,859,928

(*1) Others consist of ₩1,888 million transferred from construction-in-progress to intangible assets, and ₩6 million transferred from repair expense.

(3) Research and development expenses

Expenses incurred for research and development amounts to ₩218,607 million and ₩186,607 million for each of the two years in the period ended December 31, 2024, respectively.

16. Investment property

(1) Changes in investment property for the year ended December 31, 2024 are as follows (Korean won in thousands):

	2024		
	Land	Buildings	Total
Acquisition cost:			
Beginning balance	₩ 515,143,275	₩ 251,380,167	₩ 766,523,442
Transfer (*1)	4,585,152	37,490,760	42,075,912
Net foreign exchange difference	-	19,084,663	19,084,663
Ending balance	₩ 519,728,427	₩ 307,955,590	₩ 827,684,017
Accumulated depreciation and impairment loss:			
Beginning balance	₩ -	₩ (61,434,726)	₩ (61,434,726)
Depreciation	-	(8,722,998)	(8,722,998)
Transfer (*1)	-	(1,307,652)	(1,307,652)
Net foreign exchange difference		(4,727,728)	(4,727,728)
Ending balance	₩ -	₩ (76,193,104)	₩ (76,193,104)
Carrying amount:			
	₩ 515,143,275	₩ 189,945,441	₩ 705,088,716
	₩ 519,728,427	₩ 231,762,486	₩ 751,490,913

(*1) Reclassification from investment property to property, plant and equipment due to change in rental ratio, and transfer of assets held for sale to the appropriate asset category.

(2) Changes in investment property for the year ended December 31, 2023 are as follows (Korean won in thousands):

	2023		
	Land	Buildings	Total
Acquisition cost:			
Beginning balance	₩ 451,276,372	₩ 246,742,848	₩ 698,019,220
Transfer (*1)	63,866,903	5,197,808	69,064,711
Net foreign exchange difference	-	(560,489)	(560,489)
Ending balance	₩ 515,143,275	₩ 251,380,167	₩ 766,523,442
Accumulated depreciation and impairment loss:			
Beginning balance	₩ -	₩ (51,968,597)	₩ (51,968,597)
Depreciation	-	(8,002,200)	(8,002,200)
Transfer (*1)	-	(1,670,749)	(1,670,749)
Net foreign exchange difference		206,820	206,820
Ending balance	₩ -	₩ (61,434,726)	₩ (61,434,726)
Carrying amount:			
	₩ 451,276,372	₩ 194,774,251	₩ 646,050,623
	₩ 515,143,275	₩ 189,945,441	₩ 705,088,716

(*1) Reclassification from investment property to property, plant and equipment due to change in rental ratio, and transfer of construction-in-progress to the appropriate asset category.

(3) Collateral

Land and buildings as of December 31, 2024 and 2023 are collateralized with respect to the borrowings from banks and leasehold rights (Note 17).

16. Investment property (cont'd)

(4) Profit or loss related to investment property

The profit or loss incurred in respect of investment property, excluding depreciation expenses, for each of the two years in the period ended December 31, 2024 are as follows (Korean won in thousands):

	2024	2023
Rental revenues	₩ 12,536,230	₩ 10,526,594
Operating expenses	(6,995,200)	(5,852,545)
	₩ 5,541,030	₩ 4,674,049

(5) Fair value of investment property

As of December 31, 2024, the difference between fair value of land and buildings in investment property and their carrying amount are not significant.

17. Pledged assets and guarantees

(1) Details of assets pledged as collateral for the Group's borrowings as of December 31, 2024 are as follows (Korean won in thousands):

Pledged Asset	Pledged amount	Carrying amount	Type	Amount of Borrowings	Lender
Subsidiaries (MOM Holding Company) buildings and others	₩ 2,093,463,750	₩ 2,704,378,382	Mortgage	₩ 2,093,463,750	BNP Paribas and others
Subsidiaries (KCC Paints Sdn.Bhd) buildings	2,633,840	2,534,216	Mortgage	-	OCBC Bank(Malaysia) Berhad and others
Head office land and buildings	2,103,573	91,466,205	Mortgage	1,752,977	Kookmin Bank and others
Gwangju operation office land and others	500,000	5,503,887	Leasehold rights	610,000	Korea Industrial Safety Association
	₩ 2,098,701,163	₩ 2,803,882,510		₩ 2,095,826,727	

(2) Details of deposits restricted in use as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

Asset	Type of deposit	Financial institutions	December 31, 2024	December 31, 2023	Details of restriction
Other non-current receivables	Special deposits	KEB Hana bank and others	₩ 7,000	₩ 7,000	Deposits for checking account
	Special deposits (*1)	Nonghyup Bank	63,238	51,747	Provisions for expected repair
	Other deposits	Deutsche Bank	1,415,215	1,296,546	Other warranty
Cash and Cash Equivalents	Other deposits	Bank of China	-	154,362	Other warranty
			₩ 1,485,453	₩ 1,509,655	

(*1) The Group made a deposit in Nonghyup Bank for the expected repair expense of employee housing located near Daejuk 1 Plant.

18. Borrowings

(1) Details of borrowings as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

	December 31, 2024	December 31, 2023
Current borrowings:		
Short-term borrowings	₩ 910,081,138	₩ 1,217,352,890
Current portion of long-term borrowings	150,080,700	553,484,415
Current portion of bonds	319,909,994	369,805,197
	₩ 1,380,071,832	₩ 2,140,642,502
Non-current borrowings:		
Long-term borrowings	₩ 2,499,421,726	₩ 2,261,570,424
Bonds	1,307,469,090	748,637,262
	₩ 3,806,890,816	₩ 3,010,207,686
	₩ 5,186,962,648	₩ 5,150,850,188

(2) Short-term borrowings

Details of short-term borrowings as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

	Description	Annual interest rate (%)	December 31, 2024	December 31, 2023
Samsung Card Co., Ltd. (*1)	Transaction settlement service	0.90 ~ 1.75	₩ 45,198,996	₩ 53,543,311
BNK Securities	Commercial paper and others	3.70 ~ 3.73	90,000,000	100,000,000
HI Investment & Securities Co., Ltd.	Commercial paper and others	-	-	180,000,000
KB Securities Co., Ltd.	Commercial paper	-	-	60,000,000
Bookook Securities Co., Ltd.	Commercial paper and others	3.68	30,000,000	200,000,000
Shinhan Bank	Commercial paper	MOR (6M) + 0.80	100,000,000	100,000,000
Shinhan Bank	Commercial paper acquisition agreement	CD (91 days) + 0.70 ~ 1.00	290,000,000	290,000,000
Hyundai Motor Securities Co., Ltd.	Commercial paper and others	3.68	30,000,000	
IM Investment & Securities Co., Ltd	Commercial paper and others	3.71 ~ 3.72	70,000,000	
Syndicate Led By BNP Paribas (*2)	General operating fund	Term SOFR (1M) + 1.25	220,500,000	174,069,000
Shinhan Bank and others	Banker's Usance (USD)	SOFR + 0.35 ~ 0.80	28,939,677	51,503,387
	Banker's Usance (EUR)	EURIBOR + 0.15 ~ 0.80	1,713,755	2,180,703
	Banker's Usance (JPY)	TIBOR + 0.25 ~ 0.80	2,245,711	3,823,652
	Banker's Usance (CNY)	HIBOR + 0.40 ~ 0.80	307,205	
	Banker's Usance (USD)	Term SOFR (2M) + 0.25 ~ 0.80	1,042,781	2,213,868
	Banker's Usance (JPY)	TIBOR (2M) + 0.25 ~ 0.30	133,013	18,989
			₩ 910,081,138	₩ 1,217,352,890

(*1) The Group pledged trade receivables of its branch as collateral for the loan agreement with Samsung Card Co., Ltd. According to the loan agreement, Samsung Card Co., Ltd. has a right of recourse when the repayment is delayed for more than three months. Above interest rate is applied as a discount rate for the financing.

(*2) The Group's property, plant and equipment are pledged as collaterals for these borrowings (Note 17).

18. Borrowings (cont'd)

(3) Long-term borrowings

① Details of long-term borrowings as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

	Description	Annual interest rate (%)	Maturity	December 31, 2024	December 31, 2023
SK Securities Co., Ltd.	Commercial paper	-	2024.02.05	-	100,000,000
DB Financial Investment Co., Ltd.	Commercial paper	-	2024.02.05	-	150,000,000
KB Securities Co., Ltd.	Commercial paper	-	2024.02.05	-	150,000,000
KB Securities Co., Ltd.	Commercial paper	-	2024.12.11	-	100,000,000
Kumgang Hana First. LLC	Acquisition Financing	CD (91 days) + 1.00	2027.04.29	400,000,000	-
KDB Bank and others	Syndicated Loan	CD (91 days) + 0.80	2027.04.29	145,000,000	-
China Construction Bank	Syndicated Loan	CD (91 days) + 0.98	2027.05.10	50,000,000	-
Bank of China	Syndicated Loan	CD (91 days) + 0.98	2027.05.10	50,000,000	-
Hana Bank	Foreign currency loan	-	2024.05.17	-	38,682,000
Hana Bank	Foreign currency loan	1.20	2025.03.18	137,585,700	128,393,100
Hana Bank	General operating fund	EURIBOR (3M) + 1.60	2027.09.15	4,127,955	3,842,515
Kookmin Bank (*1)	Acquisition fund	Term SOFR (3M) + 2.90	2028.03.29	645,330,000	1,081,806,600
Syndicate Led By BNP Paribas (*1) (*2)	Acquisition fund	Term SOFR (1M) + 4.00	2028.03.29	1,227,633,750	1,087,770,075
Wuxi Momentive Performance Materials Co., Ltd.	General operating fund	Term SOFR (12M) + 1.25	2026.07.07	31,554,717	28,463,748
				₩ 2,691,232,122	₩ 2,868,958,038
Discount on present value				(41,729,696)	(53,903,199)
Current portion of long-term borrowings				(150,080,700)	(553,484,415)
				₩ 2,449,421,726	₩ 2,261,570,424

(*1) The Group's property, plant and equipment are pledged as collaterals for these borrowings. MOM Holding Company, a subsidiary, in connection with the above borrowings, shall comply with the debt covenants including the financial ratio and others. As of December 31, 2024, there are no debt covenant violations (Note 17).

(*2) The borrowings are repaid in installments.

② The repayment schedules of long-term borrowings as of December 31, 2024 are as follows (Korean won in thousands):

	Long-term borrowings
2025.1.1 ~ 2025.12.31	₩ 150,080,700
2026.1.1 ~ 2026.12.31	44,049,717
2027.1.1 ~ 2027.12.31	661,622,955
2028.1.1 ~ 2028.12.31	1,835,478,750
	₩ 2,691,232,122

18. Borrowings (cont'd)

(4) Bonds

① Details of bonds issued by the Group as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

	Redemption date	Annual interest rate (%)	December 31, 2024	December 31, 2023
69th non-guaranteed domestic bond	2025.10.30	2.48	50,000,000	50,000,000
72nd non-guaranteed domestic bond	2024.04.08	-	-	200,000,000
73-1st non-guaranteed domestic bond	2024.10.08	-	-	170,000,000
73-2nd non-guaranteed domestic bond	2026.10.08	2.59	80,000,000	80,000,000
74-1st non-guaranteed domestic bond	2025.04.08	3.76	270,000,000	270,000,000
74-2nd non-guaranteed domestic bond	2027.04.08	3.85	30,000,000	30,000,000
75-1st non-guaranteed domestic bond	2026.05.29	4.57	275,000,000	275,000,000
75-2nd non-guaranteed domestic bond	2028.05.31	4.78	45,000,000	45,000,000
76-1st non-guaranteed domestic bond	2026.01.15	4.10	145,000,000	-
76-2nd non-guaranteed domestic bond	2027.01.15	4.25	380,000,000	-
76-3rd non-guaranteed domestic bond	2029.01.15	4.59	55,000,000	-
77-1st non-guaranteed domestic bond	2026.10.07	3.23	80,000,000	-
77-2nd non-guaranteed domestic bond	2027.10.07	3.38	220,000,000	-
			₩ 1,630,000,000	₩ 1,120,000,000
Discount on bonds			(2,620,916)	(1,557,541)
			₩ 1,627,379,084	₩ 1,118,442,459
Current portion of bonds			(319,909,994)	(369,805,197)
			₩ 1,307,469,090	₩ 748,637,262

② The repayment schedules of the bonds as of December 31, 2024 are as follows (Korean won in thousands) :

	Bonds
2025.1.1 ~ 2025.12.31	₩ 320,000,000
2026.1.1 ~ 2026.12.31	580,000,000
2027.1.1 ~ 2027.12.31	630,000,000
2028.1.1 ~ 2028.12.31	45,000,000
2029.1.1 ~ 2029.12.31	55,000,000
	₩ 1,630,000,000

19. Other payables

Details of other payables as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

	December 31, 2024		December 31, 2023	
	Current	Non-current	Current	Non-current
Other payable	₩ 368,656,913	₩ 13,516,179	₩ 347,057,312	₩ 18,373,748
Advances received (*1)	33,303,727	20,803,370	41,278,661	-
Deposits received	32,972,269	-	28,600,935	-
Accrued expenses	101,896,794	12,835,646	85,345,942	13,537,218
Guarantee deposit received	10,252,000	-	13,216,222	-
Financial guarantee liabilities (*2)	243,905,269	-	217,599,486	-
Refund liabilities (*3)	1,846,511	-	1,290,786	-
Leasehold deposit received	-	34,433,227	-	24,656,220
Lease liabilities	25,072,354	128,435,227	22,144,789	127,481,454
	₩ 817,905,837	₩ 210,023,649	₩ 756,534,133	₩ 184,048,640

(*1) Advances received are comprised of contract liabilities (Note 39).

(*2) Refer to the note on related parties for detailed information regarding financial guarantee (Note 35).

(*3) The Group has accounted for the expected sales returns as refund liabilities in connection with the return of goods and merchandise. The Group has accounted for ₩ 987 million and ₩1,473 million as right of return assets in the related cost of goods sold as of December 31, 2024 and 2023, respectively.

20. Financial instruments by categories

(1) Details of financial instruments by categories as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

	2024								
	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through OCI	Hedging Instrument derivative assets	Financial assets measured at amortized cost	Financial liabilities measured at fair value through profit or loss	Hedging Instrument derivative liabilities	Financial liabilities measured at amortized cost (*1)	Financial guarantee liabilities	Total
Financial assets:									
Derivative assets	₩ 21,549,893	₩ -	-	-	-	-	-	-	21,549,893
Financial asset measured at fair value through profit or loss	2,748,880,048	-	-	-	-	-	-	-	2,748,880,048
Financial assets measured at fair value through OCI	-	17,984,042	-	-	-	-	-	-	17,984,042
Cash and cash equivalents	-	-	-	501,299,281	-	-	-	-	501,299,281
Short-term financial instruments	481,477,348	-	-	28,667,785	-	-	-	-	510,145,133
Trade receivables	-	-	-	1,213,985,015	-	-	-	-	1,213,985,015
Other receivables	-	-	-	140,426,377	-	-	-	-	140,426,377
Government bonds	-	-	-	348,020	-	-	-	-	348,020
	₩ 3,251,907,289	₩ 17,984,042	-	1,884,726,478	-	-	-	-	5,154,617,809
Financial liabilities:									
Trade payables	-		-	-	-	-	770,281,368	-	770,281,368
Short-term borrowings (including current portion of long- term borrowings and bonds)	-		-	-	-	-	1,380,071,832	-	1,380,071,832
Other liabilities (*1)	-		-	-	-	-	689,019,945	-	689,019,945
Long-term borrowings (including bonds)	-		-	-	-	-	3,806,890,816	-	3,806,890,816
Financial guarantee liabilities	-		-	-	-	-	-	243,905,269	243,905,269
	₩ -	₩	-	-	-	-	6,646,263,961	243,905,269	6,890,169,230

(*1) Other liabilities classified as financial liabilities measured at amortized cost include lease liabilities which are not subject to the classification of financial liabilities by category, and liabilities for the rights and obligations of employer under the employee benefit plan applying KIFRS1019.

20. Financial instruments by categories (cont'd)

(1) Details of financial instruments by categories as of December 31, 2024 and 2023 are as follows (Korean won in thousands): (cont'd)

	2023								
	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through OCI	Hedging Instrument derivative assets	Financial assets measured at amortized cost	Financial liabilities measured at fair value through profit or loss	Hedging Instrument derivative liabilities	Financial liabilities measured at amortized cost (*1)	Financial guarantee liabilities	Total
Financial assets:									
Derivative assets	₩ 20,761,488	₩ -	22,455,649	-	-	-	-	-	43,217,137
Financial asset measured at fair value through profit or loss	2,688,879,532	-	-	-	-	-	-	-	2,688,879,532
Financial assets measured at fair value through OCI	-	23,478,301	-	-	-	-	-	-	23,478,301
Cash and cash equivalents	-	-	-	1,045,111,400	-	-	-	-	1,045,111,400
Short-term financial instruments	483,239,544	-	-	26,629,337	-	-	-	-	509,868,881
Trade receivables	-	-	-	1,041,473,564	-	-	-	-	1,041,473,564
Other receivables	-	-	-	132,662,592	-	-	-	-	132,662,592
Government bonds	-	-	-	514,263	-	-	-	-	514,263
	₩ 3,192,880,564	₩ 23,478,301	22,455,649	2,246,391,156	-	-	-	-	5,485,205,670
Financial liabilities:									
Derivative liabilities	₩ -	₩	-	-	164,369,968	-	-		164,369,968
Trade payables	-		-	-	-	-	647,424,598	-	647,424,598
Short-term borrowings (including current portion of long- term borrowings and bonds)	-		-	-	-	-	2,140,642,502	-	2,140,642,502
Other liabilities (*1)	-		-	-	-	-	642,976,936	-	642,976,936
Long-term borrowings (including bonds)	-		-	-	-	-	3,010,207,686	-	3,010,207,686
Financial guarantee liabilities	-		-	-	-	-	-	217,599,486	217,599,486
	₩ -	₩	-	-	164,369,968	-	6,441,251,722	217,599,486	6,823,221,176

(*1) Other liabilities classified as financial liabilities measured at amortized cost include lease liabilities which are not subject to the classification of financial liabilities by category, and liabilities for the rights and obligations of employer under the employee benefit plan applying KIFRS1019.

20. Financial instruments by categories (cont'd)

(2) Details of net gain (loss) from financial instruments by category for each of the two years in the period ended December 31, 2024 are as follows (Korean won in thousands):

	2024	2023
Financial assets measured at fair value through profit or loss:		
Gain (loss) on valuation	₩ 94,320,660	₩ 436,724,430
Gain (loss) on transaction	2,742,598	895,751
Dividend income	47,262,016	43,026,884
Gain (loss) on disposal	10,812,646	29,295,335
Financial assets measured at fair value through OCI:		
Gain (loss) on valuation, net of tax	(1,770,664)	1,779,683
Gain (loss) on disposal	(7,021)	-
Dividend income	1,258,277	1,258,277
Hedging Instrument derivative liabilities:		
Gain (loss) on valuation, net of tax	(23,135,727)	(79,578,688)
Gain (loss) on transaction	-	8,066,213
Financial assets measured at amortized cost:		
Reversal of impairment loss	617,508	(5,404,934)
Interest income	36,029,843	33,625,433
Gain (loss) on foreign currency translation	132,310,353	27,882,076
Financial liabilities measured at fair value through profit or loss:		
Gain (loss) on valuation	-	(106,924,649)
Gain (loss) on transaction	(45,569,688)	-
Financial liabilities measured at amortized cost:(*1)		
Interest expenses	(347,806,538)	(254,644,522)
Gain (loss) on foreign currency translation	(1,616,497)	(44,919,255)
Financial guarantee liabilities:		
Financial guarantee expenses	(1,570,292)	(1,373,620)
Gain (loss) on foreign currency translation	(29,626,694)	(3,822,674)

(*1) Gains or losses for financial liabilities measured at amortized cost include gains or losses for lease liabilities which are not subject to the classification of financial liabilities by category.

21. Employee benefits

(1) Details of defined benefit obligations and other liabilities in respect to employee benefits as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

	December 31, 2024	December 31, 2023
Present value of the defined benefit obligations	₩ 855,111,252	₩ 805,254,534
Fair value of plan assets	(599,810,316)	(511,268,200)
Contribution to national pension plan	(63,170)	(69,301)
Defined benefit liabilities (assets)	₩ 295,237,766	₩ 293,917,033
Present value of the other long-term employee benefits (*1)	₩ 61,280,310	₩ 55,856,694

(*1) Present value of the other long-term employee benefits is included in the defined benefit assets in the consolidated financial statements as of December 31, 2023.

(2) Changes in the present value of the defined benefit obligations for each of the two years in the period ended December 31, 2024 are as follows (Korean won in thousands):

	2024	2023
Beginning balance	₩ 805,254,534	₩ 687,798,219
Recognized in profit or loss:		
Current service cost	35,210,994	30,065,867
Interest expenses	34,066,818	31,950,147
Recognized in other comprehensive income:		
Re-measurement of defined benefit plans	(21,178,534)	86,361,308
- Demographic assumptions	(194,633)	(2,008,776)
- Financial assumptions	(16,279,034)	60,599,579
- Adjustment based on experience	(4,704,867)	27,770,505
Other:		
Transfers from related parties	713,989	758,251
Other decrease (*1)	(8,199,409)	(11,363,390)
Benefits paid:	(39,289,260)	(31,318,402)
Gain (loss) on foreign currency translation, net	48,532,120	11,002,534
Ending balance	₩ 855,111,252	₩ 805,254,534

(*1) Other decrease includes the amount transferred to defined contribution retirement benefit plans.

21. Employee benefits (cont'd)

(3) Changes in the present value of plan assets for the years ended December 31, 2024, and 2023 are as follows (Korean won in thousands):

	2024	2023
Beginning balance	₩ 511,268,200	₩ 473,570,787
Contributions by plan participants	57,237,770	45,764,314
Benefits paid	(38,192,468)	(31,179,061)
Interest income	24,157,696	23,552,609
Re-measurement of defined benefit plans	(5,021,139)	12,613,276
Other decrease (*1)	(14,416,566)	(14,152,913)
Gain (loss) on foreign currency translation, net	24,776,823	1,099,188
Ending balance	₩ 559,810,316	₩ 511,268,200

(*1) Other decrease includes the amount transferred to defined contribution retirement benefit plans.

(4) Details of plan assets as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

	December 31, 2024	December 31, 2023
Financial instruments with fixed interest	₩ 365,535,415	₩ 340,740,457
Financial instruments with performance dividend	194,274,901	170,527,743
	₩ 559,810,316	₩ 511,268,200

(5) Changes in other long-term employee benefits for each of the two years in the period ended December 31, 2024 are as follows (Korean won in thousands):

	2024	2023
Beginning balance	₩ 55,856,694	₩ 19,109,085
Current service cost	370,808	259,277
Interest expenses	1,044,436	1,071,038
Benefits paid	(3,733,787)	(1,799,591)
Re-measurement factors of defined benefits obligation	1,186,718	1,774,313
Gain (loss) on foreign currency translation, net	6,555,441	(49,549)
Other decrease (*1)	-	35,492,121
Ending balance	₩ 61,280,310	₩ 55,856,694

(*1) Other decrease includes reclassification of accounts.

21. Employee benefits (cont'd)

(6) Expenses recognized in profit or loss in respect to defined benefit plans for each of the two years in the period ended December 31, 2024 are as follows (Korean won in thousands):

	2024	2023
Defined benefit liabilities:		
Current service costs	₩ 35,210,994	₩ 30,065,867
Interest expenses	34,066,818	31,950,147
Expected return on plan assets	(24,157,696)	(23,552,609)
	₩ 45,120,116	₩ 38,463,405
Other long-term employee benefits:		
Current service costs	₩ 370,808	₩ 259,277
Interest expenses	1,044,436	1,071,038
Re-measurement of defined benefit plans	1,186,718	1,774,313
	2,601,962	3,104,628
	₩ 47,722,078	₩ 41,568,033

The Group recognized expenses amounting ₩47,722 million manufacturing costs and selling and administrative expenses amounting to ₩26,499 million and ₩21,223 million, respectively.

Meanwhile, according to the defined contribution retirement plans applied to some employees from before the year ended December 31, 2023, the Group additionally recognized the retirement benefit of ₩29,581 million and ₩28,158 million in profit or loss for each of the two years in the period ended December 31, 2024, respectively. In addition, retirement compensation of ₩2,625 million and ₩2,333 million were paid for each of the two years in the period ended December 31, 2024, respectively.

(7) Key actuarial assumptions used for actuarial valuations as of December 31, 2024 and 2023 are as follows:

	December 31, 2024	December 31, 2023
Expected rate of salary increase	3.42%~5.65%	0.00%~5.63%
Discount rate	3.90%~6.04%	1.75%~9.50%
Expected rate of return on plan assets (*1)	3.90%~5.33%	4.47%~4.55%

(*1) Expected rate of return on plan assets is the expected long-term rate of return on management of plan assets for the payment of future retirement and severance benefit. The plan assets consist of financial instruments with fixed interest, and the expected rate of return on plan assets is affected by such financial instruments.

(8) Defined benefit liability sensitivity analysis

Effects of reasonably possible changes in the significant actuarial assumptions on the defined benefit obligation for the year ended December 31, 2024 are as follows (Korean won in thousands):

	Defined benefit liabilities	
	Increase	Decrease
Discount rate (1% change)	₩ (86,052,781)	₩ 101,677,217
Rate of future salary increase (1% change)	(619,008)	(56,044,975)

22. Provisions

(1) Changes in the provisions for each of the two years in the period ended December 31, 2024 are as follows (Korean won in thousands):

	2024				
	Provisions for product warranties	Provisions for customer points	Provisions for site restoration	Provisions for litigation	Total
Beginning balance	₩ 5,375,626	₩ 53,979	₩ 21,640,366	₩ 15,651,272	₩ 42,721,244
Increase(reversal)	3,736,891	603,221	370,845	3,568,180	8,279,137
Payment	(4,137,805)	(580,265)	(132,300)	(933,976)	(5,784,346)
Gain(loss) on foreign currency translation, net	484,820	-	2,452,489	2,777,621	5,714,930
Other	-	-	-	6,137,910	6,137,910
Ending balance	₩ 5,459,532	₩ 76,935	₩ 24,331,400	₩ 27,201,008	₩ 57,068,875
Consolidated statement of financial position:					
Current	₩ 5,459,532	₩ 76,935	₩ -	₩ 27,201,008	₩ 32,737,475
Non-current	-	-	24,331,400	-	24,331,400
Ending balance	₩ 5,459,532	₩ 76,935	₩ 24,331,400	₩ 27,201,008	₩ 57,068,875

	2023				
	Provisions for product warranties	Provisions for customer points	Provisions for site restoration	Provisions for litigation	Total
Beginning balance	₩ 4,586,233	₩ 13,871	₩ 14,513,424	₩ 2,794,244	₩ 21,907,772
Increase(reversal)	3,653,858	594,707	2,717,943	16,532,176	23,498,684
Payment	(2,870,193)	(554,599)	(435,989)	(854,412)	(4,715,193)
Gain(loss) on foreign currency translation, net	5,728	-	235,366	(109,474)	131,620
Other	-	-	4,609,622	(2,711,261)	1,898,361
Ending balance	₩ 5,375,626	₩ 53,979	₩ 21,640,366	₩ 15,651,273	₩ 42,721,244
Consolidated statement of financial position:					
Current	₩ 5,375,626	₩ 53,979	₩ -	₩ 15,651,273	₩ 21,080,878
Non-current	-	-	21,640,366	-	21,640,366
Ending balance	₩ 5,375,626	₩ 53,979	₩ 21,640,366	₩ 15,651,273	₩ 42,721,244

(2) The Group recognized provisions based on the historical experience for warranty costs related to compensation for defects in goods and constructions.

(3) The Group recognized provisions for expenses expected to incur to restore the environment to its original status due to damages caused by mining developments. The provision is recognized under the units-of-production method. Although the time of completion can't be estimated reliably, it is certain that the restoration will not be completed within one year. Therefore, the Group classified the provision as non-current liabilities

In addition, the Group estimates the costs of environmental damage restoration that are expected to arise after the termination of production, in accordance with the obligation to restore the environment that arises during the production process, and sets them up as provisions for environmental damage restoration.

(4) The Group recognized provisions for ongoing litigation where Momentive Performance Material Inc, a subsidiary, is litigated as a defendant as of December 31, 2024.

23. Commitments and contingencies

(1) The Group is responsible for jointly reimbursing the remaining liability of KCC Glass Corporation at the division date in accordance with the provisions of Article 530-9 (1) of the Korean Commercial Act.

(2) Details of lawsuits and claims in which the Group is involved, as of December 31, 2024 are as follows (Korean won in thousands):

	December 31, 2024			
	Amount claimed	Plaintiff	Defendant	Court in regard
The Group as defendant:				
Shareholders Litigation and others	₩ 51,511,241	Dissenting Shareholders and others	The Group	Delaware and others
The Group as plaintiff:				
Claim for damagers and others	₩ 6,226,581	The Group	Siletech and others	China (PRC) and others

As mentioned in Note 22, the Group recognized provisions for ongoing litigation where Momentive Performance Material Inc, a subsidiary, is litigated as a defendant and has not recognized a provision for any other ongoing lawsuits as the final outcomes cannot be predicted as of December 31, 2024.

Additionally, The Group is involved in a merger objection lawsuit filed in Delaware on August 28, 2019, by shareholders who raised objections to the proposed merger offer made by the company for MPM which named various members of the company and its board as defendants. The Group has recognized the unpaid amount that should have been paid to the originally dissenting shareholders as an accrued expense for the lawsuit and has reimbursed a portion of this amount for the year ended December 31, 2023.

(3) The Group entered into the technical assistance agreements with AXALTA (USA) and others. In accordance with the agreement the Group pays or receives technical assistance fees, calculated based on net sales of products or usage of the patents during the agreement term.

(4) The Group's lines of credit with financial institutions and significant commitments as of December 31, 2024 are as follows (Korean won in thousands):

	December 31, 2024	
	Credit limit	Executed amount
Overdrafts	₩ 35,000,000	₩ -
General loans	847,373,879	458,085,700
Facility loans	145,000,000	145,000,000
Purchase cards	162,360,000	33,370,161
Trade discount	400,000,000	45,198,996
Trade finance	237,072,737	76,688,969
Commercial paper acquisition agreements	610,053,000	610,000,000
Guarantee	106,565,598	98,420,870
Others	78,710,600	16,473,733
Acquisition financing	2,272,963,750	2,272,963,750

(5) Some of the loans of the Group have to comply with the borrowing arrangements that require the credit rating to be kept above a certain level, and there are no violations of the borrowing arrangements as of December 31, 2024.

24. Share capital and share premium

(1) Details of capital stock as of December 31, 2024 and 2023 are as follows (Korean won in thousands except for number of shares):

	December 31, 2024	December 31, 2023
Number of shares authorized (In shares)	24,000,000	24,000,000
Par value per share (Korean won)	₩ 5,000	₩ 5,000
Number of issued shares (In shares)	8,886,471	8,886,471
Capital stock	₩ 48,084,660	₩ 48,084,660

As the Controlling Company retired shares of treasury stock by charging it to retained earnings before the year ended December 31, 2023, capital stock is not consistent with the aggregate par value of issued shares. The difference amounts to ₩3,652,305 thousands.

(2) Details of share premium as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

	December 31, 2024	December 31, 2023
Paid-in capital in excess of par value	₩ 36,654,892	₩ 36,654,892
Gain from merger	260,787,392	260,787,392
Other share premium	52,316,602	255,470,319
	₩ 349,758,886	₩ 552,912,603

25. Capital adjustments

Details of capital adjustments as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

	December 31, 2024	December 31, 2023
Treasury shares	₩ (304,846,769)	₩ (304,846,769)
Other capital adjustments	(199,503,537)	-
	₩ (504,350,306)	₩ (304,846,769)

26. Accumulated other comprehensive income

Details of accumulated other comprehensive income (loss) as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

	December 31, 2024	December 31, 2023
Share of other comprehensive income (loss) of associates and joint ventures, net of tax	₩ (5,503,075)	₩ 44,488,666
Loss on valuation of financial assets at fair value through OCI	(27,839,888)	(31,464,399)
	6,921,302	(54,339,785)
Cash flow hedges – effective portion of changes in fair value, net of tax	6,206,679	20,088,069
	₩ (20,214,982)	₩ (21,227,449)

(*1) Net foreign exchange differences include the effects of hyperinflation

27. Retained earnings

Details of retained earnings as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

	December 31, 2024	December 31, 2023
Legal reserves (*1)	₩ 24,563,872	₩ 24,563,872
Voluntary reserves (*2)	5,016,987,282	4,572,387,282
Unappropriated retained earnings	124,485,995	305,488,994
	₩ 5,166,037,149	₩ 4,902,440,148

(*1) Legal reserves are the reserves made from retained earnings. Commercial Act of Korea requires the Group to appropriate as a legal reserve at least 10% of cash dividends paid for each accounting period until the reserve equals 50% of outstanding share capital. This reserve cannot be allocated as cash dividend and may only be used to offset a deficit, if any, or be transferred to capital.

(*2) Details of voluntary reserves as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

	December 31, 2024	December 31, 2023
Reserve for improvements of financial structure	₩ 1,598,621	₩ 1,598,621
Reserve for streamlining of the Group	30,545,346	30,545,346
Reserve for facility expansion	2,954,110,000	2,509,510,000
Other reserves	866,524,013	866,524,013
Revaluation reserve	1,164,209,302	1,164,209,302
	₩ 5,016,987,282	₩ 4,572,387,282

28. Dividends made and proposed

Calculations of dividends that are paid or payable to the Group's shareholders for each of the two years in the period ended December 31, 2024 are as follows (Korean won in thousands, except for number of shares):

① Interim dividend of June 30, 2024 and 2023

	2024	2023
Number of shares to be paid (In shares)	7,354,171	7,354,171
Par value per share (Korean won)	₩ 5,000	₩ 5,000
Dividend per share (Korean won)	1,000	1,000
Dividend rate as of par value	20%	20%
Amount	₩ 7,354,171	₩ 7,354,171

② Annual dividend

	2024	2023
Number of shares to be paid (In shares)	7,354,171	7,354,171
Par value per share (Korean won)	₩ 5,000	₩ 5,000
Dividend per share (Korean won)	9,000	7,000
Dividend rate as of par value	180%	140%
Amount	₩ 66,187,539	₩ 51,479,197

29. Operating income

(1) Revenue from contracts with customers

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

	2024	2023
Revenue recognition		
Goods transferred at a point in time:		
Sales of finished goods and others	₩ 6,267,280,198	₩ 5,958,833,896
Service transferred over time:		
Construction revenues and others	391,482,220	329,608,718
Total revenue from contracts with customers	₩ 6,658,762,418	₩ 6,288,442,614

29. Operating income (cont'd)

(2) Selling and administrative expenses

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

	2024	2023
Salaries	₩ 327,191,626	₩ 308,810,658
Severance benefits	35,915,955	32,822,761
Employee benefits	43,102,681	32,851,086
Advertising expenses	29,699,102	27,187,499
Depreciation	24,109,847	20,656,601
Amortization	41,778,211	40,831,645
Depreciation of right-of-use assets	22,572,737	26,548,127
Transportation	164,106,006	105,768,835
Professional service fees	100,135,416	94,223,177
Technology development	218,607,275	186,606,529
Recognition(reversal) of allowance for bad debts	(617,508)	5,404,934
Increase(reversal) in provisions for product warranties	3,666,289	3,309,180
Increase(reversal) in provisions for site restoration	(886,385)	203,388
Increase in provisions for litigation	3,568,180	8,987,042
Taxes and dues	27,551,723	23,080,222
Others	119,101,569	98,677,881
	₩ 1,159,602,724	₩ 1,015,969,565

30. Other non-operating income (expenses)

(1) Non-operating income

Details of non-operating income for each of the two years in the period ended December 31, 2024 are as follows (Korean won in thousands):

	2024	2023
Rental revenues	₩ 14,562,754	₩ 11,695,888
Revenue from royalties	7,172,663	8,691,426
Gain on disposal of property, plant, and equipment	4,263,660	18,601,564
Gain on disposal of right-of-use assets	47,477	34,248
Reversal of impairment losses on property, plant and equipment	-	1,037,450
Miscellaneous income	16,755,208	23,414,986
	₩ 42,801,762	₩ 63,475,562

30. Other non-operating income (expenses) (cont'd)

(2) Non-operating expense

Details of non-operating expense for each of the two years in the period ended December 31, 2024 are as follows (Korean won in thousands):

	2024	2023
Depreciation of assets not in use	₩ 522,164	₩ 522,612
Loss on disposal of property, plant and equipment	8,353,173	3,983,212
Impairment losses on property, plant and equipment	5,987,127	24,476,878
Loss on disposal of intangible assets	654,007	3,238,273
Loss on disposal of business	-	99,478
Donations	3,122,628	2,999,135
Other lease expense	85,746	95,890
Investment properties lease cost	15,718,198	13,854,745
Miscellaneous loss	21,482,805	51,086,935
	₩ 55,925,848	₩ 100,357,158

31. Nature of expenses

Details on the nature of expenses for each of the two years in the period ended December 31, 2024 are as follows (Korean won in thousands):

	2024	2023
Changes in inventories	₩ (178,352,675)	₩ 166,493,043
Purchase of materials and merchandise	2,819,581,479	2,490,931,884
Salaries	819,541,337	748,430,083
Severance benefits	76,480,021	68,949,770
Other long-term employee benefits	2,601,962	3,104,629
Employee benefits	117,609,155	103,790,472
Depreciation	356,164,718	356,945,847
Amortization	48,314,823	46,594,591
Depreciation of right-of-use assets	28,535,175	32,056,621
Transportation	170,791,211	213,720,169
Advertisement expense	29,725,091	27,211,923
Professional service fees	261,366,180	247,880,822
Electricity expenses	145,058,584	138,662,827
Fuel expenses	160,844,576	175,272,315
Supplies expenses	77,400,846	66,214,086
Packaging expenses	87,744,252	94,899,826
Other expenses	1,164,237,448	994,753,502
Total (*1)	₩ 6,187,644,183	₩ 5,975,912,410

(*1) Including cost of sales and selling and administrative expenses on the consolidated statements of comprehensive income.

32. Finance income and finance costs

(1) Details of finance income and finance costs for each of the two years in the period ended December 31, 2024 are as follows (Korean won in thousands):

	2024	2023
Finance income:		
Interest income	₩ 36,029,843	₩ 33,625,433
Dividend income	48,520,293	44,285,161
Gain on valuation of financial assets measured at fair value through profit or loss	342,195,674	452,438,334
Gain on disposal of financial assets measured at fair value through profit or loss	11,204,628	29,823,775
Gain on valuation of derivatives	12,063,753	13,101,778
Gain on transactions of derivatives	4,736,717	11,118,753
Gain on foreign currency transactions	139,071,696	98,634,083
Gain on foreign currency translations	115,549,857	40,311,070
	₩ 709,372,461	₩ 723,338,387
Finance costs:		
Interest expense	₩ (347,806,538)	₩ (254,644,522)
Loss on valuation of financial assets measured at fair value through profit or loss	(258,258,126)	(22,608,838)
Loss on disposal of financial assets measured at fair value through profit or loss	(399,003)	(528,441)
Loss on valuation of derivatives	(1,680,641)	(113,131,493)
Loss on transactions of derivatives	(6,563,807)	(2,156,788)
Loss on foreign currency transactions	(62,785,950)	(83,139,624)
Loss on foreign currency translations	(90,768,441)	(76,665,382)
Financial guarantee expenses	(1,570,292)	(1,373,620)
	₩ (769,832,798)	₩ (554,248,708)
Net finance income and cost	₩ (60,460,337)	₩ 169,089,679

(2) Details of interest income in finance income for each of the two years in the period ended December 31, 2024 are as follows (Korean won in thousands):

	2024	2023
Source of financial assets:		
Financial institutions deposits	₩ 28,905,484	₩ 30,864,186
Government bonds	9,937	12,176
Other receivables	7,114,522	2,749,071
	₩ 36,029,843	₩ 33,625,433

(3) Details of interest expenses in finance costs for each of the two years in the period ended December 31, 2024 are as follows (Korean won in thousands):

	2024	2023
Source of financial liabilities		
Borrowings	₩ 278,093,384	₩ 206,260,514
Bonds	60,579,110	40,379,932
Lease liabilities	9,134,044	8,004,076
	₩ 347,806,538	₩ 254,644,522

33. Income taxes

(1) Details of income tax expense for each of the two years in the period ended December 31, 2024 are summarized as follows (Korean won in thousands):

	2024	2023
Current income tax	₩ 240,507,600	₩ 96,780,271
Additional income taxes for prior years	4,205,758	3,485,464
Deferred income tax from temporary differences	(68,814,352)	39,625,811
= Total income tax effect	₩ 175,899,006	₩ 139,891,546
Income tax recognized directly in other comprehensive income	675,126	12,041,609
= Income tax expense reflected in income (loss) from continuing operations	₩ 176,574,132	₩ 151,933,155

The Controlling Company shall pay an additional surtax where the use of corporate earnings on qualifying investments, wage increase and dividend payments fall below a certain portion of its taxable income. Estimation of the income tax expense at year-end involves estimation of taxable income, as well as investments, wage growth and dividend payouts for the future periods subject to additional surtax. The uncertainty on estimation of income tax expense exists as the actual amounts may differ from these estimates. There is no undistributed profit with the Controlling Company for the year ended December 31, 2024. Meanwhile, the Controlling Company is processing corporate taxes in consideration of findings made by tax authorities in the past tax investigation, and based on interpretation of the corporate tax law and evaluation of many factors, including past experience, it is judged that the amount of corporate tax liabilities is appropriately estimated for all tax years. However, there may be uncertainties in the existing corporate tax treatment due to new authoritative interpretations of the corporate tax law, creation of precedents, changes in the position of tax authorities, and tax investigations.

(2) Income taxes and deferred taxes related to those that are not recognized in profit or loss for each of the two years in the period ended December 31, 2024 are as follows (Korean won in thousands):

	2024	2023
Current tax:		
- Remeasurements of actuarial gain or loss of defined benefit plan (*1)	₩ 552,182	₩ 12,606,896
Deferred tax:		
- Financial assets measured at fair value through OCI	122,944	(565,287)
Tax expense (income) recognized directly in equity	₩ 675,126	₩ 12,041,609

(*1) The Group recognized income taxes related to remeasurements of actuarial gain or loss of defined benefit plan in other comprehensive income (loss).

33. Income taxes (cont'd)

(3) The relationship between tax expense (income) and accounting profit for each of the two years in the period ended December 31, 2024 are for the following reasons (Korean won in thousands):

	2024	2023
Income before income taxes	₩ 469,868,645	₩ 244,435,779
Expense for income taxes at statutory tax rates	162,554,434	122,497,122
Additional payment (refund) of income taxes:		
Additional income taxes for prior years	4,205,758.	3,485,464.
Tax effects of non-temporary differences	(12,014,773)	6,365,313.
Tax deduction credits	(9,373,481)	(20,095,053)
Change of non-realizable deferred income taxes	9,835,612	68,448,592.
Changes in deferred income tax rates for temporary differences as of January 1	(75,741,076)	(118,084)
Differences arising from current year income tax rate and deferred income tax rate	3,249,666	6,681,999.
Subsidiary's income tax (*1)	92,727,387	(37,272,233)
Others, net	1,130,605	1,940,035.
Income tax expense	₩ 176,574,135	₩ 151,933,155
Effective tax rate	37.58%	62.16%

(*1) Subsidiary's income tax consists of branch income paid by the subsidiary MOM Holding Company and income tax on Global Intangible Low-Taxed Income (GILTI) for the year ended December 31, 2024.

(4) Deferred income tax from temporary differences for each of the two years in the period ended December 31, 2024 are as follows (Korean won in thousands):

	2024	2023
Deferred tax liabilities as of December 31	₩ (412,510,428)	₩ (481,324,780)
Deferred tax liabilities adjustment as of January 1	-	(8,684,453)
Deferred tax liabilities as of January 1	(481,324,780)	(433,014,516)
Deferred income tax from changes in temporary differences	₩ (68,814,352)	₩ 39,625,811

(5) As of December 31, 2024, the tax effects of temporary difference with the Controlling Company were calculated by the expected tax rate of the fiscal period when the temporary differences are expected to be reversed. The tax rates are expected to be 23.17% after 2024.

(6) The deferred tax assets and deferred tax liabilities of the Group are offset in the consolidated financial statements only if the entity has the legally enforceable right and intention to offset current and current tax liabilities.

33. Income taxes (cont'd)

(7) Changes in net deferred tax assets (liabilities) as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

	2024				
	January 1, 2024	Adjustment as of January 1	Recognized in profit or loss	Recognized in OCI	December 31, 2024
Capitalized interest	₩ (5,569,180)	₩ -	₩ 174,619	₩ -	₩ (5,394,561)
Allowance for doubtful accounts	2,719,818	-	(1,150,817)	-	1,569,001
Share of profit or associates and joint ventures under equity method	(82,658,515)	-	-	-	(82,658,515)
Financial assets measured at fair value through profit or loss	(284,962,444)	-	(5,784,434)	122,944	(290,658,515)
Equity adjustments in equity method and others	(1,031,295)	-	-	-	(1,031,295)
Valuation of currency swap contracts	(431,918)	-	402,948	-	(28,970)
Accrual for retirement and severance benefits	169,932,822	-	381,006	732,712	171,046,540
Deposit for severance insurance	(58,773,706)	-	(5,094,166)	(180,530)	(64,048,080)
Gain on revaluation of land	(154,848,075)	-	4,897,216	-	(149,950,859)
Loss on revaluation of land	786,240	-	(24,652)	-	761,588
Depreciation adjustment	(96,602,030)	-	11,526,980	-	(85,075,050)
Share of net income of subsidiaries	(21,064,554)	-	-	-	(21,064,553)
Others, net	51,177,734	-	62,810,526	-	113,988,260
Net deferred tax assets (liabilities)	₩ (481,324,780)	₩ -	₩ 68,139,226	₩ 675,126	₩ (412,510,428)

	2023				
	January 1, 2023	Adjustment as of January 1	Recognized in profit or loss	Recognized in OCI	December 31, 2023
Capitalized interest	₩ (5,571,508)	₩ -	₩ 2,328	₩ -	₩ (5,569,180)
Allowance for doubtful accounts	3,073,344	-	(353,526)	-	2,719,818
Share of profit or associates and joint ventures under equity method	(82,658,515)	-	-	-	(82,658,515)
Financial assets measured at fair value through profit or loss	(182,879,881)	-	(101,517,276)	(565,287)	(284,962,444)
Equity adjustments in equity method and others	(1,031,295)	-	-	-	(1,031,295)
Valuation of currency swap contracts	(1,063,205)	-	631,287	-	(431,918)
Accrual for retirement and severance benefits	142,664,834	-	14,551,567	12,716,421	169,932,822
Deposit for severance insurance	(51,839,706)	-	(6,824,153)	(109,525)	(58,773,384)
Gain on revaluation of land	(155,749,934)	-	901,859	-	(154,848,075)
Loss on revaluation of land	786,569	-	(329)	-	786,240
Depreciation adjustment	(104,383,720)	-	7,781,690	-	(96,602,030)
Share of net income of subsidiaries	(21,064,554)	-	1	-	(21,064,553)
Others, net	26,703,055	(8,684,453)	33,159,132	-	51,177,734
Net deferred tax assets (liabilities)	₩ (433,014,516)	₩ (8,684,453)	₩ (51,667,420)	₩ 12,041,609	₩ (481,324,780)

(8) Gross deferred tax assets, deferred tax liabilities, current tax liabilities and current tax assets as of December 31, 2024 are summarized as follows (Korean won in thousands):

	2024
Deferred tax assets	₩ 262,312,594
Deferred tax liabilities	(677,823,022)
	₩ (412,510,428)
Current tax assets	₩ 26,231,708
Current tax liabilities	(254,224,471)
	₩ (227,992,763)

33. Income taxes (cont'd)

(9) Components of temporary difference which are not recognized as deferred tax assets (liabilities) for each of the two years in the period ended December 31, 2024 are summarized as follows (Korean won in thousands):

	2024	2023
Deferred tax assets (liabilities)		
Tax losses	₩ 251,790,708	₩ 287,712,364
Investments in joint ventures	131,031,635	387,979,825
Changes in equities of subsidiaries attributable to the Controlling Company	1,286,518,571	1,052,127,737
	₩ 1,669,340,914	₩ 1,727,819,926

(10) The Organization for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) addresses the tax challenges arising from the digitalization of the global economy. The Global Anti-Base Erosion Model Rules (Pillar Two Model Rules) apply to multinational enterprises (MNEs) with annual revenue in excess of EUR 750 million per their consolidated financial statements.

The Pillar Two Model Rules introduce four new taxing mechanisms under which MNEs would pay a minimum level of tax (the Minimum Tax):

- the Qualified Domestic Minimum Top-up Tax (QDMTT);
- the Income Inclusion Rule (IIR); and
- the Under Taxed Payments/Profits Rule (UTPR).

The Subject to Tax Rule is a tax treaty-based rule that generally proposes a Minimum Tax on certain cross-border intercompany transactions that otherwise are not subject to a minimum level of tax.
The new taxing mechanisms can impose a minimum tax on the income arising in each jurisdiction in which an MNE operates. The IIR, UTPR and QDMTT do so by imposing a top-up tax in a jurisdiction whenever the effective tax rate (ETR), determined on a jurisdictional basis under the Pillar Two rules, is below a 15% minimum rate.

The International Accounting Standards Board issued Amendments to KIFRS 1012 -*International Tax Reform—Pillar Two Model Rules*. The Amendments clarify that KIFRS 1012 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the OECD, including tax law that implements a QDMTT. The Group has adopted these amendments, which introduce:
• a mandatory application of a temporary exception provision regarding the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two Model Rules; and
• disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation.

The Pillar Two Model Rules were adopted in the Republic of Korea at the end of 2023 and are applicable starting from January 1, 2024. According to these rules, the Group is considered a multinational enterprise to which the Pillar Two Model Rules shall be applied. At the same time, Pillar Two legislation has been enacted or substantively enacted in several other jurisdictions in which the Group operates for the financial year beginning January 1, 2024.

The Group has performed an assessment of its potential exposure to Pillar Two income taxes based on the 2023 country-by-country reporting and 2024 financial information for the constituent entities in the Group. The Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15%. Exemption provisions for the transitional period have been applied in most of the countries where the connected entities conduct their business activities and in a limited number of countries where these provisions are not applicable, no additional tax liability arise.

The Group continues to follow Pillar Two legislative developments, as further countries enact the Pillar Two Model Rules, to evaluate the potential future impact on its consolidated results of operations, financial position and cash flows beginning.

34. Earnings per share

(1) Basic earnings per share

① Basic earnings per share for each of the two years in the period ended December 31, 2024 are as follows (Korean won in thousands, except per share amounts):

	2024	2023
Profit for the year attributable to owners to the Company	₩ 310,568,028	₩ 212,662,787
Weighted-average number of common shares outstanding (In shares)	7,354,171	7,354,171
Basic earnings per share (Korean won)	₩ 42,230	₩ 28,917

② The weighted-average number of common shares outstanding for each of the two years in the period ended December 31, 2024 are calculated as follows (In shares):

	2024			2023		
	Number of shares	Weight (days)	Weighted shares	Number of shares	Weight (days)	Weighted shares
Beginning	7,354,171	366	2,691,626,586	7,354,171	365	2,684,272,415
Days			÷ 366			÷ 365
Weighted-average number of common shares outstanding			7,354,171			7,354,171

(2) Diluted earnings per share

The Group has not calculated diluted earnings per share as there is no potential dilutive share for each of the two years in the period ended December 31, 2024.

35. Related party transactions

(1) Details of related parties of the Group as of December 31, 2024 and 2023 are as follows:

	2024	2023
Associate	KCC Engineering & Construction Co.,Ltd.	KCC Engineering & Construction Co.,Ltd.
	Kumgang Leisure Co., Ltd.	Kumgang Leisure Co., Ltd.
	MOM No. 1 Private Equity Fund and its subsidiaries (*1)	MOM No. 1 Private Equity Fund and its subsidiaries (*1)
	KCW Corporation and its subsidiaries (*5)	KCW Corporation and its subsidiaries (*5)
	SIC Management Ltd (*5)	SIC Management Ltd (*5)
Joint venture	PTC	PTC
	SIC Investment Ltd and its subsidiaries (*2)	SIC Investment Ltd (*2)
	Zhejiang Xinan Momentive Performance Materials Co., Ltd. (*3)	Zhejiang Xinan Momentive Performance Materials Co., Ltd. (*3)
Large-scale business group affiliates (*4)	KCC Glass Corporation	KCC Glass Corporation
	Mirae Co., Ltd.	Mirae Co., Ltd.
	DONG JU Co., LTD. and others	DONG JU Co., LTD. and others

(*1) The Group acquired the interests during the year ended December 31, 2023, and it is classified to an associate as being judged that the Group has significant influence over the entity.
Meanwhile, MOM No. 1 Private Equity Fund, sold its 40% stake in MOM Holding company, a subsidiary of the Controlling Company, to the Controlling Company for the year ended December 31, 2024.

(*2) The Group acquired the interests for the year ended December 31, 2023, and it is classified to a Joint venture as being judged that the Group has joint control over the entity according to the agreement with the three financial investors.

(*3) It is a joint venture of MOM Holding Company, which is a subsidiary of the Group.

(*4) Large-scale business group affiliates are not included in the scope of related parties described in KIFRS 1024 but belong to the same large-scale business group under the *Monopoly Regulation and Fair Trade Act* of Korea.

35. Related party transactions (cont'd)

(1) Details of related parties of the Group as of December 31, 2024 and 2023 are as follows (cont'd):

(*5) The Group acquired the interests of the entity prior to the year ended December 31, 2023, and it is classified as an associate as being judged that the Group has significant influence over the entity.

(2) Significant transactions with the related parties for each of the two years in the period ended December 31, 2024 are as follows (Korean won in thousands):

Revenue :

		2024					
	Related party	Sales of goods	Revenue from royalties	Rent income	Disposal of PPE	Others	Revenue total
Associate	Kumgang Leisure Co., Ltd.	₩ -	₩ -	₩ -	₩ 24,500	₩ 2,344	₩ 26,844
	KCC Engineering & Construction Co.,Ltd.	1,283,232	-	-	-	1,735,715	3,036,947
	KCW Corporation and its subsidiaries	-	1,972	-	-	46,023	47,995
Joint venture	Zhejiang Xinan Momentive Performance Materials Co., Ltd.	474,582	-	-	-	331,139	805,721
Large-scales business group affiliates	KCC Glass Corporation	46,866,962	-	1,373,587	-	3,159,237	51,399,786
	Others	12,000	-	-	-	-	12,000
		₩ 48,636,776	₩ 1,972	₩ 1,373,587	₩ 24,500	₩ 5,292,458	₩ 55,329,293

		2023				
	Related party	Sales of goods	Revenue from royalties	Rent income	Others	Revenue total
Associate	Kumgang Leisure Co., Ltd.	₩ -	₩ -	₩ -	₩ 3,773	₩ 3,773
	KCC Engineering & Construction Co., Ltd.	361,661	-	-	1,538,216	1,899,877
	KCW Corporation and its subsidiaries	-	1,849	-	42,550	44,399
Joint venture	Zhejiang Xinan Momentive Performance Materials Co., Ltd.	57,465	-	-	319,086	376,551
Large-scales business group affiliates	KCC Glass Corporation	55,247,057	-	879,367	3,117,276	59,243,700
	Others	12,000	-	-	-	12,000
		₩ 55,678,183	₩ 1,849	₩ 879,367	₩ 5,020,901	₩ 61,580,300

Expense:

		2024			
	Related party	Purchase of materials	Purchase of PPE	Others	Expense total
Associate	Kumgang Leisure Co., Ltd.	₩ -	₩ -	₩ 169,272	₩ 169,272
	KCC Engineering & Construction Co., Ltd.	-	15,563,897	240,372	15,804,269
	KCW Corporation and its subsidiaries	-	-	-	-
Joint venture	Zhejiang Xinan Momentive Performance Materials Co., Ltd.	146,518,047	-	-	146,518,047
Large business conglomerates	KCC Glass Corporation	9,043,637	-	177,426	9,221,063
	Others	11,116,606	90,507	889,427	12,096,540
		₩ 166,678,290	₩ 15,654,404	₩ 1,476,497	₩ 183,809,191

		2023			
	Related party	Purchase of materials	Purchase of PPE	Others	Expense total
Associate	Kumgang Leisure Co., Ltd.	₩ -	₩ -	₩ 160,800	₩ 160,800
	KCC Engineering & Construction Co., Ltd.	-	97,450,369	240,534	97,690,903
	KCW Corporation and its subsidiaries	-	-	-	-
Joint venture	Zhejiang Xinan Momentive Performance Materials Co., Ltd.	154,712,748	-	-	154,712,748
Large business conglomerates	KCC Glass Corporation	15,726,237	64,478	187,239	15,977,954
	Others	11,739,289	353,833	226,601	12,319,723
		₩ 182,178,274	₩ 97,868,680	₩ 815,174	₩ 280,862,128

35. Related party transactions (cont'd)

(3) Financial transactions which occurred with related parties for each of the two years in the period ended December 31, 2024 are as follows (Korean won in thousands):

		Capital contribution of cash		Capital withdrawal	
	Related party	2024	2023	2024	2023
Associate	MOM No. 1 Private Equity Fund	₩ 387,830	₩ 1,709,283	₩ 324,158,961	₩ -
	KCW Corporation	6,781,250	-	-	-
	SIC Management Ltd	207,810	447,527	-	-
Joint venture	SIC Investment Ltd and its subsidiaries	69,270	1,857,723	-	-
		₩ 7,446,160	₩ 4,014,533	₩ 324,158,961	₩ -

(4) Account balances and allowance for doubtful accounts with related parties as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

		December 31, 2024					
		Receivables			Payables		
	Related party	Accounts receivable	Other receivables	Long-term loans	Accounts payable	Other payables	Leasehold deposit
Associate	Kumgang Leisure Co., Ltd.	₩ -	₩ 3,200,194	₩ -	₩ -	₩ -	₩ -
	KCC Engineering & Construction Co., Ltd.	231,460	2,733,106	-	-		-
	KCW Corporation and its subsidiaries	-	52,795	-	-	-	-
Joint venture	PTC	-	2,102,524	15,232,000	-	-	-
	Zhejiang Xinan Momentive Performance Materials Co., Ltd	411,389	31,261	-	32,075,998	-	-
Large-scales business group affiliates	KCC Glass Corporation	5,929,528	4,213,546	-	1,874,354	667,704	29,301,800
	Others	4,400	100,000	-	262	3,039,410	-
		₩ 6,576,777	₩ 12,433,426	₩ 15,232,000	₩ 33,950,614	₩ 3,707,114	₩ 29,301,800

The Group has recognized allowance for doubtful accounts of ₩1 million for receivables to the related parties except for PTC and has fully recognized allowance for doubtful accounts for receivables to the related parties from PTC as of December 31, 2024.

		December 31, 2023					
		Receivables			Payables		
	Related party	Accounts receivable	Other receivables	Long-term loans	Accounts payable	Other payables	Leasehold deposit
Associate	Kumgang Leisure Co., Ltd.	₩ -	₩ 3,200,236	₩ -	₩ -	₩ -	₩ -
	KCC Engineering & Construction Co., Ltd.	116,464	1,929,358	-	-		-
	KCW Corporation and its subsidiaries	-	48,839	-	-	-	-
Joint venture	PTC	-	2,102,524	15,232,000	-	-	-
	Zhejiang Xinan Momentive Performance Materials Co., Ltd	37,599	27,955	-	26,203,747	-	-
Large-scales business group affiliates	KCC Glass Corporation	10,764,949	3,918,831	-	3,926,188	508,559	16,083,650
	Others	4,400	100,000	-	880	3,273,042	-
		₩ 10,923,412	₩ 11,327,743	₩ 15,232,000	₩ 30,130,815	₩ 3,781,601	₩ 16,083,650

The Group has recognized allowance for doubtful accounts of ₩2 million for receivables to the related parties except for PTC and has fully recognized allowance for doubtful accounts for receivables to the related parties from PTC as of December 31, 2023.

35. Related party transactions (cont'd)

(5) Details of financial guarantees provided for the related parties for the year ended December 31, 2023 are summarized as follow (in USD and SAR):

	Foreign Currency	Financial guarantee liabilities	Limit of financial guarantee liabilities	Period for financial guarantee liabilities	Loan agent
Joint venture	PTC(*1) USD	80,000,000	80,000,000	Completion of Construction	SIDF
	SAR	288,362,244	288,362,244	Completion of Construction	Saudi British Bank, Alinma Bank

(*1) PTC, a joint venture of the Group, borrowed construction funds from Saudi British Bank and Alinma Bank through HSBC as a loan agent for the establishment project of a polysilicon production plant.
As the project was suspended, HSBC applied for arbitration to the London International Arbitration Court to enforce the obligation to supplement funds, despite the Controlling company's obligation to supplement funds together with other shareholders of PTC in case of insufficient funds for the completion of the project.
The Group received an arbitration award from the London International Arbitration Court on August 19, 2022, which ordered them to take necessary actions to fulfill the obligation to supplement funds.
The Group has recorded the entire principal and interest expense to be fulfilled in accordance with the arbitration award as financial guarantee liabilities related to the obligation.

The Group received a judgment from the Seoul Central District Court on March 12, 2024, which approved the arbitration award and request for execution decision from the London International Arbitration Court. Subsequently, on March 18, 2024, an approval was filed with the Seoul High Court.
It has been determined that this judgment will not have any additional impact on the consolidated financial statements.

In addition, PTC borrowed construction costs from the SIDF for the above plant establishment project. Although there are currently no lawsuits or arbitration cases related to the fulfillment of payment guarantee obligations from SIDF, the Group determined that it is likely to fulfill its obligation of the guarantee liability and therefore fully accounted for the principal and interest expenses to be satisfied in the contract in relation to financial guarantee liabilities.

(6) The Group provides long-term loan asset amounting to ₩14,380 million to its employees for housing and other purposes. The Group received dividends of ₩1,002 million and ₩144 million, and ₩1,258 million respectively, from KCC Engineering & Construction Co., Ltd. and Kumgang Leisure Co., Ltd. and KCC Glass Corporation, respectively, for the year ended December 31, 2024.

In addition, on May 14, 2024, The Group acquired 40,941 shares of convertible preferred stock with voting rights issued by MOM Holding Company for ₩ 807,938 million from MOM USA Limited Partnership, and received a distribution of ₩ 77,797 million from MOM No.1 Private Equity Fund.

(7) The Controlling Company regards registered internal and external directors who have significant roles and responsibilities in planning, operating and controlling its business activities as key management personnel. Details of key management personnel compensation in total for each of the two years in the period ended December 31, 2024 are as follows (Korean won in thousands):

	2024	2023
Short-term employee benefits	₩ 4,136,056	₩ 4,233,939
Severance benefits	326,726	221,599
	₩ 4,462,782	₩ 4,455,538

36. Risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Capital risk
- Transfer of financial assets

This note includes quantitative and qualitative disclosures related to the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing the above risks, and the Group's management of capital.

(1) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

1) Exposure to credit risk

The maximum exposure to credit risk as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

	December 31, 2024	December 31, 2023
Cash and cash equivalents	₩ 501,299,281	₩ 1,045,111,400
Short-term financial instruments	510,145,133	509,868,881
Trade receivables	1,213,492,615	1,039,818,292
Other current receivables	55,601,903	51,921,543
Current government bonds	144,789	173,652
Long-term trade receivables	492,400	1,655,272
Other non-current receivables	84,824,474	80,741,050
Non-current government bonds	203,231	340,611
Debt instruments (compound financial instruments)	1,944,000	1,944,000
Financial guarantee liabilities	243,905,269	217,599,486

2) As of December 31, 2024 and 2023, details of loss allowances recognized from financial assets due to credit losses are as follows (Korean won in thousands):

	December 31, 2024	December 31, 2023
Impairment losses on trade receivables	₩ 24,724,121	₩ 28,356,629
Impairment losses on other receivables	17,334,524	17,334,524
	₩ 42,058,645	₩ 45,691,153

3) Cash and cash equivalents and short-term financial instruments

The Group limits its exposure to credit risk by making a deposit only in financial institutions such as Kookmin Bank that has a high credit rating. The Group has determined that the risk of cash and cash equivalents is low based on the external credit rating of the financial institution.

The Group used an approach similar to the expected credit loss used in debt securities to assess cash and cash equivalents expected credit losses.

36. Risk management (cont'd)

(1) Credit risk (cont'd)

4) Trade and other receivables

To manage credit risk of trade and other receivables, The Group only deals with customers with credit ratings above certain level set by the Group. Policies and procedures are prepared and operated to strengthen its credit rating. At the initiation of contract with new customers, the Group reviews the credit of the customer utilizing both publicly available information and information provided from the credit rating agency, sets credit limit, and requires collateral or guarantees of payment. The Group reviews the credit of the customer on a regular basis, reviews the credit limit, and adjusts the level of collaterals required. In respect to the delinquent trade and other receivables, status of delinquent receivables and plans for their collection are and reported, and actions are taken appropriately.

① Trade receivables

The Group uses a set of provision setting tables to measure the expected credit loss on its sales notes, reflecting the debt default rate for each age of bonds and the loss rate due to a default. Default rates are based on the likelihood of a trade receivable becoming an uncollected bond for more than one year and such likelihood is calculated using its past experience.

The aging analysis of trade receivables as of December 31, 2024 and 2023 is summarized as follows (Korean won in thousands):

	December 31, 2024		
	Total receivables' balance (credit risk exposure)	Weighted average expected loss rate	Loss allowance (expected credit loss)
Within 30 days	₩ 429,757,233	0.14%	₩ 594,659
31 ~ 60 days	256,331,591	0.28%	729,503
61 ~ 90 days	148,853,139	0.38%	558,290
91 ~ 120 days	78,579,426	0.52%	405,180
More than 120 days	185,144,923	3.59%	6,648,187
	₩ 1,098,666,312	0.81%	₩ 8,935,819

	December 31, 2023		
	Total receivables' balance (credit risk exposure)	Weighted average expected loss rate	Loss allowance (expected credit loss)
Within 30 days	₩ 459,093,739	0.15%	₩ 679,531
31 ~ 60 days	244,836,149	0.46%	1,118,686
61 ~ 90 days	93,484,022	0.62%	575,582
91 ~ 120 days	33,959,499	1.01%	341,664
More than 120 days	86,122,858	8.03%	6,913,315
	₩ 917,496,267	1.05%	₩ 9,628,778

In addition, for trade receivables subject to individual assessment, the Group recognizes the difference between recoverable amount and carrying amount as an impairment loss. As of December 31, 2024 and 2023, the estimated loss provision associated with the receivables for which individual damages have been identified amounts to ₩15,788 million and ₩18,728 million, respectively.

② Other receivables

The probability of default for the entire 12 months period and for the entire duration is re-adjusted by reflecting the current bond yields and CDS prices to historical data provided by the credit rating agencies. In this case, the estimation of loss is based on current market value of the financial instruments and the initial effective interest rate.

36. Risk management (cont'd)

(1) Credit risk (cont'd)

4) Trade and other receivables (cont'd)

② Other receivables (cont'd)

In addition to above collective assessment, for other receivables subject to individual assessment, the Group recognizes the difference between recoverable amount and carrying amount as an impairment loss. As of December 31, 2024 and 2023, the recognized loss associated with the receivables for which individual impairment have been identified amount to ₩17,335 million, respectively.

5) Debt security

The Group limits the exposure of its credit risk by limiting investments to government bonds only.

(2) Liquidity risk

Liquidity risk is the Group's risk of encountering difficulty in meeting the obligations associated with its financial liabilities. The Group's approach in managing liquidity is to ensure, as much as possible, that it has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damaging Group's reputation.

Due to its dynamic nature of the business, the chief financial officer of the Group aims to maintain financial flexibility by maintaining the promised line of credit. In addition, the Group maintains the following line of credit as of December 31, 2024.

- ₩35,000 million of unsecured agreement

In addition, the Group reviews the following information on a regular basis in order to manage liquidity risk. (Korean won in thousands):

	December 31, 2024	December 31, 2023
Current assets	₩ 3,994,488,399	₩ 4,178,192,967
Current liabilities	3,230,859,314	3,836,444,033
Current ratio	123.64%	108.91%

36. Risk management (cont'd)

(2) Liquidity risk (cont'd)

1) The maturity of financial liabilities

The following are the maturities of financial liabilities as of December 31, 2024 and 2023. The amount includes estimated interest payments and does not include the impact of netting agreements (Korean won in thousands):

	December 31, 2024					
	Carrying amount	Contractual cash flows	Less than 6 months	6 to 12 months	12 to 36 months	More than 3 years
Non-derivative financial liabilities:						
Short-term borrowings	₩ 910,081,138	₩ 910,783,463	₩ 910,783,463	₩ -	₩ -	₩ -
Long-term borrowings (including current portion of long-term borrowings)	2,649,502,426	3,238,669,714	233,201,142	95,952,624	1,037,742,147	1,871,773,801
Bonds (including current portion of bonds)	1,627,379,084	1,739,568,581	299,410,159	76,918,194	1,259,712,365	103,527863
Trade payables	770,281,368	770,281,368	770,281,368	-	-	-
Other liabilities (*1)	689,019,945	749,199,807	507,339,137	15,836,592	103,702,010	122,322,068
Financial guarantee liabilities (*2)	243,905,269	893,362,840	893,362,840	-	-	-
	₩ 6,890,169,230	₩ 8,301,865,773	₩ 3,614,378,109	₩ 188,707,410	₩ 2,401,156,522	₩ 2,097,623,732
Derivative financial liabilities:						
Derivative instruments liabilities	-	-	-	-	-	-
	₩ 6,890,169,230	₩ 8,301,865,773	₩ 3,614,378,109	₩ 188,707,410	₩ 2,401,156,522	₩ 2,097,623,732

(*1) Financial liabilities measured at amortized cost include lease liabilities that are not subject to category-specific financial liabilities.

(*2) In case of financial guarantee contract, maximum amount of the guarantee liabilities was allocated to the earliest period in which the guarantee could be claimed.

	December 31, 2023					
	Carrying amount	Contractual cash flows	Less than 6 months	6 to 12 months	12 to 36 months	More than 3 years
Non-derivative financial liabilities:						
Short-term borrowings	₩ 1,217,352,890	₩ 1,219,209,420	₩ 1,118,467,695	₩ 100,741,725	₩ -	₩ -
Long-term borrowings (including current portion of long-term borrowings)	2,815,054,839	3,380,096,170	525,245,350	190,825,827	489,386,015	2,174,638,978
Bonds (including current portion of bonds)	1,118,442,459	1,188,348,021	217,329,491	185,841,330	706,811,751	78,365,449
Trade payables	647,424,598	647,424,598	647,424,598	-	-	-
Other liabilities (*1)	642,976,936	677,078,754	344,227,434	91,616,011	131,733,648	109,501,661
Financial guarantee liabilities (*2)	217,599,486	1,303,257,879	1,303,257,879	-	-	-
	₩ 6,658,851,208	₩ 8,415,414,842	₩ 4,155,952,447	₩ 569,024,893	₩ 1,327,931,414	₩ 2,362,506,088
Derivative financial liabilities:						
Derivative instruments liabilities	164,369,968	164,369,968	164,369,968	-	-	-
	₩ 6,823,221,176	₩ 8,579,784,810	₩ 4,320,322,415	₩ 569,024,893	₩ 1,327,931,414	₩ 2,362,506,088

(*1) Financial liabilities measured at amortized cost include lease liabilities that are not subject to category-specific financial liabilities.

(*2) In case of financial guarantee contract, maximum amount of the guarantee liabilities was allocated to the earliest period in which the guarantee could be claimed.

The Group does not expect above cash flow to occur in a significantly earlier period or in a significantly different amount.

36. Risk management (cont'd)

(2) Liquidity risk (cont'd)

2) Supplier finance arrangements

The Group has entered into supplier finance agreements with key suppliers both domestically and internationally. Suppliers participating in the supplier financing agreements can receive early payment on their receivables from the financial provider. The Group settles its obligations by making payments to the financial provider in accordance with the original payment due date. The typical payment terms for trade payables range from 22 to 112 days. The Group did not provide collateral to the financial provider.
All trade payables subject to the supplier finance arrangements are included in the trade and other payables in the consolidated statement of financial position.

The following are the trade payables and other payables that are part of the supplier finance arrangement as of December 31, 2024 and 2023 (Korean won in thousands) :

	Dec 31, 2024	Dec 31, 2023
Carrying amount of liabilities that are part of a supplier finance arrangement	₩ 186,829,520	₩ 226,225,248
Of which suppliers have received payment	21,196,224	30,445,028

There are no significant non-cash changes in the carrying amounts of the trade payables and other payables that are part of the supplier finance arrangements.

(3) Market risk

Market risk is a risk arising from changes in market prices that could affect the fair value of financial instruments or future cash flow. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group buys and sells derivatives, and also incurs financial assets and liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by the Group.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the functional currencies of the Group. As discussed in Note 12, the Group uses currency swap and forward exchange contracts to hedge its currency risk. The currencies to which these transactions are primarily related are EUR, JPY, USD, MXN, THB and CNY.

36. Risk management (cont'd)

(3) Market risk (cont'd)

1) Currency risk (cont'd)

Assets and liabilities denominated in foreign currency as of December 31, 2024 and 2023 are summarized as follows (Korean won in thousands):

	December 31, 2024				December 31, 2023			
	Foreign currency (In foreign currency)	Exchange rates (Korean won)	Won equivalent		Foreign currency (In foreign currency)	Exchange rates (Korean won)	Won equivalent	
Assets:								
USD	250,010,099.93	₩ 1470.00	₩ 367,514,847	USD	480,293,264.23	₩ 1289.40	₩	619,290,135
EUR	48,535,485.37	1528.73	74,197,652	EUR	47,797,361.36	1,426.59		68,187,237
JPY	241,856,122.04	9.3648	2,264,934	JPY	622,557,167.63	9.1266		5,681,831
SGD	1,315,681.23	1,081.08	1,422,356	SGD	1,301,128.68	976.86		1,271,021
GBP	1,990,153.00	1,843.67	3,669,185	GBP	1,689,084.00	1,641.79		2,773,122
HKD	10,074,236.00	189.30	1,907,053	HKD	14,948,994.00	165.06		2,467,481
MYR	268,216.00	329.23	88,305	MYR	346,827.00	279.85		97,060
AED	519,307.00	400.22	207,837	AED	545,386.00	351.07		191,469
CAD	746,763.00	1,023.96	764,655	CAD	-	974.64		-
MXN	1,268,110,549.00	71.17	90,251,428	MXN	1,167,614,590.00	75.97		88,703,680
THB	327,885,361.00	43.00	14,009,071	THB	401,970,351.00	37.62		15,122,125
CNY	64,887,976.60	201.27	13,060,003	CNY	54,640,802.69	180.84		9,881,243
Others	1,247,368,292.00	-	568,811	Others	1,131,800,827.00	-		248,947
			₩ 570,016,137				₩	813,915,351
Liabilities:								
USD	241,758,877.22	₩ 1470.00	355,385,550	USD	268,830,069.61	₩ 1,289.40	₩	346,629,492
EUR	2,616,615.43	1528.73	4,000,098	EUR	2,973,098.57	1,426.59		4,241,392
JPY	499,144,287.22	9.3648	4,674,386	JPY	553,675,038.41	9.1266		5,053,171
SGD	715,916.30	1,081.08	773,962	SGD	437,545.45	976.86		427,421
GBP	366,498.00	1,843.67	675,700	GBP	990,497.80	1,641.79		1,626,190
HKD	3,970,222.00	189.30	751,563	HKD	3,598,226.00	165.06		593,923
MYR	346,623.00	329.23	114,119	MYR	229,564.00	279.85		64,244
AED	596,426.00	400.22	238,702	AED	451,085.00	351.07		158,362
CAD	53,553.00	1,023.96	54,836	CAD	68,113.00	974.64		66,386
MXN	14,077,191.00	71.17	1,001,874	MXN	9,542,678.00	75.97		724,957
THB	361,064,916.00	43.00	15,525,791	THB	287,711,077.00	37.62		10,823,691
CNY	11,559,338.64	201.27	2,326,548	CNY	7,466,482.97	180.84		1,350,239
Others	431,919,919.15	-	958,448	Others	442,000,101.15	-		942,691
			₩ 386,481,577				₩	372,702,159

The Group internally measures the exchange rate risk due to fluctuations of exchange rate for Korean won, on a regular basis.

The Group internally measures risks associated with changes in exchange rate on a regular basis. The effects of hypothetical changes in exchange rate by 10% on profit (loss) as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

	December 31, 2024		December 31, 2023	
	10% strengthening	10% weakening	10% strengthening	10% weakening
USD	₩ 1,212,931	₩ (1,212,931)	₩ 27,266,064	₩ (27,266,064)
EUR	7,019,756	(7,019,756)	6,394,585	(6,394,585)
JPY	(240,945)	240,945	62,865	(62,865)
SGD	64,839	(64,839)	84,360	(84,360)
GBP	299,347	(299,347)	114,693	(114,693)
HKD	115,549	(115,549)	187,355	(187,355)
MYR	(2,582)	2,582	3,281	(3,281)
AED	(3,086)	3,086	3,310	(3,310)
CAD	70,982	(70,982)	(6,638)	6,638
MXN	8,924,956	(8,924,856)	8,797,872	(8,797,872)
THB	(142,673)	142,673	429,843	(429,843)
CNY	1,073,346	(1,073,346)	853,101	(853,101)
Others	(38,964)	38,964	(69,373)	69,373
	₩ 18,353,456	₩ (18,353,456)	₩ 44,121,318	₩ (44,121,318)

36. Risk management (cont'd)

(3) Market risk (cont'd)

1) Currency risk (cont'd)

The above sensitivity analysis is performed based on monetary assets and liabilities denominated in foreign currency, other than the functional currency as of the reporting date.

2) Interest rate risk

① Details of interest-bearing financial liabilities as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

	December 31, 2024	December 31, 2023
Fixed interest rate:		
Short-term borrowings	₩ 265,198,996	₩ 593,543,311
Long-term borrowings	137,585,700	667,075,100
Bonds	1,630,000,000	1,120,000,000
	₩ 2,032,784,696	₩ 2,380,618,411
Floating interest rate:		
Short-term borrowings	₩ 644,882,142	₩ 623,809,579
Long-term borrowings	2,553,646,422	2,201,882,938
	₩ 3,198,528,564	₩ 2,825,692,517

② Fair value sensitivity analysis of fixed interest rate financial liabilities

In case of corporate bonds or borrowings of the Group for which fixed interest rates are paid, fluctuations in interest rates do not affect profit and loss.

③ Cash flow sensitivity analysis of floating interest rate financial liabilities

Supposing that other value does not change as of December 31, 2024 and 2023, when interest rate changes by 1%, the expected changes on equity for the next one year and change of post-tax profit or loss are as follows (Korean won in thousands):

	December 31, 2024			
	Equity		Net income	
	1% strengthening	1% weakening	1% strengthening	1% weakening
Floating interest rate financial liabilities (*1)	₩ (23,412,699)	₩ 23,412,699	₩ (23,412,699)	₩ 23,412,699

	December 31, 2023			
	Equity		Net income	
	1% strengthening	1% weakening	1% strengthening	1% weakening
Floating interest rate financial liabilities (*1)	₩ (6,091,534)	₩ 6,091,534	₩ (6,091,534)	₩ 6,091,534

(*1) The Group entered into interest rate swap contracts in order to hedge the risk of interest rate fluctuation related to the long-term borrowing. As of December 31, 2024 and 2023, the amounts that are not exposed to the risks associated with changes in the interest rate were not included in the above analysis.

36. Risk management (cont'd)

(3) Market risk (cont'd)

3) Fair value risk

① The carrying amounts and fair values of financial assets and liabilities, as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

	December 31, 2024		December 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets:				
Assets measured at fair value:				
Financial assets measured at fair value through profit or loss (*1)	₩ 2,748,880,048	₩ 2,748,880,048	₩ 2,688,879,532	₩ 2,688,879,532
Financial assets measured at fair value through OCI (*2)	17,984,042	17,984,042	23,478,301	23,478,301
Derivative assets (*3)	21,549,893	21,549,893	20,761,488	20,761,488
Short-term financial instruments (*1)	481,477,348	481,477,348	483,239,544	483,239,544
	₩ 3,269,891,331	₩ 3,269,891,331	₩ 3,216,358,865	₩ 3,216,358,865
Hedge derivative assets:				
Derivative assets (*3)	₩ -	₩ -	22,455,649	22,455,649
	₩ -	₩ -	₩ 22,455,649	₩ 22,455,649
Assets measured at amortized cost (*4,5):				
Cash and cash equivalents	₩ 501,299,281	₩ 501,299,281	₩ 1,045,111,400	₩ 1,045,111,400
Short-term financial instruments	28,667,785	28,667,785	26,629,337	26,629,337
Trade and other receivables	1,354,411,392	1,354,411,392	1,174,136,156	1,174,136,156
Government bonds	348,020	348,020	514,263	514,263
	₩ 1,884,726,478	₩ 1,884,726,478	₩ 2,246,391,156	₩ 2,246,391,156
	₩ 5,154,617,809	₩ 5,154,617,809	₩ 5,485,205,670	₩ 5,485,205,670
Liabilities:				
Liabilities measured at fair value:				
Derivative liabilities (*3)	₩ -	₩ -	₩ 164,369,968	₩ 164,369,968
	₩ -	₩ -	₩ 164,369,968	₩ 164,369,968
Liabilities measured at amortized cost:				
Trade payables (*5)	₩ 770,281,368	₩ 770,281,368	₩ 647,424,598	₩ 647,424,598
Short-term borrowings (including current portion of long-term borrowings)	1,060,161,838	1,060,161,838	1,770,837,305	1,770,837,305
Long-term borrowings	2,499,421,726	2,495,822,668	2,261,570,424	2,253,695,089
Bonds (including current portion of bonds)	1,627,379,084	1,650,090,663	1,118,442,459	1,049,544,358
Other liabilities (*5,6)	535,512,362	535,512,362	493,350,693	493,350,693
Financial guarantee liabilities	243,905,269	243,905,269	217,599,486	217,599,486
	₩ 6,736,661,647	₩ 6,755,774,168	₩ 6,509,224,965	₩ 6,432,451,529
	₩ 6,736,661,647	₩ 6,755,774,168	₩ 6,673,594,933	₩ 6,596,821,497

The above fair value of financial instruments has been determined based on the methods described below.

(*1) Investments in financial assets measured at fair value through profit or loss

Fair value of financial assets measured at fair value through profit or loss that are traded in the market is determined by the disclosed buying price as of the end of the reporting period. The fair value of investments in financial assets measured at fair value through profit or loss that are non-marketable equity securities is assessed and valued at level 3 fair value as of the end of the reporting period. In addition, the short-term investment instruments are assessed and valued at level 2 fair value as of the end of the reporting period using financial institution's valuation, considering directly or indirectly observable inputs.

36. Risk management (cont'd)

(3) Market risk (cont'd)

3) Fair value risk (cont'd)

① The carrying amounts and fair values of financial assets and liabilities, as of December 31, 2024 and 2023 are as follows (cont'd) (Korean won in thousands):

(*2) Investments in financial assets measured at fair value through OCI

Fair value of financial assets measured at fair value through OCI that are traded in the market is determined by disclosed the disclosed buying price as of the end of the reporting period.

(*3) Derivatives

a. Currency and interest rate swap: Using the swap rate and the spot rate that were quoted in the market, the difference of incoming cash flows from the variable interest rates and fixed interest rates are calculated, and using the forward exchange rate as of the end of the period, the estimation is calculated for the amount that will be exchanged at maturity discounted to current value.

b. Forward exchange: Considering the contract rate and the leading exchange rate as of the end of the reporting period, the amount is discounted to the current value.

c. Drag-Along Right: Using the fair value of MOM Holding Company's investment shares, it is estimated as a binary option pricing model (BOPM) considering the volatility of similar companies and is measured by discounting it to the current value.

Fair value of above financial instruments is evaluated by Korea Asset Pricing Corporation and others every quarter.

(*4) Trade and other receivables

Trade and other receivables approximate the carrying amounts.

(*5) Current asset and liabilities

Fair values of current asset and liabilities approximate the carrying amounts.

(*6) Other liabilities

Lease liabilities classified as other liabilities are excluded from fair value disclosure in accordance with KIFRS 1107 *Financial Instruments: Disclosure*.

36. Risk management (cont'd)

(3) Market risk (cont'd)

3) Fair value risk (cont'd)

② Interest rate used for determining fair value

The interest rates used to discount estimated cash flows are based on the interest rate on certificate of deposits (CD) or London Interbank Offered Rate (LIBOR) at the reporting date, plus an adequate credit spread.

The interest rates used as of December 31, 2024 and 2023 are as follows:

	December 31, 2024		December 31, 2023	
	Benchmark rate	Rate (%)	Benchmark rate	Rate (%)
Long-term borrowings	Risk-free rate	-	Risk-free rate	6.40
	CD	4.19 ~ 4.39	CD	-
	LIBOR	-	LIBOR	7.21
	EURLIBOR (3M)	4.31	EURLIBOR (3M)	5.61
	Term SOFR	5.43 ~ 8.33	Term SOFR	8.23 ~ 9.85
Unguaranteed corporate bonds	Earnings rate of same credit rating unguaranteed corporate bonds	3.20 ~ 3.45	Earnings rate of same credit rating unguaranteed corporate bonds	3.86 ~ 3.98
Drag-Along Right	Risk-free rate	-	Risk-free rate	3.49

③ Fair value hierarchy

The table below analyses financial instruments measured at fair value, by valuation method. The different levels have been defined as follows:

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

The table below summarizes financial instruments measured at fair value, by fair value hierarchy as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss	₩ 2,688,595,478	₩ -	₩ 60,284,570	₩ 2,748,880,048
Financial assets measured at fair value through OCI	17,984,042	-	-	17,984,042
Current derivative assets	-	21,549,893	-	21,549,893
Non-current derivative assets	-	-	-	-
Short-term financial instruments	-	481,477,348	-	481,477,348
	₩ 2,706,579,520	₩ 503,027,241	₩ 60,284,570	₩ 3,269,891,331

36. Risk management (cont'd)

(3) Market risk (cont'd)

3) Fair value risk (cont'd)

③ Fair value hierarchy (cont'd)

The table below summarizes financial instruments measured at fair value, by fair value hierarchy as of December 31, 2024 and 2023 are as follows (Korean won in thousands): (cont'd)

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets measured at fair value through profit or loss	₩ 2,630,970,758	₩ -	₩ 57,908,774	₩ 2,688,879,532
Financial assets measured at fair value through OCI	23,478,301	-	-	23,478,301
Current derivative assets	-	32,050,355	-	32,050,355
Non-current derivative assets	-	11,166,782	-	11,166,782
Short-term financial instruments	-	483,239,544	-	483,239,544
	₩ 2,654,449,059	₩ 526,456,681	₩ 57,908,774	₩ 3,238,814,514
Financial liabilities				
Non-current derivative liabilities	₩ -	₩ -	₩ 164,369,968	₩ 164,369,968
	₩ -	₩ -	₩ 164,369,968	₩ 164,369,968

The fair value of financial instruments traded in the active market is calculated based on market prices announced at the end of the reporting period. If publicly available prices are readily and regularly available through the exchange, seller, broker, industrial group, rating agency, or supervisory institution, such transactions will occur regularly in the market between the independent parties. The publicly traded market price for the financial assets held by the Group is the buy price. These instruments are included in level 1, and the instruments in Level 1 are listed under the listed equity instruments, which are classified as financial assets measured at fair value through profit or loss or OCI.

The Group determines the fair value of financial instruments not traded in the active market by using the valuation technique. The Group takes advantage of a variety of assessment techniques and is making assumptions based on market conditions as of the end of the reporting period. These techniques use observable market information as much as possible and corporate-specific information available at a minimum level. At this point, if all significant input variables required to measure the fair value of the instrument are observable, the instrument is included in the Level 2.

If the fair value measurement uses unobservable inputs that are significant, including using observable inputs that require significant adjustments based on unobservable inputs, then the resulting fair value measurement is classified at a Level 3 measurement.

36. Risk management (cont'd)

(3) Market risk (cont'd)

3) Fair value risk (cont'd)

③ Fair value hierarchy (cont'd)

Sensitivity analysis and inputs used in the recurring and non-recurring fair value measurements classified at Level 3 of the fair value hierarchy as of December 31, 2024 are as follows (Korean won in thousands except for percentage):

	Valuation object	Fair value	Valuation technique	Significant unobservable inputs	Inputs	Sensitivity of the input to fair value		
						Variation	Increase	Decrease
[Financial assets measured at fair value through profit or loss]								
NtoB Corporation	Common Stock	₩ 6,986,800	DCF method	WACC (%)	8.86%	1.00%	₩ (250,400)	₩ 313,900
				Perpetual growth rate (%)	0.00%	1.00%	213,300	(170,000)
			Proxy Firm Valuation method	PBR (multiples)	1.56	1.00%	20,482	(13,310)
				EV/EBITDA	7.07	1.00%	13,526	(12,290)
Channel A Corporation	Common Stock	3,045,000	DCF method	WACC (%)	6.81%	1.00%	(103,500)	72,000
				Perpetual growth rate (%)	0.00%	1.00%	104,500	(78,500)
			Proxy Firm Valuation method	PBR (multiples)	0.64	1.00%	11,735	(11,695)
Hyundai M Partners Co Ltd.	Common Stock	13,025,935	Adjustment NAV method	Adjustment NAV	₩159,449,133	1.00%	130,065	(130,065)
Hyundai Miraero Co Ltd.	Common Stock	9,584,746	Adjustment NAV method	Adjustment NAV	₩ 48,471,423	1.00%	94,742	(96,058)
		₩32,642,481						

Carrying amount of trade and other receivables classified in current assets are estimated to be reasonable approximation of fair values.

④ Movement between 'Level 1' and 'Level 2'

For fair value measurement, the management used valuation method using all significant inputs only based on observable market data. There was no movement between 'Level 1' and 'Level 2' during each of the two years in the period ended December 31, 2024.

4) Market price risk

The Group makes investments in both publicly trading stocks and non-trading stocks as a strategic purpose. The Group utilizes both direct and indirect method of investment. Market value of the investments which are classified as financial assets measured at fair value through profit or loss or OCI, made amount to ₩2,706,580 million and ₩2,654,449 million as of December 31, 2024 and 2023, respectively.

36. Risk management (cont'd)

(4) Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group's capital management is managed by risk management committee on a regular basis through careful observance of liabilities to equity ratio.

Liabilities to equity ratio as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

	December 31, 2024	December 31, 2023
Total liabilities	₩ 8,069,234,736	₩ 7,905,941,669
Total equity	5,039,315,407	5,447,529,410
Liabilities ratio	160.13%	145.13%

(5) Transfer of financial assets and others

Financial assets that are not fully derecognized as of December 31, 2024 are summarized as follows (Korean won in thousands)

	Trade receivables (*1)
The carrying amount of the asset	₩ 45,198,996
The carrying amount of the related liabilities	45,198,996
For those liabilities that have recourse only to the transferred assets	45,198,996
The fair value of the asset	45,198,996
The fair value of the related liabilities	45,198,996
Net position	-

(*1) The Group has pledged trade receivables of its branch as collateral for the agreement with Samsung Card Co., Ltd. According to this loan agreement, Samsung Card Co., Ltd. has a right of recourse when the repayment is delayed for over 3 months.

37. Segment information

(1) Operating segment

The Group has four operating segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. The Chief Operating Decision Maker monitors and regularly reviews the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Details of the operating segments' performance, financial position and elimination of inter-segment transaction as of December 31, 2024 and 2023 are as follows.

1) Details of the Group's operating segments are as follows.

	Operation
Construction materials	PVC, Plate glass, etc.
Coatings	Coating
Silicone	Silicone, Sealant
Others	Glass fiber, AM, DCB, Construction by contract, etc.

37. Segment information (cont'd)

(1) Operating segment (cont'd)

2) Details of the profit or loss for each operating segment for each of the two years in the period ended December 31, 2024 are as follows (Korean won in thousands):

	2024						
	Construction materials	Coatings	Silicone	Others (*1)	Consolidation adjustment	Unallocated amounts	Total
Total revenue	₩ 1,097,081,028	₩2,216,169,621	₩ 4,210,253,661	₩ 669,294,744	₩(1,534,036,636)	₩ -	₩6,658,762,418
Inter-segment revenue	-	(280,331,713)	(1,214,962,491)	(38,742,432)	1,534,036,636	-	-
External revenue	1,097,081,028	1,935,837,908	2,995,291,170	630,552,312	-	-	6,658,762,418
Depreciation	(40,426,299)	(26,469,508)	(245,046,474)	(101,782,422)	-	-	(413,724,703)
Operating profit	173,680,346	217,328,595	72,960,778	(12,949,709)	20,098,225	-	471,118,235
Share of profit (loss) of associates and joint ventures	-	-	-	-	-	72,334,833	72,334,833
Finance income, net (cost)	-	-	-	-	-	(60,460,337)	(60,460,337)
Non-operating income, net (expense)	-	-	-	-	-	(13,124,086)	(13,124,086)
Income taxes	-	-	-	-	-	176,574,132	176,574,132
Net income	-	-	-	-	-	-	293,294,512

(*1) Includes depreciation expense of unallocated amounts.

	2023						
	Construction materials	Coatings	Silicone	Others (*1)	Consolidation adjustment	Unallocated amounts	Total
Total revenue	₩1,117,731,247	₩ 1,839,630,625	₩3,942,604,544	₩ 581,471,538	₩ (1,192,995,340)	₩ -	₩6,288,442,614
Inter-segment revenue	-	(182,627,836)	(990,194,707)	(20,172,797)	1,192,995,340	-	-
External revenue	1,117,731,247	1,657,002,789	2,952,409,837	561,298,741	-	-	6,288,442,614
Depreciation	(41,022,326)	(26,749,932)	(248,057,306)	(96,235,686)	-	-	(412,065,250)
Operating profit	193,283,481	175,879,652	(83,253,194)	3,905,755	22,714,510	-	312,530,204
Share of profit (loss) of associates and joint ventures	-	-	-	-	-	(200,302,508)	(200,302,508)
Finance income, net (cost)	-	-	-	-	-	169,089,679	169,089,679
Non-operating income, net (expense)	-	-	-	-	-	(36,881,596)	(36,881,596)
Income taxes	-	-	-	-	-	151,933,154	151,933,154
Net income	-	-	-	-	-	-	92,502,625

(*1) Including depreciation expense of unallocated amounts.

3) Details of the assets and liabilities for each operating segment as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

		December 31, 2024	December 31, 2023
Assets:			
Segment assets	Construction materials	₩ 930,985,454	₩ 1,032,416,891
	Coatings	2,459,514,889	2,178,975,697
	Silicone	4,519,167,174	4,105,298,863
	Others	784,389,510	672,198,982
Unallocated amounts		8,203,351,132	7,579,835,630
Consolidation adjustments		(3,788,858,016)	(2,215,254,985)
Total assets		₩ 13,108,550,143	₩ 13,353,471,078
Liabilities:			
Unallocated amounts		₩ (8,412,504,255)	₩ (8,034,079,297)
Consolidation adjustments		343,269,519	128,137,628
Total liabilities		₩ (8,069,234,736)	₩ (7,905,941,669)
Net assets		₩ 5,039,315,407	₩ 5,447,529,409

Assets in operating segments are comprised mainly of inventories and property, plant and equipment. Cash and cash equivalents, deferred tax assets, and financial assets are not allocated. Liabilities are not allocated to operating segments

37. Segment information (cont'd)

(1) Operating segment (cont'd)

4) Details of consolidation adjustments for each of the two years in the period ended December 31, 2024 are as follows (Korean won in thousands):

	2024		2023	
	Assets	Liabilities	Assets	Liabilities
Elimination of intra-group transactions	₩ (358,378,478)	₩ 343,269,519	₩ (138,943,848)	₩ 128,137,628
Off-set of investments and subsidiary	(3,430,479,538)	-	(2,076,311,137)	-
	₩ (3,788,858,016)	₩ 343,269,519	₩ (2,215,254,985)	₩ 128,137,628

(2) Geographical revenue and non-current assets information for each of the two years in the period ended December 31, 2024 are as follows (Korean won in thousands):

	2024			
	Sales	Property, plant and equipment	Intangible assets	Investment property
Korea	₩ 2,940,062,177	₩ 1,709,657,966	₩ 14,015,188	₩ 612,358,954
China	738,385,971	168,292,228	24,631,572	139,131,959
Japan	262,466,036	218,726,312	56,182,569	-
Other Asia	759,679,157	247,384,930	57,436,295	-
North America	769,376,194	790,942,071	1,139,738,612	-
Central and South America	165,901,741	15,888,347	8,160,229	-
Europe	862,503,123	346,285,140	106,229,673	-
Others	160,388,019	28,301,453	864,759	-
	₩ 6,658,762,418	₩ 3,525,478,447	₩ 1,407,258,897	₩ 751,490,913

	2023			
	Sales	Property, plant and equipment	Intangible assets	Investment property
Korea	₩ 2,867,937,251	₩ 1,809,546,921	₩ 14,313,322	₩ 575,011,462
China	565,807,788	160,438,563	24,435,931	130,077,254
Japan	248,824,098	215,900,492	60,459,613	-
Other Asia	647,641,869	183,985,899	54,470,836	-
North America	803,598,119	711,895,158	1,012,349,081	-
Central and South America	147,915,529	17,257,427	9,996,874	-
Europe	870,557,625	339,808,733	105,763,528	-
Others	136,160,335	8,273,052	70,742	-
	₩ 6,288,442,614	₩ 3,447,106,245	₩ 1,281,859,927	₩ 705,088,716

(3) The Group's major customer segment

The Group conducts business with a large number of customers internationally and there is no single customer from whom the revenue accounts for 10% or more of the consolidated revenue. Accordingly, revenue by major customer is not separately disclosed.

38. Lease

The Group has lease contracts for various items of land, buildings, machinery, vehicles and other equipment used in its operations. The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(1) Right-of-use assets

Changes in right-of-use assets for each of the two years in the period ended December 31, 2024 are as follows (Korean won in thousands):

	2024					
	Land	Buildings	Machinery and other assets	Motor vehicle	Intangible assets	Total
Acquisition cost:						
Beginning balance	₩ 75,611,721	₩ 85,891,458	₩ 91,800,262	₩ 35,807,066	₩ -	₩ 289,110,507
Acquisitions	109,239	4,546,876	1,419,112	12,481,077	-	21,542,337
Disposals	-	(3,121,621)	(1,820,937)	(8,718,517)	-	(13,487,201)
Net foreign exchange difference	6,569,897	9,114,107	4,498,793	320,099	-	23,684,836
Ending balance	₩ 82,290,857	₩ 96,430,820	₩ 95,897,230	₩ 35,807,066	₩ -	₩ 320,850,479
Accumulated depreciation:						
Beginning balance	₩ (11,341,738)	₩ (32,802,028)	₩ (21,728,065)	₩ (21,235,778)	₩ -	₩ (87,107,609)
Disposals	-	2,469,270	1,667,525	6,798,061	-	10,934,856
Depreciation	(1,535,287)	(9,943,859)	(8,657,203)	(8,465,163)	-	(28,601,512)
Net foreign exchange difference	(1,265,728)	(3,900,070)	(2,251,465)	(1,379,293)	-	(8,796,556)
Ending balance	₩ (14,142,753)	₩ (44,176,687)	₩ (30,969,208)	₩ (24,282,173)	₩ -	₩ (113,570,821)
Government grants:						
Beginning balance	₩ (2,826,830)	₩ -	₩ -	₩ -	₩ -	₩ (2,826,830)
Depreciation	66,337	-	-	-	-	66,337
Net foreign exchange difference	(315,123)	-	-	-	-	(315,123)
Ending balance	₩ (3,075,616)	₩ -	₩ -	₩ -	₩ -	₩ (3,075,616)
Carrying amount:						
Beginning balance	₩ 61,443,153	₩ 53,089,430	₩ 70,072,197	₩ 14,571,288	₩ -	₩ 199,176,068
Ending balance	65,072,488	52,254,133	64,928,022	21,949,399	-	204,204,042

	2023					
	Land	Buildings	Machinery and other assets	Motor vehicle	Intangible assets	Total
Acquisition cost:						
Beginning balance	₩ 74,857,105	₩ 94,666,390	₩ 68,717,230	₩ 31,724,407	₩ -	₩ 269,965,132
Acquisitions	106.208	8,123,792	25,669,868	12,481,077	-	46,380,945
Disposals	-	(16,626,868)	(1,406,424)	(8,718,517)	-	(26,751,809)
Net foreign exchange difference	648,408	(271,856)	(1,180,412)	320,099	-	(483,761)
Ending balance	₩ 75,611,721	₩ 85,891,458	₩ 91,800,262	₩ 35,807,066	₩ -	₩ 289,110,507
Accumulated depreciation:						
Beginning balance	₩ (9,870,366)	₩ (36,562,170)	₩ (12,552,134)	₩ (17,809,612)	₩ -	₩ (76,794,282)
Disposals	-	17,204,011	1,102,666	5,356,391	-	23,663,068
Depreciation	(1,524,855)	(11,970,630)	(10,132,624)	(8,493,103)	-	(32,121,212)
Net foreign exchange difference	53,483	(1,473,239)	(145,973)	(289,454)	-	(1,855,183)
Ending balance	₩ (11,341,738)	₩ (32,802,028)	₩ (21,728,065)	₩ (21,235,778)	₩ -	₩ (87,107,609)
Government grants:						
Beginning balance	₩ (2,899,825)	₩ -	₩ -	₩ -	₩ -	₩ (2,899,825)
Depreciation	64,591	-	-	-	-	64,591
Net foreign exchange difference	8,404	-	-	-	-	8,404
Ending balance	₩ (2,826,830)	₩ -	₩ -	₩ -	₩ -	₩ (2,826,830)
Carrying amount:						
Beginning balance	₩ 62,086,914	₩ 58,104,220	₩ 56,165,096	₩ 13,914,795	₩ -	₩ 190,271,025
Ending balance	61,443,153	53,089,430	70,072,197	14,571,288	-	199,176,068

38. Lease (cont'd)

(2) Lease liabilities

1) The carrying amounts of lease liabilities and the movements for each of the two years in the period ended December 31, 2024 are as follows (Korean won in thousands):

	December 31, 2024	December 31, 2023
Beginning balance	₩ 149,626,244	₩ 140,611,959
Increase	21,164,347	38,486,731
Decrease	(2,565,532)	(3,117,703)
Interest expense	9,134,044	8,004,076
Lease payment	(33,913,466)	(34,749,195)
Net foreign exchange difference	10,061,944	390,376
Ending balance	₩ 153,507,581	₩ 149,626,244

2) Details of maturity analysis of lease liabilities for each of the two years in the period ended December 31, 2024 are as follows (Korean won in thousands):

	December 31, 2024	December 31, 2023
Current lease liabilities	₩ 25,072,354	₩ 22,144,789
Non-current lease liabilities	128,435,227	127,481,454
Total lease liabilities	₩ 153,507,581	₩ 149,626,244
Within one year	30,654,143	30,398,181
After one year but not more than five years	87,388,363	86,316,710
More than five years	79,638,549	95,917,995

3) The amounts recognized in profit or loss for each of the two years in the period ended December 31, 2024 are as follows (Korean won in thousands):

	December 31, 2024	December 31, 2023
Depreciation expense of right-of-use assets	₩ 28,535,175	₩ 32,056,621
Interest expense on lease liabilities (included in finance costs)	9,134,044	8,004,076
Expense relating to short-term leases	17,895,428	15,520,865
Expense relating to leases of low-value assets	1,744,674	1,624,680
Total amount recognized in profit or loss	₩ 57,309,321	₩ 57,206,242

39. Major construction contracts and the balances

(1) The Group's major construction contracts and the balances as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

	December 31, 2024			
	Beginning balance	Increase	Revenue recognized	Ending balance
Construction work	₩ 458,435,966	₩ 192,219,513	₩ 390,412,366	₩ 260,243,113

	December 31, 2023			
	Beginning balance	Increase	Revenue recognized	Ending balance
Construction work	₩ 383,648,292	₩ 403,301,100	₩ 328,513,426	₩ 458,435,966

(2) Details of construction-in-progress as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

	December 31, 2024		
	Cumulative construction revenue	Cumulative construction cost	Cumulative construction income
Construction work	₩ 449,142,792	₩ 405,290,722	₩ 43,852,070

	December 31, 2023		
	Cumulative construction revenue	Cumulative construction cost	Cumulative construction income
Construction work	₩ 443,747,944	₩ 408,508,178	₩ 35,239,766

(3) Due from and to customers for contract work as of December 31, 2024 and 2023 are as follows (Korean won in thousands):

	December 31, 2024		December 31, 2023	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
Construction work	₩ 1,789,196	₩ 15,466,915	₩ 2,985,270	₩ 15,204,665

The Group recorded the amounts relating to contract assets and contract liabilities in advanced payments and other liabilities (current) in the consolidated financial statements.

(4) Provision for construction loss for contract under the percentage-of completion method and changes in due from customers and profit or loss from constructions for the year ended December 31, 2024 are as follows (Korean won in thousands):

Changes in total contract revenue	Changes in total expected contract costs	Effects on profit or loss for the year ended December 31, 2024	Effects on future profit or loss	Changes in contract asset and liability	Provision for construction loss
₩ 23,459,414	₩ 22,948,209	₩ 1,401,256	₩ (890,051)	₩ 1,401,256	₩ -

(5) The Group provides ordering organizations with confirmation of guarantee amounting to ₩83,669 million (prior year ₩92,075 million) issued from construction guarantee and financial institutions to guarantee performance of construction contracts, payment of advances related contracts and tenders.

40. Statement of cash flows

(1) The Group's statement of cash flows was prepared using the indirect method, and major transactions without inflows or outflows of cash for the year ended December 31, 2024 are as follows (Korean won in thousands):

	2024
Deposit transferred to right-of use assets	₩ 377,990
Recognition of right-of-use assets and lease liabilities	21,164,347
Property, plant and equipment transferred to investment property	40,768,260
Reclassification of non-current derivative to current derivative	11,166,782
Increase of other payable (related to property, plant and equipment)	30,618,162
Recognition of provisions for litigation and other receivable	6,137,910
Reclassification of construction-in-progress	219,369,002
Reclassification of non-current long-term borrowings to current borrowings	139,960,647
Reclassification of non-current long-term bonds to current bonds	319,726,283
Reclassification of non-current lease liabilities to current lease liabilities	36,551,987

(2) Changes in liabilities from financing activities for each of the two years in the period ended December 31, 2024 are as follows (Korean won in thousands):

	2024									
		Cash flows provided by (used in) financing activities		Non-cash changes						
	Jan. 1, 2024	Increase	Decrease	Dividends declared	Interest expenses (*1)	Current portions	Changes in foreign exchange rates	Net foreign exchange difference	Others (*2)	Dec. 31, 2024
Short-term borrowings	₩1,217,352,890	₩2,890,770,669	₩ (3,217,793,839)	₩ -	₩ -	₩ -	₩ 1,917,701	₩ 25,837,430	₩ (8,003,713)	₩ 910,081,138
Current portion of long term borrowings	553,484,415	-	(554,216,710)	-	124,648	139,960,647	9,192,600	1,535,100	-	150,080,700
Current portion of bonds	369,805,197	-	(370,000,000)	-	378,514	319,726,283	-	-	-	319,909,994
Current lease liabilities	22,144,789	-	(33,913,466)	-	-	36,551,987	-	1,216,917	(927,873)	25,072,354
Long-term borrowings	2,261,570,424	648,687,002	(545,592,000)	-	23,544,424	(139,960,647)	(11,004,112)	262,176,635	-	2,499,421,726
Bonds	748,637,262	877,513,900	-	-	1,044,211	(319,726,283)	-	-	-	1,307,469,090
Lease liabilities	127,481,454	-	-	-	9,134,044	(36,551,987)	-	8,845,028	19,526,688	128,435,227
Long-term guarantee deposits	24,656,220	17,669,973	(688,980)		1,112,212			90,924	(8,407,122)	34,433,227
Interest payable	17,781,648	-	(299,722,384)	-	315,070,188	-	-	1,286,634	(2,238,473)	32,177,613
Dividends payable	-	-	(58,833,368)	58,833,368	-	-	-	-	-	-
	₩5,342,914,299	₩4,434,641,544	₩ (5,080,760,747)	₩ 58,833,368	₩350,408,241	₩ -	₩ 106,189	₩ 300,988,668	₩ (50,493)	₩5,407,081,069

(*1) Interest expenses comprise of amortization of corporate bonds based on the effective interest rate amounting to ₩25,092 million and capitalization of borrowing costs amounting to ₩2,602 million.

(*2) Others of lease liabilities are the effects under new lease contracts and lease modification during the current reporting period. And others of interest payable are prepaid interest.

40. Statement of cash flows (cont'd)

(2) Changes in liabilities from financing activities for each of the two years in the period ended December 31, 2024 are as follows (Korean won in thousands): (cont'd)

	2023									
		Cash flows provided by (used in) financing activities		Non-cash changes						
	Jan. 1, 2023	Increase	Decrease	Dividends declared	Interest expenses (*1)	Current portions	Changes in foreign exchange rates	Net foreign exchange difference	Others (*2)	Dec. 31, 2023
Short-term borrowings	₩ 514,339,274	₩3,714,587,929	₩(3,164,008,349)	₩ -	₩ -	₩ 150,000,000	₩ (435,114)	₩(1,400,057)	₩ 4,269,207	₩1,217,352,890
Current portion of long term borrowings	10,544,148	-	(11,095,985)	-	-	553,205,235	650,020	180,997	-	553,484,415
Current portion of bonds	669,746,220	-	(670,000,000)	-	443,293	369,615,684	-	-	-	369,805,197
Current lease liabilities	25,119,950	-	(34,749,195)	-	-	33,494,417	-	(911,342)	(809,041)	22,144,789
Long-term borrowings	2,888,547,003	2,138,155,720	(2,150,485,346)	-	451,217	(703,205,235)	11,153,798	42,765,041	34,188,226	2,261,570,424
Bonds	798,493,508	319,080,318	-	-	679,120	(369,615,684)	-	-	-	748,637,262
Lease liabilities	115,492,007	-	-	-	8,004,076	(33,494,417)	-	1,301,720	36,178,068	127,481,454
Interest payable	24,406,378	-	(244,393,844)	-	248,446,095	-	-	275,897	(10,952,878)	17,781,648
Dividends payable	-	-	(58,833,368)	58,833,368	-	-	-	-	-	-
	₩5,046,688,488	₩6,171,823,967	₩(6,333,566,087)	₩ 58,833,368	₩258,023,801	₩ -	₩11,368,704	₩42,212,256	₩ 62,873,582	₩5,318,258,079

(*1) Interest expenses comprise of effective interest rate amortized cost of corporate bonds amounting to ₩1,574 million and capitalization of borrowing costs amounting to ₩3,379 million.

(*2) Others of lease liabilities are the effects under new lease contracts and lease modification during the current reporting period. And others of interest payable are prepaid interest.

(3) Due to frequent transactions, inflows and outflows of cash related to short term financial instruments and short-term borrowings with significant amounts and short maturities are presented as net amounts.

41. Subsequent events

The Group issued the 78th non-guaranteed domestic bond for the purpose of debt repayment on March 7, 2025, subsequent to the reporting period.

Audit opinion on internal control over financial reporting

The accompanying independent auditor's report on internal control over financial reporting is attached as a result of auditing the internal control over financial reporting of KCC Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group") and the consolidated financial statements of the Group for the year ended December 31, 2024 in accordance with the Article 8 of the *Act on External Audit of Stock Companies.*

Attachment:

1. Independent auditor's report on internal control over financial reporting
2. Report on the Effectiveness of ICFR for Consolidation Purposes by the CEO and the ICFR Officer

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Independent auditor's report on internal control over financial reporting

(English translation of a report originally issued in Korean)

The Shareholders and Board of Directors
KCC Corporation

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting ("ICFR") of KCC Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group") based on the *Conceptual Framework for Design and Operation of ICFR* established by the Operating Committee of ICFR in Korea (the "ICFR Committee") as of December 31, 2024.

In our opinion, the Group's ICFR has been effectively designed and operated, in all material respects, as of December 31, 2024 in accordance with the *Conceptual Framework for Design and Operation of ICFR*.

We also have audited, in accordance with Korean Standards on Auditing ("KSA"), the consolidated statement of financial position as of December 31, 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information, of the Group, and our report dated March 13, 2025 expressed an unqualified opinion thereon.

Basis for opinion on ICFR

We conducted our audit in accordance with KSA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of ICFR section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of ICFR 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.

Responsibility of management and those charged with governance for ICFR

Management is responsible for designing, implementing and maintaining an effective ICFR, and for assessing the effectiveness of the ICFR included in the accompanying Report on the Effectiveness of ICFR for Consolidation Purposes by the CEO and the ICFR Officer.

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

Auditor's responsibilities for the audit of ICFR

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

An audit of the ICFR involves performing procedures to obtain audit evidence as to whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit also includes testing and evaluating the design and operation of ICFR based on obtaining an understanding of ICFR and the assessed risk.

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ICFR definition and inherent limitations

An ICFR of a company and its subsidiaries is implemented by those charged with governance, management, and other employees and is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS"). The ICFR of a company and its subsidiaries includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company and its subsidiaries; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with KIFRS, and that receipts and expenditures of the company and its subsidiaries are being made only in accordance with authorizations of management and directors of the company and its subsidiaries; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the assets of the company and its subsidiaries that could have a material effect on the consolidated financial statements.

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

The engagement partner on the audit resulting in this independent auditor's report is Joon-yang Jeong.

Ernst & Young Han Young

March 13, 2025
111, Yeouigongwon-ro, Yeongdeungpo-gu, Seoul

This audit report is effective as of March 13, 2025, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the Group's ICFR and may result in modifications to this report.

Report on the Effectiveness of ICFR for Consolidation Purposes by the CEO and the ICFR Officer

To the Shareholders, Board of Directors, and Audit Committee of KCC Corporation.

As the CEO and ICFR officer, we have evaluated the design and operational status of the Company's Consolidated Internal Control over Financial Reporting (ICFR) as of December 31, 2024, for the fiscal year ended on the same date.

The responsibility for the design and operation of the Consolidated ICFR lies with the Company's management, including the CEO and ICFR officer. We, as the CEO and ICFR officer, have assessed whether the Company's Consolidated ICFR has been effectively designed and operated to prevent and detect errors or fraudulent activities that may lead to distortions in the consolidated financial statements, thereby ensuring the preparation and disclosure of reliable consolidated financial statements.

The CEO and ICFR officer have used the "Conceptual Framework for the Design and Operation of ICFR" announced by the Operating Committee of ICFR as the reference standard for the design and operation of the Consolidated ICFR. Additionally, in assessing the design and operation of the Consolidated ICFR, we have used, as the evaluation criteria, the Appendix 6 of the Implementation Guidelines for the Regulation on External Audit and Accounting, etc., the Standard for Evaluation and Reporting of ICFR.

As a result of the evaluation of the operational status of the Consolidated ICFR by the CEO and ICFR officer, as of December 31, 2024, the Company's Consolidated ICFR has been determined to be effectively designed and operated in all material respects in accordance with the "Conceptual Framework for the Design and Operation of ICFR."

We, as the CEO and ICFR officer, confirm that this report does not contain or present any false statements, nor does it omit any necessary information that should be disclosed. Furthermore, we confirm that this report does not contain or present any statements that may cause material misunderstandings and that we have carefully reviewed and verified the contents with due diligence.

(Attachment)

- Results of the implementation of corrective action plans for significant deficiencies reported in the previous fiscal year
- Internal control activities undertaken by the Company to address risks of financial fraud, including embezzlement

February 11, 2025

CEO : JUNG JAE-HUN (SIGNATURE)

ICFR OFFICER : JUNG SE-EUI (SIGNATURE)

(Attachment)

◦ Results of the implementation of corrective action plans for significant deficiencies reported in the previous fiscal year

- There are no significant vulnerabilities reported in the internal control system in the previous fiscal year

◦ Internal control activities undertaken by the Company to address risks of financial fraud, including embezzlement

Category	Control Activities Performed by the Company	Target Companies	Assessment of Design and Operational Status (Department, Timing, etc.)
Entity-Level Controls	<Operation of Anti-Fraud Systems> The Company has established procedures that allow employees to anonymously report fraud, embezzlement, or other critical issues through a cyber whistleblowing system or an employee hotline. The Company has also established and posted detailed regulations for the operation of the internal whistleblowing system.	KCC, KCK, and one additional entity, MOM	Test results confirmed that no significant deficiencies were found. (KCC Internal Accounting Team, Oct. 2024, KCK and one additional entity Management Department, Oct. 2024, MOM Global Internal Control/Process Team, Dec. 2024)
	<Fraud Risk Assessment> The Internal Audit Organization conducts fraud risk assessments by analyzing past fraud cases, reviewing business processes, and conducting potential fraud risk assessment surveys. The internal audit plan is established accordingly. Additionally, internal regulations specify restrictions on promotions and rewards to prevent potential fraud incentives and pressures.	KCC, KCK, and one additional entity, MOM	Test results confirmed that no significant deficiencies were found. (KCC Internal Accounting Team, Oct. 2024, KCK and one additional entity Management Department, Oct. 2024, MOM Global Internal Control/Process Team, Dec. 2024)
	<Segregation of Duties Management> Management ensures that responsibilities related to external financial reporting are documented and updated in the ICFR control documentation (RCM). The Company has also established segregation of duties criteria for tasks that should not be performed by the same individual and reviews the appropriateness of these controls through an ICFR design evaluation.	KCC, KCK, and one additional entity, MOM	Test results confirmed that no significant deficiencies were found. (KCC Internal Accounting Team, Oct. 2024, KCK and one additional entity Management Department, Oct. 2024, MOM Global Internal Control/Process Team, Dec. 2024)

Category	Control Activities Performed by the Company	Target Companies	Assessment of Design and Operational Status (Department, Timing, etc.)
Cash Controls	<Approval for Account Opening and Closure> When opening or closing an account, an application must be submitted along with supporting documents, and approval must be obtained from the authorized signatory.	KCC, KCK, and one additional entity, MOM	Test results confirmed that no significant deficiencies were found. (KCC Internal Accounting Team, May & Oct. 2024, KCK and one additional entity Management Department, May & Oct. 2024, MOM Global Internal Control/Process Team, May & Oct. 2024)
	<Account Status and Completeness Review> All business locations perform an annual review of all bank accounts by verifying documentation from external financial institutions.	KCC, KCK, and one additional entity, MOM	Test results confirmed that no significant deficiencies were found. (KCC Internal Accounting Team, May & Oct. 2024, KCK and one additional entity Management Department, May & Oct. 2024, MOM Global Internal Control/Process Team, May & Oct. 2024)
	<Seal Usage Control> The use of seals is only permitted after obtaining approval from the appropriate authorized signatory. When taking the seal outside the office, an application must be submitted and approved.	KCC, KCK, and one additional entity (MOM not applicable)	Test results confirmed that no significant deficiencies were found. (KCC Internal Accounting Team, Oct. 2024, KCK and one additional entity Management Department, May & Oct. 2024)
	<Restrictions on Fund Disbursement> When registering vendor payment information, supporting documents must be attached, and approval must be obtained from the finance department's authorized signatory before being reflected in the ERP system. Additionally, if a vendor master record does not exist in the ERP system, invoice issuance is not allowed.	KCC, KCK, and one additional entity, MOM	Test results confirmed that no significant deficiencies were found. (KCC Internal Accounting Team, May & Oct. 2024, KCK and one additional entity Management Department, May & Oct. 2024, MOM Global Internal Control/Process Team, May & Oct. 2024)
	<Review of Fund Execution> The authorized signatory of the Management Department or Finance Team reviews and approves the purchase vouchers and accounts payable settlement request statements (Deposit/Purchase Card/Accounts Payable) prepared by the purchasing officer, verifying the accuracy of the requested amount, payment date, and payee..	KCC, KCK, and one additional entity, MOM	Test results confirmed that no significant deficiencies were found. (KCC Internal Accounting Team, May & Oct. 2024, KCK and one additional entity Management Department, May & Oct. 2024, MOM Global Internal Control/Process Team, May & Oct. 2024)

Category	Control Activities Performed by the Company	Target Companies	Assessment of Design and Operational Status (Department, Timing, etc.)
Cash Controls	<Segregation of Duties for Fund Disbursement Approval> The individual preparing the fund voucher and the individual approving it are separate, and appropriate approval is obtained from the authorized signatory.	KCC, KCK, and one additional entity, MOM	Test results confirmed that no significant deficiencies were found. (KCC Internal Accounting Team, May & Oct. 2024, KCK and one additional entity Management Department, May & Oct. 2024, MOM Global Internal Control/Process Team, May & Oct. 2024)
	<Daily Cash Performance Management> The finance team officer checks the bank balance status, reconciles the deposit balance, and prepares a daily cash performance report, which must be approved by the authorized signatory.	KCC, KCK, and one additional entity, MOM	Test results confirmed that no significant deficiencies were found. (KCC Internal Accounting Team, May & Oct. 2024, KCK and one additional entity Management Department, May & Oct. 2024, MOM Global Internal Control/Process Team, May & Dec. 2024)
	<Review of Fundraising> The Finance Team Leader or CFO reviews the appropriateness of the key requirements outlined in the borrowing and bond issuance approval documents and approves them. Execution of the approval is carried out through a resolution by the Board of Directors.	KCC, KCK, and one additional entity, MOM	Test results confirmed that no significant deficiencies were found. (KCC Internal Accounting Team, May & Oct. 2024, KCK and one additional entity Management Department, May & Oct. 2024, MOM Global Internal Control/Process Team, May & Oct. 2024)
	<Review of Accounts Receivable and Payable Adjustments> If there are reasons for sales adjustments or changes in purchase orders, the responsible persons from the Sales or Purchasing teams verify and approve the supporting documentation for the adjustments.	KCC, KCK, and one additional entity, MOM	Test results confirmed that no significant deficiencies were found. (KCC Internal Accounting Team, May & Oct. 2024, KCK and one additional entity Management Department, May & Oct. 2024, MOM Global Internal Control/Process Team, May & Dec. 2024)
Other Operational Level Controls	<Vendor Master Creation/Modification Review> The accounting team's authorized approver reviews and approves key information (e.g., business registration number, CEO, location, etc.) when creating or modifying the vendor master.	KCC, KCK, and one additional entity, MOM	Test results confirmed that no significant deficiencies were found. (KCC Internal Accounting Team, May & Oct. 2024, KCK and one additional entity Management Department, May & Oct. 2024, MOM Global Internal Control/Process Team, May & Oct. 2024)

Category	Control Activities Performed by the Company	Target Companies	Assessment of Design and Operational Status (Department, Timing, etc.)
Other Operational Level Controls	<Inventory Quantity Confirmation through Physical Counts> After conducting regular inventory counts, an inventory count report is prepared, and discrepancies between system inventory and physical stock are reviewed and approved by the authorized approver.	KCC, KCK, and one additional entity, MOM	Test results confirmed that no significant deficiencies were found. (KCC Internal Accounting Team, May & Oct. 2024, KCK and one additional entity Management Department, May & Oct. 2024, MOM Global Internal Control/Process Team, May & Oct. 2024)
	<Other Account Request Approval> At the end of each month, outgoing details are reviewed to ensure that all items have been properly processed. When selling inventory under another account, approval must be obtained from the requesting department's authorized signatory through an [Other Outgoing Request], followed by approval from the logistics team's authorized signatory.	KCC, KCK, and one additional entity, MOM	Test results confirmed that no significant deficiencies were found. (KCC Internal Accounting Team, May & Oct. 2024, KCK and one additional entity Management Department, May & Oct. 2024, MOM Global Internal Control/Process Team, May & Oct. 2024)

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