

Pricing Supplement

2 June 2025

KOREA EXPRESSWAY CORPORATION

Issue of AUD45,000,000 Fixed Coupon Notes due 2040
under the US\$3,500,000,000

Global Medium Term Note Program

MIFID II PRODUCT GOVERNANCE – Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to **MiFID II** is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer’s target market assessment) and determining the appropriate distribution channels.

UK MiFIR PRODUCT GOVERNANCE – Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in the Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturer’s target market assessment; however, a distributor subject to the FCA Handbook Product

Intervention and Product Governance Sourcebook (the “UK MiFIR Product Governance Rules”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer’s target market assessment) and determining the appropriate distribution channels.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – Any Notes 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**”); (ii) a customer within the meaning of Directive (EU) 2016/97 (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; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “Prospectus Regulation”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

UK PRIIPs REGULATION – PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes 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 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**”); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the Financial Services and Markets Act 2000 (“**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; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 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 Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

The Notes may not be offered, delivered, or sold directly or indirectly in Korea or to any resident of Korea (as defined in the Foreign Exchange Transaction Act of Korea and the rules and regulations promulgated thereunder) or to others for re-offering or resale directly or indirectly in Korea or to any resident of Korea except as otherwise permitted under applicable Korean laws and regulations.

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the “Conditions”) set forth in the Offering Memorandum dated April 22, 2024 (the “Offering Memorandum”). This Pricing Supplement is supplemental to and must be read in conjunction with such Offering Memorandum.

1. Issuer:	Korea Expressway Corporation
2. (i) Series Number:	[56]
(ii) Tranche Number:	1
(iii) Re-opening:	No
3. Specified Currency or Currencies:	Australian Dollar (AUD)
4. Aggregate Nominal Amount:	
(i) Series:	AUD45,000,000
(ii) Tranche:	AUD45,000,000
5. (a) Issue Price:	100% of the Aggregate Nominal Amount
(b) Net proceeds:	AUD45,000,000
(c) Use of proceeds:	As described in the offering memorandum
6. (i) Specified Denominations:	AUD500,000
(ii) Calculation Amount:	AUD500,000
7. (i) Issue Date:	12 June 2025
(ii) Interest Commencement Date:	Issue Date
8. Maturity Date:	12 June 2040
9. Interest Basis:	5.23 per cent. Fixed Rate
10. Redemption/Payment Basis:	Redemption at par
11. Change of Interest Basis or Redemption/Payment Basis:	Not Applicable
12. Put/Call Options:	Not Applicable
13. Listing:	Singapore Exchange Securities Trading Limited
14. Method of distribution:	Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Note Provisions	Applicable
(i) Rate(s) of Interest:	5.23% per annum
(ii) Interest Payment Date(s):	12 June in each year from and including 12 June 2026 to and including the Maturity Date, subject to the Following Business Day Convention
(iii) Fixed Coupon Amount(s):	AUD 26,150 per Calculation Amount
(iv) Broken Amount(s):	Not Applicable
(v) Day Count Fraction:	30/360, Unadjusted
(vi) Determination Date(s):	Not Applicable
(vii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
16. Floating Rate Note Provisions	Not Applicable
17. Zero Coupon Note Provisions	Not Applicable
18. Index Linked Interest Note Provisions	Not Applicable
19. Dual Currency Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

20. Issuer Call	Not Applicable
21. Investor Put	Not Applicable
22. Final Redemption Amount of each Note:	Redemption at par
23. Early Redemption Amount of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7.7 (<i>Redemption and Purchase—Early Redemption Amounts</i>)):	Not Applicable

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:	Registered Notes: Regulation S Global Note
25. Additional Financial Center(s) or other special provisions relating to Payment Days:	New York, London, Seoul, Sydney and Singapore
26. Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature):	Not Applicable
27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and	Not Applicable

consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:

28. Details relating to Installment Notes:

- | | |
|----------------------------|----------------|
| (i) Installment Amount(s): | Not Applicable |
| (ii) Installment Date(s): | Not Applicable |

29. Redenomination applicable: Not Applicable

30. (i) The rate of interest to be applied for purposes of determining the Attributable Debt as defined in Condition 4.3 (*Covenants—Interpretation*): Not Applicable

(ii) Other terms or special conditions: Not Applicable

DISTRIBUTION

31. (i) If syndicated, names of Managers: Not Applicable

(ii) Stabilizing Manager(s)(if any): Not Applicable

32. If non-syndicated, name of relevant Dealer: Nomura Singapore Limited

33. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: TEFRA D

34. Additional selling restrictions: Not Applicable

OPERATIONAL INFORMATION

35. Any clearing system(s) other than Euroclear and Clearstream and the relevant identification number(s): Not Applicable

36. Delivery: Delivery against payment

37. Additional Paying Agent(s) (if any): Not Applicable

ISIN:	XS3089772001
Common Code:	308977200
CUSIP:	Not Applicable
LEI:	988400EZO9DR1OFL5772

LISTING APPLICATION

This Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the US\$3,500,000,000 Global Medium Term Note Program of Korea Expressway Corporation.

The Singapore Stock Exchange 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 Notes on, the Singapore Stock Exchange are not to be taken as an indication of the merits of the Issuer, the Program or the Notes.

Responsibility

The Issuer accepts responsibility for the information contained in this Pricing Supplement. Signed on behalf of the Issuer:

By: 129-82-00103
한국도로공사 사 장 
Duly authorized signatory 한진규
경북 김천시 혁신8로 77(율곡동)
서 비 스 유 료 도로 운영
부 동 산 입 대

KOREA EXPRESSWAY CORPORATION AND ITS SUBSIDIARIES

Consolidated financial statements
for the year ended December 31, 2024

ATTACHMENT: independent auditor's report

Korea Expressway Corporation and its subsidiaries

Korea Expressway Corporation and its subsidiaries

Consolidated financial statements
for the year ended December 31, 2024
with the independent auditor's report

Korea Expressway Corporation
and its subsidiaries

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Independent auditor's report
(English Translation of a Report Originally Issued in Korean)

**The Shareholders and Board of Directors
Korea Expressway Corporation**

Opinion

We have audited the consolidated financial statements of Korea Expressway Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise 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 ended December 31, 2024, and the notes to the consolidated financial statements, including a summary of 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 its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2024 in accordance with Accounting Standards for Public Enterprises and Quasi-governmental Institutions in the Republic of Korea ("Government Accounting Standards").

Basis for opinion

We conducted our audit in accordance with Korean Standards on Auditing ("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.

Other Matters

The consolidated financial statements of Korea Expressway Corporation for the year ended December 31, 2023 were audited by another auditor in accordance with Korean Standards on Auditing ("KSA"), and an unqualified opinion was expressed in the auditor's report dated March 20, 2024.

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 Government Accounting Standards, 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, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Ho Jun Kim
Chief of Executive Officer
Woori Accounting Corporation
Seoul, Korea

A stylized, handwritten signature in black ink that reads "Woori Accounting Corporation". The script is fluid and cursive, with the first letters of "Woori" and "Corporation" being capitalized and prominent.

March 19, 2025

<p>This audit report is effective as of March 19, 2025, the independent auditor's report date. Accordingly, certain subsequent events or circumstances, which 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.</p>
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Korea Expressway 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.”

Ham, Jin-gyu
Chief Executive Officer
Korea Expressway Corporation

Headquarters:
(Address) 77, Hyeoksin 8-ro, Gimcheon-si, Gyeongsangbuk-do, Korea
(Telephone) +82-1588-2504

Korea Expressway Corporation and its subsidiaries
Consolidated statements of financial position
as of December 31, 2024 and 2023

(Korean won)

	Notes	December 31, 2024	December 31, 2023
Assets			
Current assets:			
Cash and cash equivalents	5,24,37	₩ 763,676,556,132	₩ 494,988,078,646
Financial assets at fair value through profit or loss	9,37	-	33,458,550,042
Short-term loans and receivables	10,37	1,072,734,571	1,081,180,395
Short-term financial assets	6,37	50,000,000,000	50,000,000,000
Derivatives assets	7,37	123,016,718,552	92,359,543,754
Other financial assets	37	545,781,489,609	527,747,067,381
Trade and other receivables	8,37,40	427,530,871,807	450,842,525,028
Inventories	11	35,302,482,344	35,921,960,907
Current tax assets		6,796,980,026	10,196,338,001
Other non-financial assets	12	8,473,713,923	7,059,046,321
		<u>1,961,651,546,964</u>	<u>1,703,654,290,475</u>
Non-current assets:			
Financial assets at fair value through profit or loss	7,9,37	85,708,199,192	433,334,934,536
Financial assets at fair value through other comprehensive income	9,37	25,140,931,248	24,149,701,234
Long-term loans and receivables	10,37	28,654,591,403	30,748,177,214
Derivatives assets	7,37	466,781,807,391	174,264,327,225
Trade and other receivables	8,37	129,732,767,661	128,894,938,018
Property and equipment	14,19,22	1,246,788,687,850	1,148,672,892,797
Investment property	15,22	1,875,617,184,881	1,783,558,207,762
Intangible assets	16,22	81,277,598,653,239	76,737,107,234,532
Investments in associates and joint ventures	13	6,472,787,759	6,182,719,072
Net defined benefit asset	20	14,228,402,456	62,927,327,244
Other non-financial assets	12	7,671,641,203	8,281,233,314
		<u>85,164,395,654,283</u>	<u>80,538,121,692,948</u>
Total assets		<u>₩ 87,126,047,201,247</u>	<u>₩ 82,241,775,983,423</u>

(Continued)

Korea Expressway Corporation and its subsidiaries
Consolidated statements of financial position
as of December 31, 2024 and 2023 (cont'd)

(Korean won)

	Notes	December 31, 2024	December 31, 2023
Liabilities			
Current liabilities:			
Trade and other payables	17,19,37,40	₩ 1,519,813,323,481	₩ 1,202,835,700,399
Financial liabilities at fair value through profit or loss	7,18,37	1,698,091,227	1,440,535,476
Current portion of long-term borrowings	18,37	100,000,000,000	-
Current portion of bonds	18,37	4,410,217,022,172	4,096,982,126,967
Derivatives liabilities	7,37	-	28,981,936,005
Current tax liability		49,436,668	-
Other non-financial liabilities	23	175,150,045,553	178,803,688,675
Provision for short-term employee benefits	21	131,406,152,180	134,662,177,267
		<u>6,338,334,071,281</u>	<u>5,643,706,164,789</u>
Non-current liabilities:			
Trade and other payables	17,19,37	158,122,522,317	157,956,405,488
Long-term borrowings	18,37	1,200,000,000,000	1,300,000,000,000
Bonds	18,37	32,747,069,178,550	30,240,231,634,062
Derivatives liabilities	7,37	63,675,595,311	86,418,982,258
Financial liabilities at fair value through profit or loss	7,18,37	77,199,541,000	6,581,240,208
Other non-financial liabilities	23	25,445,698,233	23,456,377,113
Employee benefits liabilities	23	100,072,138,599	76,778,044,943
Provisions	21,42	792,560,332,841	803,958,802,834
		<u>35,164,145,006,851</u>	<u>32,695,381,486,906</u>
Total liabilities		<u>41,502,479,078,132</u>	<u>38,339,087,651,695</u>
Equity			
Equity attributable to the owners of the parent:			
Share capital	25	44,174,044,730,000	42,407,374,730,000
Share discount		(7,839,086,400)	(7,213,459,200)
Retained earnings	26	1,605,802,219,001	1,611,457,368,113
Other components of equity	27	(148,439,739,486)	(108,930,307,185)
Non-controlling interests		-	-
Total equity		<u>45,623,568,123,115</u>	<u>43,902,688,331,728</u>
Total liabilities and equity		<u>₩ 87,126,047,201,247</u>	<u>₩ 82,241,775,983,423</u>

The accompanying notes are an integral part of the consolidated financial statements.

Korea Expressway Corporation and its subsidiaries
Consolidated statements of profit or loss and other comprehensive income
for the years ended December 31, 2024 and 2023
(Korean won)

	Notes	2024	2023
Revenue	4,24,28,39,40	₩ 11,049,087,717,135	₩ 10,728,007,335,216
Cost of sales	24,35,39,40	9,921,225,296,655	9,587,492,604,614
Gross profit		1,127,862,420,480	1,140,514,730,602
Selling and administrative expenses	14,15,16,20,29,35	362,645,176,991	351,703,177,652
Operating profit	4	765,217,243,489	788,811,552,950
Other income	21,30	142,098,522,885	156,250,501,921
Other expenses	21,30	77,923,660,890	146,372,468,964
Other loss, net	31	(31,570,790,726)	(52,965,754,441)
Finance income	7,9,32,37	706,887,986,076	221,419,960,298
Finance costs	7,9,33,37	1,372,858,411,522	839,418,242,316
Share of profit	13	1,778,344,827	737,384,730
from investments in associates and joint ventures			
Profit before income tax		133,629,234,139	128,462,934,178
Income tax expense	34	36,807,573,132	9,709,558,562
Profit for the year		96,821,661,007	118,753,375,616
Other comprehensive income for the year, net of tax			
Items that will not be reclassified to profit or loss in subsequent periods:			
Remeasurements of defined benefit plans	20	(35,599,641,683)	(33,416,026,883)
Share of other comprehensive income (loss) of associates and joint ventures	13	-	26,874,285
Gains on valuation of financial assets at fair value through other comprehensive income	9,37	989,977,827	(79,942,749)
		(34,609,663,856)	(33,469,095,347)
Items that may be reclassified to profit or loss in subsequent periods:			
Gains (losses) on hedging instruments in a cash flow hedges	7,37	(40,463,673,084)	(58,481,349,211)
Share of other comprehensive income of associates and joint ventures	13	(29,555,140)	1,033,556
		(40,493,228,224)	(58,480,315,655)
Total comprehensive income for the year		₩ 21,718,768,927	₩ 26,803,964,614
Profit for the year attributable to:			
Owners of the parent		96,821,661,007	118,753,375,616
Non-controlling interests		-	-
		96,821,661,007	118,753,375,616
Total comprehensive income for the year attributable to:			
Owners of the parent		21,718,768,927	26,803,964,614
Non-controlling interests		-	-
		21,718,768,927	26,803,964,614
Earnings per share:			
Basic earnings per share		₩ 22	₩ 28
Diluted earnings per share		₩ 22	₩ 28

The accompanying notes are an integral part of the consolidated financial statements.

Korea Expressway Corporation and its subsidiaries
Consolidated statements of changes in equity
for the years ended December 31, 2024 and 2023
(Korean won)

	Share capital	Retained earnings	Other components of equity	Total	Non-controlling interests	Total equity
As of January 1, 2023	₩ 40,954,711,474,000	₩ 1,573,897,629,530	₩ (50,396,923,066)	₩ 42,478,212,180,464	₩ -	₩ 42,478,212,180,464
Increase(decrease) from						
Profit for the year	-	118,753,375,616	-	118,753,375,616	-	118,753,375,616
Other comprehensive income	-	(33,416,026,883)	(58,533,384,119)	(91,949,411,002)	-	(91,949,411,002)
	-	85,337,348,733	(58,533,384,119)	26,803,964,614	-	26,803,964,614
Transactions with the owners of the						
parent recognized directly in equity:						
Capital increase by issuing new shares	1,433,326,000,000	-	-	1,433,326,000,000	-	1,433,326,000,000
Dividends paid	-	(28,440,354,150)	-	(28,440,354,150)	-	(28,440,354,150)
Share discount	(7,213,459,200)	-	-	(7,213,459,200)	-	(7,213,459,200)
	1,426,112,540,800	(28,440,354,150)	-	1,397,672,186,650	-	1,397,672,186,650
Amortization of share discount	19,337,256,000	(19,337,256,000)	-	-	-	-
As of December 31, 2023	₩ 42,400,161,270,800	₩ 1,611,457,368,113	₩ (108,930,307,185)	₩ 43,902,688,331,728	₩ -	₩ 43,902,688,331,728
As of January 1, 2024	₩ 42,400,161,270,800	₩ 1,611,457,368,113	₩ (108,930,307,185)	₩ 43,902,688,331,728	₩ -	₩ 43,902,688,331,728
Increase(decrease) from						
Profit for the year	-	96,821,661,007	-	96,821,661,007	-	96,821,661,007
Other comprehensive income	-	(35,593,459,779)	(39,509,432,301)	(75,102,892,080)	-	(75,102,892,080)
	-	61,228,201,228	(39,509,432,301)	21,718,768,927	-	21,718,768,927
Transactions with the owners of the						
parent recognized directly in equity:						
Capital increase by issuing new shares	1,766,670,000,000	-	-	1,766,670,000,000	-	1,766,670,000,000
Dividends paid	-	(59,669,891,140)	-	(59,669,891,140)	-	(59,669,891,140)
Share discount	(7,839,086,400)	-	-	(7,839,086,400)	-	(7,839,086,400)
	1,758,830,913,600	(59,669,891,140)	-	1,699,161,022,460	-	1,699,161,022,460
Amortization of share discount	7,213,459,200	(7,213,459,200)	-	-	-	-
As of December 31, 2024	₩ 44,166,205,643,600	₩ 1,605,802,219,001	₩ (148,439,739,486)	₩ 45,623,568,123,115	₩ -	₩ 45,623,568,123,115

The accompanying notes are an integral part of the consolidated financial statements.

Korea Expressway Corporation and its subsidiaries
Consolidated statements of cash flows
for the years ended December 31, 2024 and 2023
(Korean won)

	2024		2023	
Cash flows from operating activities:				
Profit for the year	₩	96,821,661,007	₩	118,753,375,616
Adjustments to reconcile profit for the year				
to net cash flows provided by operating activities:				
Employee benefits		167,150,837,356		152,546,388,756
Severance and retirement benefits		60,077,999,267		54,889,659,493
Depreciation		204,847,585,884		200,566,013,028
Amortization		1,619,811,312,770		1,566,021,916,368
Bad debt expense		3,308,283,676		2,123,509,203
Increase in provisions		42,786,040,398		115,076,854,950
Loss (gain) on other accounts		(192,278,457)		278,049,771
Other bad debt expenses		930,133,537		878,636,582
Gain on disposal of property and equipment, net		(1,097,166,052)		(849,286,046)
Loss on disposal of investment property, net		(157,307,227)		246,940,803
Gain on disposal of intangible assets, net		(8,220,811,423)		(5,432,209,348)
Interest expenses		711,493,817,596		684,414,534,755
Loss (gain) on disposal of financial assets, net		7,311,705,777		(2,155,527,844)
Gain on valuation of financial assets		(47,749,601,688)		(39,341,449,974)
at fair value through profit or loss, net				
Loss (gain) on valuation of derivative instruments, net		(504,168,520,000)		(74,370,520,000)
Loss (gain) on transation of derivative instruments, net		66,004,410,000		21,479,500,000
Other miscellaneous costs		-		57,553,084
Loss on hedged item related to fair value hedge		22,800,459,000		-
Loss (gain) on foreign currency translations, net		497,867,266,581		75,010,281,668
Income tax expense		36,807,573,132		9,709,558,562
Income from incidental business		(5,483,325,088)		(5,722,794,204)
Reversal of provisions		(54,184,510,391)		(44,336,793,583)
Gain on contribution of assets		(1,461,670,804)		(30,118,171,372)
Interest income		(24,588,506,934)		(23,769,773,281)
Dividends income		(1,385,419,849)		(1,062,183,473)
Loss (gain) on valuation of investments in associates		(1,742,245,117)		(737,384,730)
and joint ventures				
Gain on disposal of Investments in associates and joint ventures		(36,099,710)		-
	₩	2,790,729,962,234	₩	2,655,403,303,168

(Continued)

Korea Expressway Corporation and its subsidiaries
Consolidated statements of cash flows
for the years ended on December 31, 2024 and 2023 (cont'd)
(Korean won)

	2024	2023
Cash flows from operating activities:		
Changes in operating assets and liabilities:		
Short-term loans	₩ 8,445,824	₩ 276,572,795
Other current financial assets	(18,034,422,228)	(75,112,283,479)
Other accounts receivable	17,477,445,345	(59,124,557,829)
Accrued revenue	1,204,037	3,730,063
Short-term deposits	4,267,687,960	(618,301,306)
Inventories	619,478,563	(3,206,717,747)
Short-term advance payment	566,400	631,430
Short-term prepaid expenses	(1,508,229,379)	206,464,668
Greenhouse gas emissions rights	(31,634,760)	45,049
Long-term loans	2,093,585,811	3,015,747,130
Long-term deposits	(4,188,438,336)	(4,300,729,225)
Long-term prepaid expenses	517,015,327	1,064,438,992
Short-term other accounts payable	287,717,100,812	(82,351,386,228)
Short-term accrued expenses	(7,688,700,210)	(6,733,632,443)
Short-term leasehold deposits	(3,639,707,511)	52,299,592,695
Short-term other deposits	2,154,627,466	413,984,198
Short-term advances from customers	(6,623,225,467)	(171,398,137,299)
Short-term unearned revenue	760,086,210	316,104,133
Withholdings	2,209,496,135	6,864,246,621
Provision for short-term employee benefits	(134,527,679,200)	(126,989,340,620)
Provision for greenhouse gas	(129,738,054)	(301,157,808)
Long-term leasehold deposits	(2,298,805,110)	(50,792,914,486)
Long-term unearned revenue	7,608,526,687	459,747,312
Payments of retirement and severance benefits	(3,501,366,710)	(4,741,513,970)
Plan assets	(43,477,349,452)	(71,935,582,958)
Other long-term employee benefits	(11,870,061,760)	(12,093,372,090)
Provisions for litigation	-	(2,679,796,681)
Increase in government grants for consignment management service	396,980,223,121	303,630,009,979
Decrease in government grants for consignment management service	(398,301,608,203)	(223,445,051,934)
	86,594,523,318	(527,273,161,038)
Dividends received	3,141,461,649	1,302,832,849
Interest paid	(667,464,421,121)	(628,700,789,795)
Interest received	25,799,052,203	22,958,164,831
Income taxes refunded (paid)	(33,358,778,489)	(40,452,246,486)
Net cash provided by operating activities	₩ 2,302,263,460,801	₩ 1,601,991,479,145

(Continued)

Korea Expressway Corporation and its subsidiaries
Consolidated statements of cash flows
for the years ended of December 31, 2024 and 2023 (cont'd)
(Korean won)

	2024	2023
Cash flows from investing activities:		
Disposal of short-term financial instruments	₩ -	₩ 70,000,000,000
Disposal of financial assets at fair value through other comprehensive income	723,170,337,220	607,361,601,668
Disposal of property and equipment	1,928,040,660	1,337,610,446
Disposal of investment property	286,197,497	1,422,004
Disposal of intangible assets	10,778,339,502	7,601,807,705
Gain on disposal of Investments in associates and joint ventures	952,679,200	-
Acquisition of short-term financial assets	-	(60,000,000,000)
Acquisition of financial assets at fair value through profit or loss	(320,317,799,380)	(296,141,291,305)
Acquisition of Financial assets at fair value through other comprehensive income	(1,252,187)	(8,880,620)
Acquisition of property and equipment	(149,562,673,498)	(119,375,787,252)
Acquisition of investment property	(156,252,421,605)	(108,287,782,038)
Acquisition of intangible assets	(6,245,516,219,131)	(5,588,292,583,081)
Net cash used in investing activities	(6,134,534,771,722)	(5,485,803,882,473)
Cash flows from financing activities:		
Proceeds from short-term borrowings	80,000,000,000	1,405,000,000,000
Proceeds from long-term borrowings	-	300,000,000,000
Proceeds from bonds	6,509,553,688,145	6,204,885,079,405
Proceeds from capital increase by issuing new shares	1,758,830,913,600	1,426,112,540,800
Repayments of short-term borrowings	(80,000,000,000)	(1,870,200,000,000)
Repayments of current portion of long-term borrowings	-	(400,000,000,000)
Repayments of bonds	(4,107,812,650,000)	(3,081,408,500,000)
Repayments of other current financial liabilities	-	-
Repayments of lease liabilities	(4,402,882,243)	(3,476,060,471)
Dividends paid	(60,919,891,140)	(28,440,354,150)
Net cash provided by financing activities	4,095,249,178,362	3,952,472,705,584
Net increase in cash and cash equivalents	₩ 262,977,867,441	₩ 68,660,302,256
Net foreign exchange difference	4,389,224,963	(727,079,833)
Cash and cash equivalents at the beginning of the year	899,245,163,100	831,311,940,677
Cash and cash equivalents at the end of the year before government grants for consignment management service	1,166,612,255,504	899,245,163,100
Less: government grants for consignment management service	(402,935,699,372)	(404,257,084,454)
Cash and cash equivalents at the end of the year	<u>₩ 763,676,556,132</u>	<u>₩ 494,988,078,646</u>

The accompanying notes are an integral part of the consolidated financial statements.

Korea Expressway Corporation and its subsidiary
Notes to the consolidated financial statements
December 31, 2024 and 2023

1. General

Korea Expressway Corporation (the "Company") was established on February 15, 1969, under the *Korea Expressway Corporation Act*. The Company is engaged in the construction and operation of an expressway network in the Republic of Korea. The Company generates its revenue primarily from tolls collected from motorists for the use of the expressways managed by the Company. The Company also receives lease payments paid by operations of service areas and oil stations located at various points along the expressways and fees from certain services for the Korean Government (the "Government"), including supervision of the government construction projects in various locations adjacent to the expressways.

As of December 31, 2024, the Company's shareholders are as follows:

Shareholders	Number of shares	Ownership (%)
Ministry of Land, Infrastructure and Transport	3,507,762,126	79.41
Korea Housing & Urban Guarantee Corporation	359,647,546	8.14
Korea EXIM Bank	328,714,464	7.44
Korea Development Bank	92,628,550	2.10
Korea Asset Management Corporation	80,834,760	1.83
SR CO., LTD	32,243,579	0.73
Korea Housing Finance Corporation	15,000,000	0.34
Kookmin Bank	573,448	0.01
	<u>4,417,404,473</u>	<u>100.00</u>

The Group

Details of the Company and its subsidiaries (collectively referred to as the "Group") as of December 31, 2024 and 2023 are as follows (Korean won in millions):

As of December 31, 2024:

Company	Country of incorporation	Business area	Assets	Liabilities	Sales	Profit for the year
Korea Expressway Corporation	Korea	Construction and management of roads	₩ 87,104,567	₩ 41,478,902	₩ 11,048,327	₩ 98,301
Korea Expressway Corporation Facility Management Co., Ltd.	Korea	Building(facilities) and maintenance, etc.	4,041	2,036	20,600	574
Korea Expressway Corporation Service Co., Ltd.	Korea	Toll road and facility usage fee	64,357	34,112	337,506	2,358

As of December 31, 2023:

Company	Country of incorporation	Business area	Assets	Liabilities	Sales	Profit for the year
Korea Expressway Corporation	Korea	Construction and management of roads	₩ 82,209,463	₩ 38,313,841	₩ 10,727,247	₩ 120,740
Korea Expressway Corporation Facility Management Co., Ltd.	Korea	Building(facilities) and maintenance, etc.	3,606	1,959	19,486	271
Korea Expressway Corporation Service Co., Ltd.	Korea	Toll road and facility usage fee	105,577	70,601	338,602	(6,804)

2. Summary of significant accounting policies

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as of December 31, 2024. Control is obtained when the Group is exposed to, 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
- 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. 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
- 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 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 owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to ensure conformity 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 of a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained in the former subsidiary is recognized at its fair value.

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Accounting Standards for Public Enterprises and Quasi-governmental Institutions in the Republic of Korea ("Government Accounting Standards") pursuant to the *Act on the Management of Public Institutions and the Decree on Accounting for Public Corporations and Quasi-governmental Institutions*, which mandates application of Korean International Accounting Standards ("K-IFRS") enacted by the *Act on External Audit of Stock Companies* where specific accounting treatments are not prescribed by Government Accounting Standards. The accompanying consolidated financial statements have been translated into English from Korean financial statements. In the event of any differences in interpreting the financial statements or the independent auditor's report thereon, Korean version, which is used for regulatory reporting purposes, shall prevail.

The Group adopted the K-IFRS from the reporting period beginning on January 1, 2011. The date of transition to K-IFRS according to K-IFRS 1101, *First-time Adoption of Korean International Financial Reporting Standards*, was January 1, 2010.

2. Summary of significant accounting policies (cont'd)

1) Application of Government Accounting Standards

- Accounting Treatment for Assets Consigned

The Group represents assets that have been entrusted for consignment and management by third parties, such as the Government, by subtracting the assets from the acquired assets.

- Remaining government subsidies and Consigned project expenses

The Group has incurred government subsidies related to its own business carried over to the next year, and is deducted from cash and cash equivalents in accordance with Article 44-2 of public corporations and quasi-governmental organizations.

- Recognition of Revenue and Expenses Related to Consignment Management

The Group recognizes funds received from the Ministry of Land, Infrastructure and Transport and others for consignment management services as revenue and expenses or assets and liabilities as the associated project progresses. The Group does not offset each account.

- Contribution to the Employee Welfare Fund

The Group contributes to the employee welfare fund under the Employee Welfare Fund Act, which is recognized as selling and administrative expenses.

The significant accounting policies used for the preparation of the current financial statements are consistent with those applied to the financial statements for the year ended December 31, 2023, except for the effect associated with the introduction of the Standards and Interpretations described below.

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 intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

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

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 financial statements.

2. Summary of significant accounting policies (cont'd)

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

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

- clarify that a financial liability is derecognized on the settlement date and introduce 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);
- provide additional guidance as to how to assess contractual cash flows of financial assets with environmental, social and corporate governance (ESG) and similar features;
- clarify what constitutes non-recourse features and the characteristics of contractually linked financial instruments; and
- introduce disclosures on financial instruments with contingent features and additional disclosure requirements 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, but only for the amendments for the classification of financial assets and related disclosures. The Group does not plan to early apply the amendments. The amendments are not expected to have a material impact on the Group's financial statements.

Annual Improvements to Korean IFRS -Volume 11

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

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

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 financial statements.

3) 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. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to Korean IFRS 1001 – Classification of Liabilities as Current or Non-current

Under the amendments to K-IFRS 1001, liabilities are classified as current or non-current based on the substantive rights that exist at the end of the reporting period. The classification is not affected by management's expectations or the likelihood of exercising the right to defer settlement. Furthermore, the settlement of a liability includes the transfer of the entity's own equity instruments. However, if an option to settle a liability by issuing the entity's own equity instruments meets the definition of an equity instrument and is recognized separately from the liability component in a compound financial instrument, such an option does not affect the classification of the liability. The amendments are not expected to have a material impact on the financial statements.

2. Summary of significant accounting policies (cont'd)

Amendments to Korean IFRS 1007 Statement of Cash Flows, Korean IFRS 1107 Financial Instruments: Disclosures – 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. The new standard had no impact on the Group's financial statements.

Amendments to Korean IFRS 1116 Leases – 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 recognise any amount of the gain or loss that relates to the right of use it retains. The new standard had no impact on the Group's financial statements.

Amendments to Korean IFRS 1001: 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 new standard had no impact on the Group's financial statements.

Significant accounting policies

Significant accounting policies applied to the preparation of the financial statements are as follows. Unless otherwise stated, the accounting policies have been continuously applied in the stated accounting periods.

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, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument is measured at fair value with the changes in fair value recognized in profit or loss or other comprehensive income in accordance with K-IFRS 1109. Contingent consideration classified as equity is not remeasured, and its subsequent settlement is accounted for within equity. Other contingent consideration that is not within the scope of K-IFRS 1109 is measured at fair value at each reporting date with changes in fair value recognized in accordance with the appropriate accounting standards.

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

2. Summary of significant accounting policies (cont'd)

Business combinations and goodwill (cont'd)

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.

Investments 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.

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.

2. Summary of significant accounting policies (cont'd)

Investments in associates and joint ventures (cont'd)

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

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

When a Group entity undertakes its activities under joint operations, the Group as a joint operator recognizes in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The results of operations and assets and liabilities of joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with K-IFRS 1105.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of a joint venture recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

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

Revenue from contracts with customers

The Group operates a project to provide road installation, management, and road-related unit services. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group determined itself as the principal in contracts with customers as it controls promised goods or services in providing goods or services to the customer.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

1) Group as a lessee

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

2. Summary of significant accounting policies (cont'd)

Leases (cont'd)

i) Right-of-use assets

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

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

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section Property, plant and equipment and intangible assets.

ii) 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 the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

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

The Group's lease liabilities are included in interest-bearing loans and borrowings

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (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 to be 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.

2) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging 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.

2. Summary of significant accounting policies (cont'd)

Foreign currencies

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

In preparing the financial statements of the entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated using the closing rate. Non-monetary items carried at fair value in foreign currencies, shall be translated using the exchange rates at the date when the fair value was measured. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences arising from transactions to avoid specific foreign currency risk;
- exchange differences on monetary items that is receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation). Such exchange differences are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

Borrowing costs

The Group capitalizes borrowing costs directly related to the acquisition, construction, or manufacturing of qualifying assets as part of the cost of such assets until the qualifying assets are used for their intended use or are available for sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Borrowing costs consist of interest and other costs incurred by borrowing.

Government grants

Government grants shall not be recognized until there is reasonable assurance that the entity will comply with the conditions attaching to them and that the grants will be received.

The benefit of a government loan at a below-market rate of interest is treated as a government grant. The benefit of the below-market rate of interest shall be measured as the difference between the initial carrying value of the loan determined in accordance with K-IFRS 1109 and the proceeds received.

Government grants related to assets shall be presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset. The grant is recognized in profit or loss by reducing the depreciation cost over the useful life of the related asset.

Grants related to income are recognized as revenue over a period of time on a systematic basis to match the costs intended to be compensated. A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognized in profit or loss of the period in which it becomes receivable.

2. Summary of significant accounting policies (cont'd)

Severance and retirement benefits

In relation to the defined benefit plan, the defined benefit obligation is calculated by performing an actuarial evaluation at the end of each reporting period using the Projected Unit Credit Method by an independent actuary.

Remeasurements, comprising actuarial gains and losses, any change in the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest), are recognized in other comprehensive income during the period in which they occur and are immediately reflected in the statement of financial position. Remeasurements recognized in other comprehensive income are transferred directly to retained earnings and will not be reclassified to profit or loss.

Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is determined by multiplying the discount rate at the beginning of the period by the net defined benefit liability or asset. Defined benefit costs are composed of service cost (current service cost, past service cost and any gain or loss on settlement.), net interest expense (income) and remeasurement.

The Group presents the service cost and net interest expense (income) components in profit or loss and the remeasurement component in other comprehensive income. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

The Group shall recognize a liability for termination benefits at the earlier of the following dates:

- (a) when the Group can no longer withdraw the offer of those benefits; and
- (b) when the Group recognizes costs for a restructuring

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

If the contributions are not linked to services (e.g., contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).

If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the entity reduces service cost by attributing the contributions to periods of service using the attribution method required by K-IFRS 1019 paragraph 70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the entity reduces service cost in the period in which the related service is rendered in accordance with K-IFRS 1019 paragraph 70.

Income taxes

Income tax expense consists of current tax and deferred tax.

1) Current tax

Current tax is calculated based on taxable income for the current period. Taxable profit differs from profit before income tax in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Current tax liabilities shall be measured using the tax rates that have been enacted or substantively enacted by the end of the reporting period.

2. Summary of significant accounting policies (cont'd)

Income taxes (cont'd)

2) Deferred tax

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

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

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

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

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

For the purpose of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted; the presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale.

3) Current and deferred taxes for the year

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

2. Summary of significant accounting policies (cont'd)

Property, plant and equipment

Property, plant and equipment are initially measured at cost and, after initial recognition, are carried at cost, less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes expenditures arising directly from the construction or acquisition of the asset, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent to initial recognition, an item of property, plant and equipment shall be carried at its cost, less any accumulated depreciation and any accumulated impairment losses.

Subsequent costs are recognized in the carrying amount of property, plant and equipment at cost or, if appropriate, as separate items if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing are recognized in profit or loss as incurred.

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

	<u>Estimated useful lives (years)</u>
Buildings	8–30
Structures	8–30
Machineries	4–10
Information technology equipment	4–10
Vehicles	4–6
Others	4–8

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

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting date and adjusted, if appropriate. The change is accounted for as a change in an accounting estimate.

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

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are reported at cost less accumulated depreciation and accumulated impairment losses.

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

While land is not depreciated, all other investment property is depreciated based on the respective assets' estimated useful lives of 8–30 years using the straight-line method.

2. Summary of significant accounting policies (cont'd)

Investment Properties (cont'd)

Depreciation methods, residual values and useful lives of investment property are reviewed at the end of each reporting period, and if it is deemed appropriate to change them, they are accounted for as changes in accounting estimates.

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

Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost, less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, and if it is deemed appropriate to change them, they are accounted for as changes in accounting estimates. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Amortization expense is computed on the estimated useful lives of the assets shown below:

	Estimated useful lives (years)	Amortization
Industrial property rights	5–50	Straight-line method
Software	4–5	Straight-line method
Development costs	5	Straight-line method
Expressway operating rights	-	Investment cost recovery method

2) Internally generated intangible assets - research and development expenditure

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

Expenditure arising from development (or from the development phase of an internal project) is recognized as an intangible asset if, and only if, the development project is designed to produce new or substantially improved products, and the Group can demonstrate the technical and economic feasibility and measure reliably the resources attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost, less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3) Intangible assets acquired in a business combination

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

Summary of significant accounting policies (cont'd)

Intangible assets (cont'd)

4) Derecognition of intangible assets

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use. **2.**

Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment of property, plant and equipment and intangible assets other than goodwill

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

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

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

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

Inventories

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

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

2. Summary of significant accounting policies (cont'd)

Provisions

A provision shall be recognized when:

- (a) an entity has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its

carrying amount is the present value of those cash flows (where the effect of the time value of money is material). The discount rate used is a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage is recognized in profit or loss as finance costs.

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

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

Financial instruments – initial recognition and subsequent measurement

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

1) Financial assets

Initial recognition and measurement

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

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

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

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

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the 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. Summary of significant accounting policies (cont'd)

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

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

Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

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

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

Financial assets at fair value through OCI (debt instruments)

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

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

The Group's debt instruments at fair value through OCI is included in debt instruments classified as non-current assets.

Financial assets designated 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 K-IFRS 1032 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of 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.

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

2. Summary of significant accounting policies (cont'd)

Financial assets at fair value through profit or loss

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

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

- (a) the economic characteristics and risks are not closely related to the host;
- (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- (c) 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.

Derecognition

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

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

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

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

2. Summary of significant accounting policies (cont'd)

2) Impairment of financial assets

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

- Disclosures for significant assumptions
- Debt instruments at fair value through OCI
- Trade receivables, including contract assets

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.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from a credit rating agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

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.

3) Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative liabilities.

2. Summary of significant accounting policies (cont'd)

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by K-IFRS 1109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in 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 K-IFRS 1109 are satisfied. The Group has not designated any financial liability as of fair value through profit or loss.

Loans and borrowings

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.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to note on borrowings and bonds.

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.

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.

Derivative financial instruments

Initial recognition and subsequent measurement

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. Changes of derivative's fair value are directly recognized in profit or loss.

3. Significant accounting judgments, estimates and assumptions

In the preparation of the Group's financial statements, management is required to apply accounting policies and make judgements, estimation and assumptions affecting the carrying amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The management's significant judgements about the application of the Group's accounting policies and the main resources of the uncertainty are as follows:

(1) Fair value of financial instruments

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain type of financial instruments. The Group believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

(2) Provisions

As described in Note 21, the Group recognized the provisions for litigation and others. These provisions are determined by estimation according to past experiences. Meanwhile, the Group provides performance awards according to management performance that is evaluated by Ministry of Strategy and Finance. As described in Note 21, these performance awards are recognized as provisions for employee benefits.

(3) Defined benefit obligation

The Group's defined benefit obligation is determined based on the actuarial valuation carried out at the end of each annual reporting period. Actuarial assumptions are the Group's best estimates of the variables in determining the cost of providing post-employment benefits, such as discount rates, rates of expected future salary increases and mortality rates. Significant estimation uncertainty is likely to persist in making such assumptions due to the long-term nature of post-employment benefit plan. Additional items are described in Note 20.

(4) Income taxes

The Group recognized the current taxes and deferred taxes through the best estimation of expected tax effect that is expected in future as a result of business activities during the year ended December 31, 2024. However, the final taxation may differ with the estimation; this difference may influence current tax and deferred tax assets and liabilities where the final tax effect is decided.

4. Segment information

The Group is organized into four different strategic operating segments. Each operating segment separately provides products and services, and the Group manages each operating segment individually as technological and marketing strategies applied to each operating segment are different. The Chief Operating Decision Maker reviews the internal reporting data for each strategic business at least quarterly.

Operating segments of the Group are as follows:

Operating segments	Description	Customers
Toll business	Highway	Highway user
Incidental business	Expressway rest stop, oil station lease and research service	Expressway rest stop operator, etc.
Supporting business	Consignment management service	Government, etc.
Construction business	Road construction	Government

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4. Segment information (cont'd)

The table below provides information for each segment for the years ended December 31, 2024 and 2023 (Korean won in millions):

	2024		
	Total sales	Sales from external customers	Operating Profit
Toll business	₩ 4,381,485	₩ 4,381,485	₩ 643,743
Incidental business	729,352	729,352	121,474
Supporting business	206,633	206,633	-
Construction business	5,731,618	5,731,618	-
	<u>₩ 11,049,088</u>	<u>₩ 11,049,088</u>	<u>₩ 765,217</u>
	2023		
	Total sales	Sales from external customers	Operating profit
Toll business	₩ 4,298,078	₩ 4,298,078	₩ 663,105
Incidental business	874,816	874,816	125,706
Supporting business	268,987	268,987	-
Construction business	5,286,126	5,286,126	-
	<u>₩ 10,728,007</u>	<u>₩ 10,728,007</u>	<u>₩ 788,811</u>

All of the Group's revenues are generated in Korea.

The Government is a major customer of the Group's supporting business and construction business with revenue amounting to ₩5,938,250 million and ₩5,555,113 million for the years ended December 31, 2024 and 2023, respectively. No other major customer exceeds 10% of the Group's sales.

5. Cash and cash equivalents

Cash and cash equivalents of the consolidated statements of cash flows include cash and bank deposit, net of bank overdrafts. Cash and cash equivalents as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024	December 31, 2023
Cash	₩ 601,682	₩ 583,878
Cash equivalents	564,930	315,367
	1,166,612	899,245
Less: government grants for consignment management service	(402,935)	(404,257)
	<u>₩ 763,677</u>	<u>₩ 494,988</u>

Restricted cash, which is to be returned to government, due to disposal of unused land as of December 31, 2024 and 2023 amounted to ₩10,485 million and ₩8,033 million respectively.

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6. Short-term financial assets

Details of short-term financial assets as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024	December 31, 2023
Short-term financial assets	₩ 50,000	₩ 50,000

7. Derivatives

Details of derivative instruments as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024		December 31, 2023	
	Current	Non-current	Current	Non-current
Financial assets at FVTPL:				
Interest rate swap	₩ -	₩ 3,712	₩ -	₩ 1,231
	₩ -	₩ 3,712	₩ -	₩ 1,231
Derivative instruments assets:				
Currency swap	₩ 121,941	₩ 458,749	₩ 92,360	₩ 153,895
Interest rate swap	1,076	8,033	-	20,369
	₩ 123,017	₩ 466,782	₩ 92,360	₩ 174,264
Financial liabilities at FVTPL:				
Non-derivative financial liabilities (*)	₩ -	₩ 77,200	₩ -	₩ -
Interest rate swap	1,698	-	1,441	6,581
	₩ 1,698	₩ 77,200	₩ 1,441	₩ 6,581
Derivative instruments liabilities:				
Currency swap	₩ -	₩ 2,713	₩ 26,482	₩ 53,090
Interest rate swap	-	60,963	2,500	33,329
	₩ -	₩ 63,676	₩ 28,982	₩ 86,419

(*) The Group has entered into an interest rate swap contract to hedge risk of fair value fluctuations of bonds due to changes in interest rates. The Group may eliminate or reduce an accounting mismatch arising from classification of corporate bonds and derivative instruments at amortized cost and fair value, respectively, through designating corporate bonds as financial liabilities at fair value through profit or loss.

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7. Derivatives (cont'd)

Details of currency swaps as of December 31, 2024 are as follows (In millions of Korean won, EUR, USD, JPY, HKD, SEK and CAD):

	Bank	Contract period	Contract amount		Contract interest rate		Contract exchange rate
			Selling amount	Buying amount	Sell	Buy	
Cash flow hedge	Deutsche Bank Group	2012.05.07~ 2027.05.07	EUR 23 ₩	34,619	4.000%	4.060%	1,505.17
Cash flow hedge	NH Investment & Securities Co., Ltd.	2015.03.18~ 2027.03.18	USD 50	56,150	3.020%	2.420%	1,123.00
Cash flow hedge	Korea EXIM Bank	2015.11.30~ 2030.11.30	USD 50	58,000	3.205%	2.410%	1,160.00
Cash flow hedge	Nomura Securities Co	2015.12.08~ 2026.06.08	USD 100	115,000	3.100%	2.325%	1,150.00
Cash flow hedge	Nomura Securities Co	2016.04.26~ 2026.10.26	USD 200	232,000	2.700%	1.840%	1,160.00
Cash flow hedge	Korea EXIM Bank	2016.07.05~ 2031.07.05	USD 100	116,000	2.565%	1.712%	1,160.00
Cash flow hedge	Nomura Securities Co	2017.04.28~ 2032.04.28	SEK 720	92,304	2.310%	2.324%	128.20
Cash flow hedge	Korea EXIM Bank	2017.05.11~ 2032.05.11	CAD 135	112,725	3.030%	2.320%	835.00
Cash flow hedge	Woori Bank	2020.06.02~ 2025.06.02	USD 100	123,000	3m LIBOR+1.20%	1.070%	1,230.00
Cash flow hedge	Kookmin Bank	2021.05.17~ 2026.05.17	USD 150	167,070	1.125%	0.995%	1,113.80
Cash flow hedge	Shinhan Bank	2021.05.17~ 2026.05.17	USD 100	111,380	1.125%	0.995%	1,113.80
Cash flow hedge	Hana Bank	2021.05.17~ 2026.05.17	USD 150	167,070	1.125%	0.995%	1,113.80
Cash flow hedge	Korea Development Bank	2021.05.17~ 2026.05.17	USD 100	111,380	1.125%	1.025%	1,113.80
Cash flow hedge	Korea EXIM Bank	2022.05.18~ 2025.05.18	USD 400	510,000	3.625%	3.105%	1,275.00
Cash flow hedge	Hana Bank	2022.05.18~ 2025.05.18	USD 100	127,500	3.625%	3.100%	1,275.00
Cash flow hedge	Hana Bank	2022.10.28~ 2027.10.28	USD 50	72,000	SOFR+1.40%	4.755%	1,440.00
Cash flow hedge	Nomura Securities Co	2023.05.12~ 2027.05.12	HKD 450	76,860	4.060%	3.560%	170.80
Cash flow hedge	Korea EXIM Bank	2023.05.22~ 2030.05.22	HKD 500	85,150	3.930%	3.450%	170.30
Cash flow hedge	Kookmin Bank	2023.07.10~ 2028.07.10	USD 50	65,150	SOFR+1.03%	3.825%	1,303.00
Cash flow hedge	Korea EXIM Bank	2023.07.10~ 2028.07.10	USD 100	130,300	SOFR+1.03%	3.835%	1,303.00
Cash flow hedge	Hana Bank	2023.07.10~ 2028.07.10	USD 100	130,300	SOFR+1.03%	3.773%	1,303.00
Cash flow hedge	Shinhan Bank	2023.07.10~ 2028.07.10	USD 50	65,150	SOFR+1.03%	3.835%	1,303.00
Cash flow hedge	Hana Bank	2023.11.08~ 2030.11.08	HKD 400	69,400	5.110%	4.623%	173.50
Cash flow hedge	Hana Bank	2023.11.28~ 2028.11.28	USD 100	132,900	SOFR+0.98%	4.080%	1,329.00
Cash flow hedge	Kookmin Bank	2023.11.28~ 2028.11.28	USD 50	66,450	SOFR+0.98%	4.120%	1,329.00
Cash flow hedge	Korea Development Bank	2023.11.28~ 2028.11.28	USD 50	66,450	SOFR+0.98%	4.120%	1,329.00
Cash flow hedge	Shinhan Bank	2024.05.14~ 2027.05.14	USD 100	136,000	5.000%	3.360%	1,360.00
Cash flow hedge	Korea Development Bank	2024.05.14~ 2027.05.14	USD 150	204,000	5.000%	3.400%	1,360.00
Cash flow hedge	Woori Bank	2024.05.14~ 2027.05.14	USD 100	136,000	5.000%	3.370%	1,360.00
Cash flow hedge	Hana Bank	2024.05.14~ 2027.05.14	USD 150	204,000	5.000%	3.358%	1,360.00

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	Bank	Contract period	Contract amount		Contract interest rate		Contract exchange rate
			Selling amount	Buying amount	Sell	Buy	
Cash flow hedge	Nomura Securities Co	2024.09.09~ 2044.09.19	USD 50	67,000	5.130%	2.870%	1,340.00
Cash flow hedge	Citi Bank Korea	2024.09.09~ 2026.09.19	JPY 5,000	46,953	0.550%	2.960%	939.05
Cash flow hedge	Societe Generale	2024.09.20~ 2026.10.02	USD 70	93,170	SOFR+0.65%	2.860%	1,331.00

Details of currency swaps as of December 31, 2023 are as follows (In millions of Korean won, EUR, USD, HKD, CHF, SEK ,CAD and SGD):

	Bank	Contract period	Contract amount		Contract interest rate		Contract exchange rate
			Selling amount	Buying amount	Sell	Buy	
Cash flow hedge	Deutsche Bank Group	2012.05.07~ 2024.05.07	EUR 45	67,733	3.875%	3.980%	1,505.17
Cash flow hedge	Deutsche Bank Group	2012.05.07~ 2027.05.07	EUR 23	34,619	4.000%	4.060%	1,505.17
Cash flow hedge	NH Investment & Securities Co., Ltd.	2015.03.18~ 2027.03.18	USD 50	56,150	3.020%	2.420%	1,123.00
Cash flow hedge	Korea EXIM Bank	2015.11.30~ 2030.11.30	USD 50	58,000	3.205%	2.410%	1,160.00
Cash flow hedge	Nomura Securities Co.	2015.12.08~ 2026.06.08	USD 100	115,000	3.100%	2.325%	1,150.00
Cash flow hedge	Nomura Securities Co.	2016.04.26~ 2026.10.26	USD 200	232,000	2.700%	1.840%	1,160.00
Cash flow hedge	Korea EXIM Bank	2016.07.05~ 2031.07.05	USD 100	116,000	2.565%	1.712%	1,160.00
Cash flow hedge	Nomura Securities Co.	2017.04.28~ 2032.04.28	SEK 720	92,304	2.310%	2.324%	128.20
Cash flow hedge	Korea EXIM Bank	2017.05.11~ 2032.05.11	CAD 135	112,725	3.030%	2.320%	835.00
Cash flow hedge	Korea Development Bank	2017.06.07~ 2024.06.07	CHF 100	112,200	0.250%	2.240%	1,122.00
Cash flow hedge	IBK Bank	2017.06.07~ 2024.06.07	CHF 50	56,100	0.250%	2.240%	1,122.00
Cash flow hedge	Korea Development Bank	2017.06.07~ 2024.06.07	CHF 80	89,760	0.250%	2.240%	1,122.00
Cash flow hedge	Woori Bank	2020.06.02~ 2025.06.02	USD 100	123,000	SOFR+0.26161%+ 1.200%	1.070%	1,230.00
Cash flow hedge	Kookmin Bank	2021.05.17~ 2026.05.17	USD 150	167,070	1.125%	0.995%	1,113.80
Cash flow hedge	Shinhan Bank	2021.05.17~ 2026.05.17	USD 100	111,380	1.125%	0.995%	1,113.80
Cash flow hedge	Hana Bank	2021.05.17~ 2026.05.17	USD 150	167,070	1.125%	0.995%	1,113.80
Cash flow hedge	Korea Development Bank	2021.05.17~ 2026.05.17	USD 100	111,380	1.125%	0.995%	1,113.80
Cash flow hedge	Korea EXIM Bank	2022.05.18~ 2025.05.18	USD 400	510,000	3.625%	3.105%	1,275.00
Cash flow hedge	Hana Bank	2022.05.18~ 2025.05.18	USD 100	127,500	3.625%	3.100%	1,275.00
Cash flow hedge	Hana Bank	2022.10.28~ 2027.10.28	USD 50	72,000	SOFR+1.40%	4.755%	1,440.00
Cash flow hedge	Kookmin Bank	2022.11.04~ 2024.11.04	HKD 500	91,250	5.400%	4.200%	182.50
Cash flow hedge	Kookmin Bank	2022.11.07~ 2024.11.07	HKD 680	123,352	5.280%	4.190%	181.40
Cash flow hedge	Kookmin Bank	2022.11.07~ 2024.11.07	SGD 20	20,160	5.000%	4.640%	1,008.00
Cash flow hedge	Korea Development Bank	2022.11.07~ 2024.11.07	SGD 100	100,800	5.000%	4.800%	1,008.00
Cash flow hedge	Nomura Securities Co	2023.05.12~ 2027.05.12	HKD 450	76,860	4.060%	3.560%	170.80
Cash flow hedge	Korea EXIM Bank	2023.05.22~ 2030.05.22	HKD 500	85,150	3.930%	3.450%	170.30

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	Bank	Contract period	Contract amount		Contract interest rate		Contract exchange rate
			Selling amount	Buying amount	Sell	Buy	
Cash flow hedge	Kookmin Bank	2023.07.10~2028.07.10	USD 50	65,150	SOFR+1.30%	3.825%	1,303.00
Cash flow hedge	Korea EXIM Bank	2023.07.10~2028.07.10	USD 100	130,300	SOFR+1.30%	3.835%	1,303.00
Cash flow hedge	Hana Bank	2023.07.10~2028.07.10	USD 100	130,300	SOFR+1.30%	3.773%	1,303.00
Cash flow hedge	Shinhan Bank	2023.07.10~2028.07.10	USD 50	65,150	SOFR+1.30%	3.825%	1,303.00
Cash flow hedge	Hana Bank	2023.11.08~2030.11.08	HKD 400	69,400	5.110%	4.560%	173.50
Cash flow hedge	Hana Bank	2023.11.28~2028.11.28	USD 100	132,900	SOFR+0.98%	4.080%	1,329.00
Cash flow hedge	Kookmin Bank	2023.11.28~2028.11.28	USD 50	66,450	SOFR+0.98%	4.120%	1,329.00
Cash flow hedge	Korea Development Bank	2023.11.28~2028.11.28	USD 50	66,450	SOFR+0.98%	4.120%	1,329.00

Details of interest rate swaps as of December 31, 2024 are as follows (Korean won in millions):

	Bank	Contract period	Notional amount	Sell	Buy
					4.54%+ [a%×(1-n/N)]
Trading	Societe Generale	2010.03.08~2025.03.08	100,000	5.240%	n : [USD CMS 30y – USD CMS 2y ≥ 0.00%
Cash flow hedge	Deutsche Bank Group	2015.05.15~2030.05.15	30,000	8.55% - 0.1 × [Average SIFMA / Average 3 months LIBOR] (Cap 5.50%, Floor 0.01%) Actual/365, Unadjusted	2.693%
Cash flow hedge	Nomura Securities Co.	2015.08.19~2030.08.19	50,000	2. 1.11x (USD 30Y CMS -USD 2Y CMS)+0.2% (Cap 5.50%, Floor 0.00%)	2.460%
Cash flow hedge	Nomura Securities Co.	2015.09.23~2030.09.23	50,000	4.0%*(KRW 10Y CMS -USD 1Y CMS) (Cap 4.50%, Floor 0.25%)	2.279%
Cash flow hedge	Nomura Securities Co.	2015.10.28~2030.10.28	50,000	3.3%*(KRW 10Y CMS -USD 1Y CMS) (Cap 4.50%, Floor 0.00%)	2.180%
Cash flow hedge	NH Investment & Securities Co., Ltd.	2016.06.23~2031.06.23	30,000	2.3%*(EUR 30Y CMS – EUR 5Y CMS) (Cap 3.00%, Floor 0.00%)	1.600%
Trading	IBK Bank	2018.11.29~2038.11.29	50,000	2.400%	1Y~10Y: 2.134% 11Y~20Y: 11Y~20Y: CD91+0.15 %
Cash flow hedge	Hana Bank	2020.06.25~2025.06.25	100,000	CD91+0.34%	1.240%
Cash flow hedge	Hana Bank	2021.03.24~2026.03.23	100,000	CD+0.23%	1.710%
Cash flow hedge	Hana Bank	2021.08.09~2026.08.09	100,000	CD+0.23%	1.820%
Cash flow hedge	Hana Bank	2021.11.24~2026.11.24	200,000	CD+0.23%	2.400%
Cash flow hedge	Nomura Securities Co.	2022.04.14~2032.04.14	40,000	① 1.5years(interest 3 times) : 4.27% ② Afterwards: 4.27 * Accrual Factor(n/N) (n : CD-KTB ≥ 0 & KRW IRS 10y-2y ≥ -0.2% days, N : days interest calculated. If, n/N > 75%, 100%) 30/360	3.250%

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	Bank	Contract period	Notional amount	Sell	Buy
Cash flow hedge	Hana Securities Co.	2022.06.02~2032.06.02	50,000	① 1.5years(interest 3 times) : 4.20% ② Afterwards: 4.20 * Accrual Factor(n/N) (n : both condition 1 and 2 are met, - condition 1 : KRW 10Y CMS – KRW 2Y CMS >= -0.2% - condition 2 : KRW CD 3M <= 5.0%) N : days interest calculated. If, n/N > 75%, 100%) 30/360	3.284%
Cash flow hedge	Hana Bank	2022.03.10~2027.03.10	100,000	CD+0.24%	2.730%
Cash flow hedge	Hana Bank	2022.04.26~2027.04.26	100,000	CD+0.31%	3.333%
Cash flow hedge	Hana Bank	2022.08.09~2027.08.09	100,000	CD+0.57%	3.650%
Cash flow hedge	Shinhan Bank	2022.09.30~2027.09.30	100,000	CD+0.59%	4.970%
Cash flow hedge	Hana Bank	2022.10.18~2027.10.18	100,000	CD+0.87%	5.110%
Cash flow hedge	Hana Bank	2023.03.20~2028.03.20	150,000	CD+0.37%	3.640%
Cash flow hedge	Hana Bank	2023.05.30~2028.05.30	150,000	CD+0.43%	3.910%
Fair value risk hedge	NH Investment & Securities Co., Ltd.	2024.07.08~2054.07.08	100,000	(1~2 years) 3.094% fixed interest rate (2~30 years) CD+0.08% floating interest rate 1. Early redemption right can be exercised every year from 2026.07.08 2. The original bond interest is paid in a lump sum at the maturity of the bond or when the early redemption right is exercised	3.094%

Details of interest rate swaps as of December 31, 2023 are as follows (Korean won in millions):

	Bank	Contract period	Notional amount	Sell	Buy
Cash flow hedge	Nomura Securities Co.	2014.04.04~2024.04.04	30,000	1 year-2 years: 4.25%, 30/630 3-10 years: 3%, 30/360 reference average spread for specified periods 0.00% (minimum), 5.50% (maximum) Spread Reference daily spread calculation: 20Y EUR Swap interest rate 0% (minimum), 6% (maximum) 1) Before switch options are exercised. One year: 4.00%, 2Y-10Y: Annual Min (4.20%, 3.00x(average spread (20 EUR CMS – 2 EUR CMS))xN/M), (minimum 0.00%) 2) After switch options are exercised. Annual 3.65% (Fixed rate) - Two year after the date of issue, it is possible to exercise switch options annually to the issuer – before exercising switch options, the written notice has to be submitted to Korea Securities Depository One year: 4.50% 2Y-:8.0% - 0.1 x (average SIFMA/average 3M LIBOR) (Cap 5.50%, Floor 0.01%) or 5% fixed rate (Swap bank switch option)	3.560%
Cash flow hedge	Morgan Stanley	2014.09.04~2024.09.04	100,000	1) Before switch options are exercised One year: 3.80% 2Y-15Y: 2.11x (USD 30Y CMS -USD 2Y CMS)+0.2% (Cap 5.50%, Floor 0.00%) Or 2.8% fixed rate (Swap bank switch option) 2) After switch options are exercised. Annual 2.8% (Fixed rate) – One year after the date of issue, it is possible to exercise switch options annually to the issuer – before exercising switch options, the written notice has to be submitted to Korea Securities Depository 1) Before switch options are exercised. One year: 4.00% 4.0%*(KRW 10Y CMS -USD 1Y CMS) (Cap 4.50%, Floor 0.25%) or 3.0% fixed rate (Swap bank switch option) 2) After switch options are exercised. Annual 3.0% (Fixed rate) – One year after the date of issue, it is possible to exercise switch options annually to the issuer –	3.075%
Cash flow hedge	Deutsche Bank Group	2015.05.15~2030.05.15	30,000	2Y-:8.0% - 0.1 x (average SIFMA/average 3M LIBOR) (Cap 5.50%, Floor 0.01%) or 5% fixed rate (Swap bank switch option)	2.693%
Cash flow hedge	Nomura Securities Co.	2015.08.19~2030.08.19	50,000	1) Before switch options are exercised One year: 3.80% 2Y-15Y: 2.11x (USD 30Y CMS -USD 2Y CMS)+0.2% (Cap 5.50%, Floor 0.00%) Or 2.8% fixed rate (Swap bank switch option) 2) After switch options are exercised. Annual 2.8% (Fixed rate) – One year after the date of issue, it is possible to exercise switch options annually to the issuer – before exercising switch options, the written notice has to be submitted to Korea Securities Depository 1) Before switch options are exercised. One year: 4.00% 4.0%*(KRW 10Y CMS -USD 1Y CMS) (Cap 4.50%, Floor 0.25%) or 3.0% fixed rate (Swap bank switch option) 2) After switch options are exercised. Annual 3.0% (Fixed rate) – One year after the date of issue, it is possible to exercise switch options annually to the issuer –	2.460%
Cash flow hedge	Nomura Securities Co.	2015.09.23~2030.09.23	50,000	4.0%*(KRW 10Y CMS -USD 1Y CMS) (Cap 4.50%, Floor 0.25%) or 3.0% fixed rate (Swap bank switch option) 2) After switch options are exercised. Annual 3.0% (Fixed rate) – One year after the date of issue, it is possible to exercise switch options annually to the issuer –	2.279%

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	Bank	Contract period	Notional amount	Sell	Buy
				before exercising switch options, the written notice has to be submitted to Korea Securities Depository	
Cash flow hedge	Nomura Securities Co.	2015.10.28~2030.10.28	50,000	One year: 3.90% 3.3%*(KRW 10Y CMS -USD 1Y CMS) (Cap 4.50%, Floor 0.00%) or 2.8% fixed rate (Swap bank switch option) 2) After switch options are exercised. Annual 3.0% (Fixed rate) – One year after the date of issue, it is possible to exercise switch options annually to the issuer – before exercising switch options, the written notice has to be submitted to Korea Securities Depository	2.180%
Cash flow hedge	NH Investment & Securities Co., Ltd.	2016.06.23~2031.06.23	30,000	One year: 2.80%, 2.3%*(EUR 30Y CMS - EUR 5Y CMS) (Cap 3.00%, Floor 0.00%)	1.600%
Trading	Societe Generale	2015.12.17~2024.03.17	90,000	5.380%	4.480%+7.760% ×(1-n/N) (n: days of USD CMS 10Y-2Y rate difference ≥ 0, N: days for interest) 4.54%+[a% ×(1-n/N)] n: [USDCMS 30y- USDCMS2y ≥0.00% 1Y~10Y: 2.134% 11Y~20Y: CD91+0.15 %
Trading	Societe Generale	2016.12.08~2025.03.08	100,000	5.240%	
Trading	IBK Bank	2018.11.29~2038.11.29	50,000	2.400%	
Cash flow hedge	Hana Bank	2020.06.25~2025.06.24	100,000	CD91+0.34%	1.240%
Cash flow hedge	Hana Bank	2021.03.24~2026.03.24	100,000	CD+0.23%	1.710%
Cash flow hedge	Hana Bank	2021.08.09~2026.08.09	100,000	CD+0.23%	1.820%
Cash flow hedge	Hana Bank	2021.11.24~2026.11.24	200,000	CD+0.23%	2.40%
Cash flow hedge	Nomura Securities Co.	2022.04.14~2032.04.14	40,000	① 1.5years(interest 3 times) : 4.27% ② Afterwards: 4.27 * Accrual Factor(n/N) (n : CD-KTB ≥ 0 & KRW IRS 10y-2y ≥ -0.2% days, N : days interest calculated. If, n/N > 75%, 100%) 30/360	3.25%
Cash flow hedge	Hana Securities Co.	2022.06.02~2032.06.02	50,000	① 1.5years(interest 3 times) : 4.20% ② Afterwards: 4.20 * Accrual Factor(n/N) (n : both condition 1 and 2 are met, - condition 1 : KRW 10Y CMS - KRW 2Y CMS >= -0.2% - condition 2 : KRW CD 3M <= 5.0%) N : days interest calculated. If, n/N > 75%, 100%) 30/360	3.28%
Cash flow hedge	Hana Bank	2022.03.10~2027.03.10	100,000	CD+0.24%	2.73%
Cash flow hedge	Hana Bank	2022.04.26~2027.04.26	100,000	CD+0.31%	3.33%
Cash flow hedge	Hana Bank	2022.08.09~2027.08.09	100,000	CD+0.57%	3.65%
Cash flow hedge	Shinhan Bank	2022.09.30~2027.09.30	100,000	CD+0.59%	4.97%
Cash flow hedge	Hana Bank	2022.10.18~2027.10.18	100,000	CD+0.87%	5.11%
Cash flow hedge	Hana Bank	2023.03.20~2028.03.20	150,000	CD+0.37%	3.64%
Cash flow hedge	Hana Bank	2023.05.30~2028.05.30	150,000	CD+0.43%	3.91%

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7. Derivatives (cont'd)

Derivatives transaction gain (loss) for the years ended December 31, 2024 and 2023, are as follows (Korean won in millions):

	Gain (loss) on valuation		Gain (loss) on transaction		Accumulated comprehensive income (loss)	
	2024	2023	2024	2023	2024	2023
Hedge accounting applied:						
Currency swap	₩ 504,168	₩ 74,371	₩ (66,004)	₩ (21,480)	₩ (26,869)	₩ (34,026)
Interest rate swap	(22,800)	-	-	-	(13,595)	(24,455)
	<u>₩ 481,368</u>	<u>₩ 74,371</u>	<u>₩ (66,004)</u>	<u>₩ (21,480)</u>	<u>₩ (40,464)</u>	<u>₩ (58,481)</u>

Derivatives transaction gain (loss) for the years ended December 31, 2024 and 2023, are as follows (Korean won in millions):

	Gain (loss) on valuation		Gain (loss) on transaction		Accumulated comprehensive income (loss)	
	2024	2023	2024	2023	2024	2023
Financial instruments at FVTPL:						
Interest rate swap	₩ 8,805	₩ 10,951	₩ (10,454)	₩ (15,084)	₩ -	₩ -
Bonds	22,800	-	-	-	-	-
	<u>₩ 31,605</u>	<u>₩ 10,951</u>	<u>₩ (10,454)</u>	<u>₩ (15,084)</u>	<u>₩ -</u>	<u>₩ -</u>

8. Trade and other receivables

Trade and other receivables as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024			
	Receivables	Allowance for doubtful accounts	Present value of discount	Carrying amount
Current:				
Other receivables	₩ 435,199	₩ (7,609)	₩ (59)	₩ 427,531
Non-current:				
Other receivables	129,794	-	(61)	129,733
	<u>₩ 564,993</u>	<u>₩ (7,609)</u>	<u>₩ (120)</u>	<u>₩ 557,264</u>

	December 31, 2023			
	Receivables	Allowance for doubtful accounts	Present value of discount	Carrying amount
Current:				
Other receivables	₩ 457,765	₩ (6,836)	₩ (86)	₩ 450,843
Non-current:				
Other receivables	129,060	-	(165)	128,895
	<u>₩ 586,825</u>	<u>₩ (6,836)</u>	<u>₩ (251)</u>	<u>₩ 579,738</u>

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8. Trade and other receivables (cont'd)

Details of other receivables as of December 31, 2024 and 2023 are as follows (Korean won in millions):

December 31, 2024					
	Receivables	Allowance for doubtful accounts	Present value discount	Carrying amount	
Current:					
Other accounts receivable	₩ 425,495	₩ (7,609)	₩ -	₩ 417,886	
Accrued income	630	-	-	630	
Short-term deposits	9,074	-	(59)	9,015	
	435,199	(7,609)	(59)	427,531	
Non-current:					
Long-term deposits	129,794	-	(61)	129,733	
	₩ 564,993	₩ (7,609)	₩ (120)	₩ 557,264	
December 31, 2023					
	Receivables	Allowance for doubtful accounts	Present value discount	Carrying amount	
Current:					
Other accounts receivable	₩ 446,302	₩ (6,836)	₩ -	₩ 439,466	
Accrued revenue	2,135	-	-	2,135	
Short-term deposits	9,328	-	(86)	9,242	
	457,765	(6,836)	(86)	450,843	
Non-current:					
Long-term deposits	129,059	-	(165)	128,894	
	₩ 586,824	₩ (6,836)	₩ (251)	₩ 579,737	

Credit risk and allowance for doubtful accounts

The above trade and other receivables consist of other accounts receivable, accrued revenue and deposits are measured at amortized cost.

The credit period for other accounts receivable is one month; so, the Group does not recognize an allowance for doubtful accounts for the accounts receivable that are not past due or past due, but not impaired because of the collateral. The Group's allowance for doubtful accounts is computed based on the collection rates and history of bad debts for the past five years. The Group recognizes 99% of allowance for doubtful accounts where the ageing is more than 30 months past due as these accounts receivables are not likely to be recovered based on past experience.

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8. Trade and other receivables (cont'd)

Ageing analysis of other accounts receivable as of December 31, 2024 and 2023 is as follows (Korean won in millions):

	2024	2023
Neither past due nor impaired	₩ 95,506	₩ 146,654
Past due nor impaired:		
- 1 month–7 months	40,626	60,625
- 1–13 months	56,870	45,961
- 13–19 months	24,452	12,137
- 19–25 months	22,757	22,816
- 25–31 months	1,508	1,624
- 31–37 months	12,240	8,611
- More than 37 months	16,440	13,912
Impaired:		
- 1–7 months	47,260	43,199
- 7–13 months	22,445	16,485
- 13–19 months	3,048	1,884
- 19–25 months	15,012	13,925
- 25–31 months	1,573	61
- 31–37 months	12,907	14,021
- More than 37 months	52,851	44,387
Deduction: allowance for doubtful accounts	(7,609)	(6,836)
	<u>₩ 417,886</u>	<u>₩ 439,466</u>

The above aging analysis relates to the current other accounts receivable.

The Group considers changes in credit ratings of the receivables from the beginning of the credit period to the end of the reporting period in determining the recoverability of the receivables. The concentration of credit risk is limited because the number of the customers are very large and the correlation among them is low.

Changes in allowance for doubtful accounts for trade and other receivables for the years ended December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024	2023
Beginning balance	₩ 6,836	₩ 6,142
Bad debt expenses	4,238	3,002
Write-off	(3,465)	(2,308)
Ending balance	<u>₩ 7,609</u>	<u>₩ 6,836</u>

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9. Financial assets at fair value

Financial assets at fair value as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024	December 31, 2023
Current financial instruments:		
Financial assets at fair value through profit or loss	₩ -	₩ 33,459
Non-current financial instruments:		
Financial assets at fair value through profit or loss (*)	81,997	432,104
Financial assets at fair value through other comprehensive income	25,141	24,150

(*) As of December 31, 2024, ₩3,711 million of interest rate swaps, which are derivative components, are excluded
As of December 31, 2023, ₩1,231 million of interest rate swaps, which are derivative components, were excluded.

Financial assets at fair value through profit or loss as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	Shares	Percentage of ownership	2024		2023	
			Acquisition Cost	Carrying Amount	Acquisition Cost	Carrying Amount
The 2nd Seoul-Incheon Linking Highway Co., Ltd	1,602,230	4.76%	₩ 8,011	₩ -	₩ 8,011	₩ -
Seoul-north Highway	4,876,000	10.00%	24,380	-	24,380	3,472
Beneficiary certificates	-	-	73,583	81,997	460,223	462,091
			₩ 105,974	₩ 81,997	₩ 492,614	₩465,563

Financial assets at fair value through other comprehensive income as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	Shares	Percentage of ownership	2024		2023	
			Acquisition Cost	Acquisition Cost	Acquisition Cost	Carrying Amount
DREAMLINE Corporation	181,549	0.83%	₩ 44,028	₩ 860	₩ 44,028	₩ 900
Korea Overseas Infrastructure & Urban Development Corporation	4,154,400	4.17%	20,772	24,085	20,772	23,054
BAKAD Investment & Operation LLP	-	0.10%	195	195	195	195
TurkeyYenakasbasaksehir Road	-	12.50%	1	1	-	-
			₩ 64,996	₩ 25,141	₩ 64,995	₩24,149

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9. Financial assets at fair value (cont'd)

Changes in financial assets at fair value as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	2024					
	Beginning balance	Acquisition	Disposals	Valuation	Reclassification	Ending balance
Current financial assets at fair value through profit or loss	₩ 33,459	-	(562,927)	-	529,468	₩ -
Non-current financial assets at fair value through profit or loss	432,104	320,318	(157,102)	16,145	(529,468)	81,997
Non-current financial assets at fair value through other comprehensive income	24,150	1	-	990	-	25,141

	2023					
	Beginning balance	Acquisition	Disposals	Valuation	Reclassification	Ending balance
Current financial assets at fair value through profit or loss	₩ 72,765	124,267	(193,910)	-	30,336	₩ 33,458
Non-current financial assets at fair value through profit or loss	658,387	171,874	(396,212)	28,391	(30,336)	432,104
Non-current financial assets at fair value through other comprehensive income	24,220	9	-	(80)	-	24,149

10. Loans

Details of loans as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024		
	Nominal value	Present value of discount	Carrying amount
Loans for tuition (*1)	₩ 2,506	₩ (219)	₩ 2,287
Loans for housing (*2)	30,919	(3,813)	27,106
Loans for rental housing	335	-	335
	₩ 33,760	₩ (4,032)	₩ 29,728

	December 31, 2023		
	Nominal value	Present value of discount	Carrying amount
Loans for tuition (*1)	₩ 2,608	₩ (183)	₩ 2,426
Loans for housing (*2)	33,450	(4,321)	29,129
Loans for rental housing	275	-	275
	₩ 36,333	₩ (4,504)	₩ 31,830

(*1) The Group provides loans to its employees, who have worked for more than a year, for the purpose of paying tuition of their children at zero interest rate. Repayment is made in four years (a total of 16 installments), with a two-year grace period after graduation.

(*2) The Group provides loans at market interest rates to employees without houses in order to stabilize their housing. The loan's repayment period is less than twenty years, with a grace period of less than five years.

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11. Inventories

Details of inventories as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024		December 31, 2023	
	Acquisition cost	Carrying amounts	Acquisition cost	Carrying amounts
Merchandise	₩ 1,685	₩ 1,685	₩ 1,991	₩ 1,991
Supplies	32,285	32,285	32,482	32,482
Others	1,332	1,332	1,449	1,449
	<u>₩ 35,302</u>	<u>₩ 35,302</u>	<u>₩ 35,922</u>	<u>₩ 35,922</u>

12. Non-financial assets

Details of non-financial assets as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024		December 31, 2023	
	Current	Non-current	Current	Non-current
Prepaid payment	₩ -	₩ -	₩ 1	₩ -
Prepaid expenses	8,314	5,996	6,929	6,605
Greenhouse gas emission rights	160	-	129	-
Other non-financial assets	-	1,676	-	1,676
	<u>₩ 8,474</u>	<u>₩ 7,672</u>	<u>₩ 7,059</u>	<u>₩ 8,281</u>

13. Investments in associates and joint ventures

Investments in associates and joint ventures as of December 31, 2024 and 2023 are as follows (Korean won in millions, except percentage of ownership):

Company	Major business activity	Location of incorporation	December 31, 2024		
			Percentage of ownership	Acquisition cost	Carrying amount
Associates:					
Korea Construction Management Corp.	Building, civil engineering service	Korea	42.50%	₩ 56	₩ -
Highway solar Co., Ltd.(*1)	New renewable energy service	Korea	-	-	-
BARR O&M LLP	Highway operation and maintenance	Kazakhstan	40.00%	27	798
				<u>83</u>	<u>798</u>
Joint venture:					
Busan-Ulsan Expressway Co., Ltd. (*2)	Road and facility operating service	Korea	51.00%	840	-
Expressway Solar Power Co., Ltd.	Expressway solar power projects	Korea	50.00%	1,856	5,675
				<u>2,696</u>	<u>5,675</u>
				<u>₩ 2,779</u>	<u>₩ 6,473</u>

(*1) The Group held a 29% of shares in Highway Solar Co., Ltd. In December 31, 2023 and accounted for it as an investment in an associate. As the Group sold all of its 29% shares in Highway Solar Co., Ltd. for KRW 952,679,200 in December 2024, Highway Solar Co., Ltd. was excluded from the associate group.

(*2) The Group and the National Pension Service decide on financial policies in accordance with the implementation agreement and participate in decision-making on business policies related to economic activities through the board of directors, but share control, and since the group does not have a position to control the activities of Busan-Ulsan Expressway Co., Ltd., it was classified as a joint venture.

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13. Investments in associates and joint ventures (cont'd)

			December 31, 2023			
Company	Major business activity	Location of incorporation	Percentage of ownership	Acquisition cost	Carrying amount	
Associates:						
Korea Construction Management Corp.	Building, civil engineering service	Korea	42.50%	₩ 56	₩ -	
Highway solar Co., Ltd(*1)	New renewable energy service	Korea	29.00%	653	917	
BARR O&M LLP	Highway operation and maintenance	Kazakhstan	40.00%	27	-	
				736	917	
Joint venture:						
Busan-Ulsan Expressway Co., Ltd. (*2)	Road and facility operating service	Korea	51.00%	839	-	
Expressway Solar Power Co., Ltd.	Expressway solar power projects	Korea	50.00%	1,856	5,266	
				2,695	5,266	
				₩ 3,431	₩ 6,183	

(*1) The Group held a 29% of shares in Highway Solar Co., Ltd. In December 31, 2023 and accounted for it as an investment in an associate. As the Group sold all of its 29% shares in Highway Solar Co., Ltd. for KRW 952,679,200 in December 2024, Highway Solar Co., Ltd. was excluded from the associate group.

(*2) The Group and the National Pension Service decide on financial policies in accordance with the implementation agreement and participate in decision-making on business policies related to economic activities through the board of directors, but share control, and since the group does not have a position to control the activities of Busan-Ulsan Expressway Co., Ltd., it was classified as a joint venture.

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13. Investments in associates and joint ventures (cont'd)

Changes in investments in associates and joint ventures for the years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

	2024					
	Beginning balance	Acquisition (disposal)	Gain (loss) on valuation	Change in equity	Dividend	Ending balance
Associates:						
Korea Construction Management Corp. (*1)	₩ -	₩ -	₩ 506	₩ -	₩ (506)	₩ -
Highway Solar Corp.	917	(917)	-	-	-	-
BARR O&M LLP	-	-	828	(30)	-	798
	917	(917)	1,334	(30)	(506)	798
Joint venture:						
Busan-Ulsan Expressway Co., Ltd. (*2)	-	-	-	-	-	-
Expressway Solar Power Co., Ltd.	5,266	-	408	-	-	5,674
	5,266	-	408	-	-	5,674
	₩ 6,183	₩ (917)	₩ 1,742	₩ (30)	₩ (506)	₩ 6,473

(*1) Korea Construction Management Corp.'s, an associate, investments balance became nil due to the cumulative loss thus the application of equity method was suspended. As of December 31, 2024, the change in equity amount of ₩7,275 million (share of loss amount ₩7,275 million) was not recognized.

(*2) The balance of investments in Busan-Ulsan Expressway Co., Ltd. amounts to nil due to the cumulative losses and the equity method was suspended. As a result, the share of losses not recognized is ₩155,675 million (share of loss amount ₩155,675 million) as of December 31, 2024. In addition, the Group's shares were provided as collateral in connection with the debts of the investee.

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13. Investments in associates and joint ventures(cont'd)

	2023					
	Beginning balance	Acquisition (disposal)	Gain (loss) on valuation	Change in equity	Dividend	Ending balance
Associates:						
Korea Construction Management Corp. (*1)	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -
Highway Solar Corp.	917	-	240	-	(240)	917
BARR O&M LLP (*2)	-	-	(28)	28	-	-
	<u>917</u>	<u>-</u>	<u>212</u>	<u>28</u>	<u>(240)</u>	<u>917</u>
Joint venture:						
Busan-Ulsan Expressway Co., Ltd. (*3)	-	-	-	-	-	-
Expressway Solar Power Co., Ltd.	4,741	-	525	-	-	5,266
	<u>4,741</u>	<u>-</u>	<u>525</u>	<u>-</u>	<u>-</u>	<u>5,266</u>
	<u>₩ 5,658</u>	<u>₩ -</u>	<u>₩ 737</u>	<u>₩ 28</u>	<u>₩ (240)</u>	<u>₩ 6,183</u>

(*1) Korea Construction Management Corp.'s, an associate, investments balance became nil due to the cumulative loss thus the application of equity method was suspended. As of December 31, 2023, the change in equity amount of ₩7,049 million (share of loss amount ₩7,049 million) was not recognized.

(*2) BARR O&M LLP's, an associate, investments balance became nil due to the cumulative loss thus the application of equity method was suspended. As of December 31, 2023, the change in equity amount of ₩424 million (share of loss amount ₩424 million) was not recognized.

(*3) The balance of investments in Busan-Ulsan Expressway Co., Ltd. amounts to nil due to the cumulative losses and the equity method was suspended. As a result, the share of losses not recognized is ₩167,844 million (share of loss amount ₩167,844 million) as of December 31, 2023. In addition, the Group's shares were provided as collateral in connection with the debts of the investee.

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13. Investments in associates and joint ventures (cont'd)

Financial information of associates and joint ventures is as follows (Korean won in millions):

	December 31, 2024			
	Assets	Liabilities	Revenue	Net income (loss) for the period
Associates:				
Korea Construction Management Corp.	₩ 4,586	₩ 1,650	₩ 47	₩ 118
BARR O&M LLP	8,951	6,956	13,348	2,260
Joint venture:				
Busan-Ulsan Expressway Co. Ltd.	495,726	800,971	73,571	22,810
Expressway Solar Power Co., Ltd.	11,738	389	3,219	1,022
	December 31, 2023			
	Assets	Liabilities	Revenue	Net income (loss) for the period
Associates:				
Korea Construction Management Corp.	₩ 4,705	₩ 696	₩ -	₩ (512)
Highway Solar Corp	13,318	10,157	2,757	827
BARR O&M LLP	9,142	10,202	5,851	(973)
Joint venture:				
Busan-Ulsan Expressway Co. Ltd.	504,659	833,765	75,444	1,317
Expressway Solar Power Co., Ltd.	13,223	2,691	3,555	1,050

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14. Property, plant and equipment

Property, plant and equipment as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024			
	Acquisition cost	Government grant	Accumulated depreciation	Carrying amount
Land	₩ 151,750	₩ -	₩ -	₩ 151,750
Buildings	1,138,684	(221)	(463,001)	675,461
Structures	113,373	(110)	(67,564)	45,699
Machinery	135,153	(25)	(98,784)	36,344
Information technology equipment	691,713	-	(525,972)	165,741
Vehicles	167,226	(167)	(121,429)	45,629
Furniture and fixtures	155,356	(127)	(119,036)	36,193
Tools and equipment	40,657	-	(34,399)	6,259
Right-of-use assets (vehicles)	8,855	-	(4,542)	4,312
Right-of-use assets (buildings)	3,574	-	(1,535)	2,039
Right-of-use assets (others)	19	-	(1)	18
Construction-in-progress	77,352	(8)	-	77,344
	<u>₩ 2,683,711</u>	<u>₩ (657)</u>	<u>₩ (1,436,265)</u>	<u>₩ 1,246,789</u>

	December 31, 2023			
	Acquisition cost	Government grant	Accumulated depreciation	Carrying amount
Land	₩ 131,363	₩ -	₩ -	₩ 131,363
Buildings	1,063,443	(696)	(426,682)	636,065
Structures	111,406	(126)	(64,639)	46,641
Machinery	125,865	(33)	(93,344)	32,488
Information technology equipment	661,469	-	(492,517)	168,952
Vehicles	159,809	(215)	(114,440)	45,154
Furniture and fixtures	150,789	(160)	(111,999)	38,630
Tools and equipment	38,744	-	(32,634)	6,110
Right-of-use assets (vehicles)	9,569	-	(5,538)	4,031
Right-of-use assets (buildings)	2,757	-	(1,503)	1,254
Construction-in-progress	37,993	(8)	-	37,985
	<u>₩ 2,493,207</u>	<u>₩ (1,238)</u>	<u>₩ (1,343,296)</u>	<u>₩ 1,148,673</u>

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14. Property, plant and equipment(cont'd)

Changes in property, plant and equipment for the years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

	2024					
	Beginning balance	Acquisition (*1)	Disposals	Depreciation	Others (*2)	Ending balance
Land	₩ 131,363	₩ -	₩ -	₩ -	₩ 20,387	₩ 151,750
Buildings	636,761	5,691	(236)	(36,661)	70,128	675,683
(Government grant)	(696)	-	-	10	465	(221)
Structures	46,767	-	(29)	(3,011)	2,082	45,809
(Government grant)	(126)	-	-	16	-	(110)
Machinery	32,521	-	(514)	(9,633)	13,996	36,370
(Government grant)	(33)	-	-	7	-	(26)
Information technology equipment	168,952	491	(35)	(49,890)	46,223	165,741
Vehicles	45,369	-	(13)	(14,809)	15,248	45,795
(Government grant)	(215)	(51)	-	100	-	(166)
Furniture and fixtures	38,791	991	(3)	(14,644)	11,185	36,320
(Government grant)	(160)	-	-	34	-	(126)
Tools and equipment	6,109	-	-	(1,871)	2,020	6,258
Right-of-use assets	5,285	5,747	(12)	(4,654)	2	6,368
Construction-in-progress	37,993	142,931	-	-	(103,572)	77,352
(Government grant)	(8)	-	-	-	-	(8)
	<u>₩ 1,148,673</u>	<u>₩ 155,800</u>	<u>₩ (842)</u>	<u>₩ (135,005)</u>	<u>₩ 78,163</u>	<u>₩ 1,246,789</u>

(*1) Increase due to asset contributions of ₩491 million is included.

(*2) Other changes are due to recognition of right-of-use assets, reclassification of construction-in-progress and replacement of the investment property and intangible assets.

	2023					
	Beginning balance	Acquisition	Disposals	Depreciation	Others (*1)	Ending balance
Land	₩ 131,029	₩ -	₩ -	₩ -	₩ 334	₩ 131,363
Buildings	643,118	310	(245)	(35,250)	28,829	636,762
(Government grant)	(723)	-	-	27	-	(696)
Structures	49,587	-	-	(3,040)	219	46,766
(Government grant)	(142)	-	-	16	-	(126)
Machinery	30,024	-	(89)	(9,077)	11,662	32,520
(Government grant)	(11)	(27)	-	5	-	(33)
Information technology equipment	174,906	-	(85)	(50,290)	44,420	168,951
Vehicles	41,936	-	(62)	(15,396)	18,892	45,370
(Government grant)	(208)	(108)	-	101	-	(215)
Furniture and fixtures	40,112	1,187	(5)	(14,260)	11,757	38,791
(Government grant)	(10)	(156)	-	5	-	(161)
Tools and equipment	7,028	-	(2)	(3,285)	2,369	6,110
Right-of-use assets	3,067	4,630	(40)	(3,514)	1,143	5,286
Construction-in-progress	49,587	118,178	-	-	(129,772)	37,993
(Government grant)	-	(8)	-	-	-	(8)
	<u>₩ 1,169,300</u>	<u>₩ 124,006</u>	<u>₩ (528)</u>	<u>₩ (133,958)</u>	<u>₩ (10,147)</u>	<u>₩ 1,148,673</u>

(*1) Others consist of transfer of construction-in-progress and transfer to investment property.

As of December 31, 2024, the Group has maintained fire and related insurance policies with Heungkuk Fire & Marine Insurance Co., Ltd. and others for buildings and structures, and commercial automobile insurance policies with Samsung Fire & Marine Insurance Co., Ltd. and others for its vehicles.

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15. Investment properties

Investment properties as of December 31, 2024 and 2023 are as follows (Korean won in millions):

December 31, 2024				
	Acquisition Cost	Government grant	Accumulated depreciation	Carrying amount
Land	₩ 306,670	₩ -	₩ -	₩ 306,670
Buildings	1,368,561	(4,982)	(634,235)	729,344
Structures	679,277	-	(425,162)	254,115
Construction-in-progress	585,488	-	-	585,488
	<u>₩ 2,939,997</u>	<u>₩ (4,982)</u>	<u>₩ (1,059,398)</u>	<u>₩ 1,875,617</u>

December 31, 2023				
	Acquisition Cost	Government grant	Accumulated depreciation	Carrying amount
Land	₩ 306,692	₩ -	₩ -	₩ 306,692
Buildings	1,309,293	-	(587,072)	722,221
Structures	661,841	-	(402,825)	259,016
Construction-in-progress	500,282	(4,653)	-	459,629
	<u>₩ 2,778,108</u>	<u>₩ (4,653)</u>	<u>₩ (989,897)</u>	<u>₩ 1,783,558</u>

Changes in investment properties for the years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

2024						
	Beginning balance	Acquisition (*1)	Disposals	Depreciation	Other (*2)	Ending balance
Land	₩ 306,692	₩ -	₩ -	₩ -	₩ (22)	₩ 306,670
Buildings	722,221	1,310	(20)	(47,221)	58,036	734,326
(Government grant)	-	-	-	136	(5,118)	(4,982)
Structures	259,016	224	(109)	(22,756)	17,739	254,114
Construction-in-progress	500,282	155,554	-	-	(70,347)	585,489
(Government grant)	(4,653)	-	-	-	4,653	-
	<u>₩ 1,783,558</u>	<u>₩ 157,088</u>	<u>₩ (129)</u>	<u>₩ (69,842)</u>	<u>₩ 4,943</u>	<u>₩ 1,875,617</u>

(*1) Increase due to asset contributions of ₩835 million is included.

(*2) Other changes are due to reclassification of construction-in-progress and others.

2023						
	Beginning balance	Acquisition (*1)	Disposals	Depreciation	Other (*2)	Ending balance
Land	₩ 306,574	₩ 118	₩ -	₩ -	₩ -	₩ 306,692
Buildings	713,271	26,472	(380)	(44,697)	27,555	722,221
Structures	249,724	3,512	(108)	(21,912)	27,800	259,016
Construction-in-progress	436,171	108,170	-	-	(44,059)	500,282
Government grant	(4,653)	-	-	-	-	(4,653)
	<u>₩ 1,701,088</u>	<u>₩ 138,272</u>	<u>₩ (488)</u>	<u>₩ (66,609)</u>	<u>₩ 11,296</u>	<u>₩ 1,783,558</u>

(*1) Increase due to asset contributions of ₩29,984 million is included.

(*2) Other changes are due to reclassification of construction-in-progress and others.

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15. Investment properties (cont'd)

The amounts recognized in profit or loss from investment properties for the years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024	December 31, 2023
Rental income from investment properties	₩ 264,439	₩ 260,616
Direct operation expenses arising from investment properties	(124,103)	(117,050)
	<u>₩ 140,336</u>	<u>₩ 143,566</u>

All investment properties of the Group are directly owned by the Group, and there are no plans to sell them as of the reporting date. An alternative estimation method cannot be applied to the Group's investment properties because the transaction in the comparable markets does not incur frequently and the difference in use with neighboring areas and expected cash flows are not reliably estimated. In this regard, as of December 31, 2024, the fair value assessment of the Group's investment properties has not been conducted.

16. Intangible assets

(1) Intangible assets as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024				
	Acquisition Cost	Government grant	Accumulated amortization	Accumulated impairment	Carrying amount
Software	₩ 248,479	₩ (96)	₩ (204,580)	₩ -	₩ 43,802
Industrial property rights	1,852	-	(833)	-	1,019
Development cost	386	-	(386)	-	-
Construction in progress	22,152,758	-	-	(262,588)	21,890,169
Expressway operating rights (*1)	97,188,425	-	(37,858,283)	-	59,330,142
Others	12,466	-	-	-	12,466
	<u>₩ 119,604,365</u>	<u>₩ (96)</u>	<u>₩ (38,064,081)</u>	<u>₩ (262,588)</u>	<u>₩ 81,277,599</u>

(*1) The Group mainly engages in the construction and management of roads. The Group considers the entire road as one cash-generating unit and determines that there is no indication of impairment on the right to operate toll roads.

	December 31, 2023				
	Acquisition cost	Government grant	Accumulated amortization	Accumulated impairment	Carrying amount
Software	₩ 236,028	₩ (125)	₩ (190,205)	₩ -	₩ 45,698
Industrial property rights	1,773	-	(745)	-	1,028
Development cost	386	-	(386)	-	-
Construction in progress	20,257,578	-	-	(262,588)	19,994,990
Expressway operating rights (*1)	92,935,640	-	(36,253,136)	-	56,682,504
Others	12,887	-	-	-	12,887
	<u>₩ 113,444,292</u>	<u>₩ (125)</u>	<u>₩ (36,444,472)</u>	<u>₩ (262,588)</u>	<u>₩ 76,737,107</u>

(*1) The Group mainly engages in the construction and management of roads. The Group considers the entire road as one cash-generating unit and determines that there is no indication of impairment on the right to operate toll roads.

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16. Intangible assets (cont'd)

Changes in intangible assets for years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

	2024					
	Beginning balance	Acquisition (*1)	Disposals	Amortization	Other (*2)	Ending balance
Software	₩ 45,823	₩ 157	₩ (1)	₩ (14,599)	₩ 12,518	₩ 43,899
(Government grant)	(125)	-	-	28	-	(96)
Industrial property rights	1,028	-	-	(87)	79	1,019
Development cost	-	-	-	-	-	-
Intangible assets under development	19,994,990	6,245,359	-	-	(4,350,180)	21,890,169
Expressway operating rights	56,682,504	-	(2,141)	(1,605,147)	4,254,926	59,330,142
Others	12,887	-	(415)	(6)	-	12,466
	<u>₩ 76,737,107</u>	<u>₩ 6,245,516</u>	<u>₩ (2,558)</u>	<u>₩ (1,619,811)</u>	<u>₩ (82,656)</u>	<u>₩ 81,277,599</u>

(*1) Acquisition of intangible assets under development includes ₩402,033 million of capitalized interest.

(*2) Other changes are due to the transfer of intangible assets under development to completed intangible assets and to property, plant and equipment.

	2023					
	Beginning balance	Acquisition (*1)	Disposals	Amortization	Other (*2)	Ending balance
Software	₩ 39,302	₩ 105	₩ -	₩ (12,464)	₩ 18,880	₩ 45,823
(Government grant)	-	(141)	-	16	-	(125)
Industrial property rights	1,006	-	-	(82)	104	1,028
Development cost	-	-	-	-	-	-
Intangible assets under development	17,442,862	5,588,329	-	-	(3,036,201)	19,994,990
Expressway operating rights	55,220,470	-	(1,517)	(1,553,486)	3,017,038	56,682,504
Others	13,304	-	(412)	(5)	-	12,887
	<u>₩ 72,716,944</u>	<u>₩ 5,588,293</u>	<u>₩ (1,929)</u>	<u>₩ (1,566,022)</u>	<u>₩ (179)</u>	<u>₩ 76,737,107</u>

(*1) Acquisition of intangible assets under development includes ₩283,041 million of capitalized interest.

(*2) Other changes are due to the transfer of intangible assets under development to completed intangible assets.

Major individual intangible assets as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	Detail	December 31, 2024	December 31, 2023
Expressway operating rights	Right to highway management	<u>₩ 59,330,142</u>	<u>₩ 56,682,504</u>

(*) The Group amortizes service and operating rights using the investment cost recovery method.

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17. Trade and other payables

Trade and other payables as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024		December 31, 2023	
	Current	Non-current	Current	Non-current
Accounts payable	₩ 1,135,672	₩ -	₩ 847,819	₩ -
Accrued expenses	287,827	203	261,837	203
Leasehold deposits received	88,501	155,273	88,118	155,651
Other deposits received	4,158	-	2,003	-
Lease liabilities	3,656	2,647	3,059	2,102
	<u>₩ 1,519,813</u>	<u>₩ 158,123</u>	<u>₩ 1,202,836</u>	<u>₩ 157,956</u>

18. Borrowings and bonds

Borrowings and bonds as of December 31, 2024 and 2023, are as follows (Korean won in millions):

	December 31, 2024	December 31, 2023
Current:		
Current portion of long-term borrowings	₩ 100,000	₩ -
Current portion of bonds	4,412,000	4,097,359
Less: discount on bonds	(1,783)	(377)
	<u>4,510,217</u>	<u>4,096,982</u>
Non-current:		
Long-term borrowings	1,200,000	1,300,000
Bonds	32,761,600	30,252,309
Less: discount on bonds	(14,531)	(12,077)
Financial liabilities at FVTPL	77,200	-
	<u>34,024,269</u>	<u>31,540,232</u>
	<u>₩ 38,534,486</u>	<u>₩ 35,637,214</u>

(*) The Group has entered into an interest rate swap contract to hedge risk of fair value fluctuations due to changes in interest rates. The Group may eliminate or reduce an accounting mismatch arising from classification of corporate bonds and derivative instruments at amortized cost and fair value, respectively, through designating corporate bonds as financial liability at fair value through profit or loss.

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18. Borrowings and bonds (cont'd)

Long-term borrowings as of December 31, 2024 and 2023 are as follows (Korean won in millions):

Type	Lenders	Interest rates	December 31, 2024	December 31, 2023
			Carrying amount	Carrying amount
Loan operating funds	KEB Hana Bank	CD+0.34%	₩ 100,000	₩ 100,000
Loan operating funds	KEB Hana Bank	CD+0.23%	100,000	100,000
Loan operating funds	KEB Hana Bank	CD+0.23%	100,000	100,000
Loan operating funds	KEB Hana Bank	CD+0.24%	200,000	200,000
Loan operating funds	KEB Hana Bank	CD+0.24%	100,000	100,000
Loan operating funds	KEB Hana Bank	CD+0.31%	100,000	100,000
Loan operating funds	KEB Hana Bank	CD+0.57%	100,000	100,000
Loan operating funds	KEB Hana Bank	CD+0.59%	100,000	100,000
Loan operating funds	KEB Hana Bank	CD+0.87%	100,000	100,000
Loan operating funds	KEB Hana Bank	CD+0.37%	150,000	150,000
Loan operating funds	KEB Hana Bank	CD+0.43%	150,000	150,000
			1,300,000	1,300,000
Less: current portion			(100,000)	-
			₩ 1,200,000	₩ 1,300,000

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18. Borrowings and bonds (cont'd)

Details of bonds as of December 31, 2024 and 2023 are as follows (Korean won, USD, JPY, HKD, EUR, CHF, SEK, CAD and SGD in millions):

Series	Annual interest rate (%)	Maturity	December 31, 2024		December 31, 2023	
			Foreign currency	Local currency	Foreign currency	Local currency
408 th	5.350	2027-02-14	-	₩ 180,000	-	₩ 180,000
410 th	5.290	2027-02-27	-	80,000	-	80,000
411 st	5.390	2037-02-27	-	50,000	-	50,000
464 th	5.380	2024-03-17	-	-	-	90,000
466 th	5.450	2029-04-02	-	150,000	-	150,000
468 th	5.350	2039-04-21	-	60,000	-	60,000
486 th	5.240	2025-03-08	-	100,000	-	100,000
496 th	5.210	2025-07-13	-	140,000	-	140,000
497 th	5.250	2030-07-20	-	90,000	-	90,000
498 th	5.120	2025-07-27	-	100,000	-	100,000
500 th	4.980	2040-08-26	-	120,000	-	120,000
503 rd	4.570	2025-09-29	-	130,000	-	130,000
505 th	4.580	2025-10-25	-	130,000	-	130,000
515 th	4.910	2030-12-17	-	100,000	-	100,000
522 nd	4.620	2026-05-20	-	120,000	-	120,000
526 th	4.520	2026-06-28	-	130,000	-	130,000
530 th	4.270	2031-08-23	-	200,000	-	200,000
532 nd	4.310	2031-09-23	-	180,000	-	180,000
534 th	4.400	2026-10-25	-	100,000	-	100,000
542 nd	4.130	2027-01-31	-	150,000	-	150,000
543 rd	4.250	2027-03-21	-	250,000	-	250,000
549 st	3.990	2027-05-11	-	100,000	-	100,000
551 st	4.050	2032-05-25	-	150,000	-	150,000
553 rd	3.900	2027-06-15	-	70,000	-	70,000
554 th	4.020	2032-06-27	-	150,000	-	150,000
556 th	3.100	2027-08-30	-	100,000	-	100,000
560 th	3.480	2062-09-26	-	100,000	-	100,000
563 rd	3.370	2027-12-18	-	190,000	-	190,000
564 th	3.220	2028-01-22	-	150,000	-	150,000
567 th	3.280	2033-02-13	-	150,000	-	150,000
568 th	3.170	2028-02-27	-	100,000	-	100,000
570 th	3.160	2033-03-27	-	150,000	-	150,000
574 th	3.420	2025-06-13	-	100,000	-	100,000
582 nd	3.730	2028-10-10	-	100,000	-	100,000
592 nd	3.678	2024-02-13	-	-	-	100,000
596 th	3.643	2024-03-13	-	-	-	100,000
599 th	3.652	2024-03-27	-	-	-	60,000
600 th	3.645	2024-04-02	-	-	-	50,000
3 X Spread Reference						
Average spread over a specific period						
601 st	Spread Reference Daily spread between calculators: 20Y EUR Swap interest rate-2Y EUR Swap interest rate	2024-04-04	-	-	-	30,000
603 rd	3.662	2024-04-16	-	-	-	120,000
605 th	3.242	2029-07-16	-	50,000	-	50,000
606 th	Annual Min (4.20%, 3.00 × (avg spread (20 EUR CMS-2 EUR CMS)) × N / M), (Lower limit 0.00%)	2024-09-04	-	-	-	100,000
607 th	2.951	2029-10-02	-	100,000	-	100,000
608 th	2.997	2029-10-15	-	100,000	-	100,000
609 th	2.956	2034-10-30	-	170,000	-	170,000
610 th	2.692	2024-11-06	-	-	-	250,000
611 st	2.864	2026-11-13	-	100,000	-	100,000
614 th	2.782	2024-12-24	-	-	-	50,000
615 th	2.462	2025-02-13	-	190,000	-	190,000
616 th	2.549	2030-02-27	-	200,000	-	200,000

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617 th	2.445	2025-03-06	-	₩	100,000	-	₩	100,000
619 th	2.331	2030-04-16	-		100,000	-		100,000
620 th	2.357	2025-04-24	-		90,000	-		90,000
622 nd	2.803	2030-05-14	-		170,000	-		170,000
623 rd	8.55% - 0.1 × [Average SIFMA / average 3month LIBOR] (Cap 5.50%, Floor 0.01% per year)	2030-05-15	-		30,000	-		30,000
625 th	2.560	2025-05-28	-		70,000	-		70,000
626 th	2.640	2025-06-19	-		130,000	-		130,000
627 th	2.570	2025-07-22	-		150,000	-		150,000
631 st	2.11*(USD 30Y CMS -USD 2Y CMS)+0.2% (Cap 5.50%, Floor 0.00% annual payment) 2) After the switch option exercise: 2.8% per year(fixed interest rate)	2030-08-19	-		50,000	-		50,000
632 nd	2.372	2025-08-19	-		80,000	-		80,000
633 rd	2.547	2035-09-15	-		130,000	-		130,000
634 th	4.0%*(KRW 10Y CMS -USD 1Y CMS) (Cap 4.50%, Floor 0.25% per year) /Actual/365 2) 2) After the switch option exercise: 3.0 % per year (fixed interest rate)	2030-09-23	-		50,000	-		50,000
635 th	2.237	2025-09-24	-		50,000	-		50,000
636 th	3.3%*(KRW 10Y CMS -USD 1Y CMS) (Cap 4.50%, Floor 0.00% per year) 2) After the switch option exercise: 2.8% per year(fixed interest rate)	2030-10-28	-		50,000	-		50,000
637 th	2.395	2025-11-12	-		150,000	-		150,000
639 th	2.490	2030-11-30	-		200,000	-		200,000
641 st	2.354	2030-12-16	-		120,000	-		120,000
642 nd	1.976	2036-02-18	-		190,000	-		190,000
644 th	2.005	2046-05-25	-		150,000	-		150,000
645 th	2.3%*(EUR 30Y CMS - EUR 5Y CMS) (Cap 3.00%, Floor 0.00% per year)	2031-06-23	-		30,000	-		30,000
646 th	1.542	2036-07-20	-		150,000	-		150,000
648 th	1.567	2046-08-26	-		100,000	-		100,000
651 st	1.850	2046-10-24	-		130,000	-		130,000
652 nd	1.896	2046-11-10	-		140,000	-		140,000
655 th	2.303	2047-02-17	-		150,000	-		150,000
657 th	2.354	2047-03-17	-		110,000	-		110,000
658 th	2.162	2024-03-29	-		-	-		50,000
659 th	2.242	2027-03-29	-		20,000	-		20,000
661 st	2.381	2037-04-19	-		110,000	-		110,000
662 nd	2.309	2047-06-21	-		120,000	-		120,000
663 rd	2.416	2037-08-24	-		140,000	-		140,000
664 th	2.334	2027-08-31	-		70,000	-		70,000
666 th	2.369	2032-09-08	-		160,000	-		160,000
667 th	2.316	2027-09-15	-		160,000	-		160,000
668 th	2.353	2047-09-21	-		150,000	-		150,000
669 th	2.399	2037-09-27	-		100,000	-		100,000
670 th	2.472	2037-10-12	-		150,000	-		150,000
671 st	2.635	2037-11-03	-		150,000	-		150,000
672 nd	2.626	2027-11-10	-		90,000	-		90,000
675 th	2.660	2047-11-24	-		170,000	-		170,000
676 th	2.538	2047-12-08	-		100,000	-		100,000
677 th	2.889	2048-02-21	-		150,000	-		150,000
678 th	2.855	2038-03-09	-		130,000	-		130,000
680 th	2.869	2048-05-10	-		100,000	-		100,000
681 st	2.882	2033-05-18	-		110,000	-		110,000
683 rd	2.664	2048-06-28	-		90,000	-		90,000
685 th	2.607	2038-07-19	-		120,000	-		120,000
687 th	2.301	2048-09-14	-		70,000	-		70,000
689 th	2.349	2038-10-25	-		70,000	-		70,000
692 nd	2.195	2048-11-22	-		90,000	-		90,000
694 th	2.134	2038-11-29	-		50,000	-		50,000
695 th	2.000	2048-12-07	-		110,000	-		110,000
697 th	1.954	2024-02-20	-		-	-		150,000
698 th	2.147	2049-02-22	-		130,000	-		130,000
699 th	2.151	2039-02-27	-		100,000	-		100,000
700 th	2.143	2049-03-08	-		150,000	-		150,000

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701 st	2.129	2049-03-19	-	₩	120,000	-	₩	120,000
703 rd	1.963	2049-04-11	-		170,000	-		170,000
704 th	1.976	2049-04-25	-		100,000	-		100,000
705 th	1.890	2029-05-23	-		90,000	-		90,000
706 th	1.787	2049-05-30	-		130,000	-		130,000
707 th	1.672	2024-06-05	-		-	-		170,000
708 th	1.589	2024-06-14	-		-	-		110,000
709 th	1.512	2024-06-21	-		-	-		160,000
710 th	1.593	2029-07-05	-		80,000	-		80,000
711 st	1.531	2024-07-17	-		-	-		140,000
712 nd	1.318	2049-08-22	-		120,000	-		120,000
713 rd	1.416	2024-09-05	-		-	-		130,000
714 th	1.467	2049-09-25	-		130,000	-		130,000
717 th	1.802	2024-11-06	-		-	-		110,000
718 th	1.833	2026-11-14	-		100,000	-		100,000
719 th	1.665	2024-11-21	-		-	-		90,000
720 th	1.715	2024-11-27	-		-	-		90,000
722 nd	1.627	2024-12-12	-		-	-		190,000
723 rd	1.666	2026-12-18	-		100,000	-		100,000
724 th	1.298	2025-03-05	-		200,000	-		200,000
725 th	1.518	2050-03-12	-		150,000	-		150,000
726 th	1.567	2027-03-19	-		110,000	-		110,000
727 th	1.658	2025-03-26	-		170,000	-		170,000
728 th	1.749	2030-04-02	-		100,000	-		100,000
729 th	1.780	2040-04-02	-		110,000	-		110,000
730 th	1.469	2025-04-09	-		150,000	-		150,000
731 st	1.705	2050-04-09	-		120,000	-		120,000
733 rd	1.598	2030-04-17	-		70,000	-		70,000
735 th	1.727	2040-04-24	-		100,000	-		100,000
737 th	1.578	2040-05-21	-		140,000	-		140,000
738 th	1.504	2030-05-28	-		130,000	-		130,000
739 th	1.628	2040-06-18	-		160,000	-		160,000
740 th	1.437	2027-07-16	-		70,000	-		70,000
743 rd	1.431	2027-09-24	-		110,000	-		110,000
745 th	1.648	2030-10-22	-		150,000	-		150,000
746 th	1.706	2050-10-29	-		130,000	-		130,000
747 th	1.678	2030-11-05	-		100,000	-		100,000
748 ^h	1.731	2040-11-05	-		100,000	-		100,000
749 th	1.467	2025-11-12	-		110,000	-		110,000
750 th	1.809	2050-11-12	-		80,000	-		80,000
752 nd	1.577	2027-11-19	-		80,000	-		80,000
753 rd	1.453	2025-11-26	-		190,000	-		190,000
754 th	1.789	2030-12-03	-		170,000	-		170,000
756 th	1.859	2050-12-23	-		150,000	-		150,000
757 th	2.182	2051-03-11	-		150,000	-		150,000
758 th	1.826	2026-03-18	-		120,000	-		120,000
759 th	2.239	2031-03-18	-		160,000	-		160,000
760 th	2.084	2031-03-26	-		100,000	-		100,000
761 st	2.150	2041-03-26	-		50,000	-		50,000
762 nd	1.283	2024-04-02	-		-	-		150,000
763 rd	1.735	2026-04-08	-		160,000	-		160,000
764 th	2.281	2051-04-08	-		140,000	-		140,000
765 th	2.146	2041-04-15	-		140,000	-		140,000
766 th	2.197	2051-06-17	-		130,000	-		130,000
767 th	1.823	2026-07-09	-		130,000	-		130,000
768 th	2.137	2051-07-09	-		230,000	-		230,000
769 th	2.024	2031-07-23	-		50,000	-		50,000
770 th	2.066	2041-07-23	-		110,000	-		110,000
771 st	2.036	2051-08-13	-		130,000	-		130,000
772 nd	1.543	2024-08-20	-		-	-		160,000
773 rd	2.096	2051-09-09	-		220,000	-		220,000
774 th	1.993	2024-10-14	-		-	-		90,000
775 th	2.391	2051-10-14	-		140,000	-		140,000
776 th	2.326	2026-10-21	-		150,000	-		150,000
777 th	2.408	2041-10-21	-		80,000	-		80,000
778 th	1.999	2024-10-21	-		-	-		50,000
779 th	2.549	2026-10-28	-		80,000	-		80,000
780 th	2.592	2051-10-28	-		130,000	-		130,000
781 st	2.427	2026-11-05	-		130,000	-		130,000

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782 nd	2.523	2041-11-05	-	₩	70,000	-	₩	70,000
783 rd	2.417	2041-11-11	-		60,000	-		60,000
784 th	2.403	2051-11-11	-		160,000	-		160,000
785 th	2.430	2051-11-19	-		120,000	-		120,000
786 th	2.074	2024-12-03	-		-	-		150,000
787 th	2.303	2051-12-03	-		90,000	-		90,000
788 th	2.050	2024-12-09	-		-	-		50,000
789 th	2.304	2041-12-09	-		100,000	-		100,000
790 th	2.312	2041-12-16	-		70,000	-		70,000
791 st	2.350	2051-12-16	-		30,000	-		30,000
792 nd	2.547	2027-01-21	-		60,000	-		60,000
793 rd	2.577	2052-01-21	-		110,000	-		110,000
794 th	2.771	2052-02-11	-		90,000	-		90,000
795 th	2.816	2052-03-04	-		170,000	-		170,000
796 th	2.339	2024-03-11	-		-	-		170,000
797 th	2.807	2042-03-11	-		60,000	-		60,000
798 th	2.856	2027-03-24	-		80,000	-		80,000
799 th	2.909	2042-03-24	-		110,000	-		110,000
800 th	3.238	2042-04-07	-		70,000	-		70,000
801 st	4.27(1.5 years, interest paid 3 times)	2032-04-14	-		40,000	-		40,000
802 nd	3.323	2027-04-15	-		60,000	-		60,000
803 rd	3.256	2052-04-15	-		140,000	-		140,000
804 th	3.449	2042-04-22	-		80,000	-		80,000
805 th	3.172	2025-04-27	-		50,000	-		50,000
806 th	3.321	2052-04-27	-		100,000	-		100,000
807 th	3.266	2025-05-13	-		50,000	-		50,000
808 th	3.409	2042-05-20	-		100,000	-		100,000
809 th	4.20(1.5 years, interest paid 3 times)	2032-06-02	-		50,000	-		50,000
810 th	3.385	2052-06-10	-		100,000	-		100,000
811 st	3.810	2042-06-24	-		100,000	-		100,000
812 nd	3.364	2052-07-07	-		90,000	-		90,000
813 rd	3.457	2052-07-21	-		100,000	-		100,000
814 th	3.363	2052-07-29	-		80,000	-		80,000
815 th	3.403	2052-08-11	-		120,000	-		120,000
816 th	3.463	2042-08-19	-		80,000	-		80,000
817 th	3.842	2052-09-08	-		80,000	-		80,000
818 th	3.954	2042-09-16	-		90,000	-		90,000
819 th	4.151	2052-09-26	-		50,000	-		50,000
820 th	4.391	2042-09-28	-		40,000	-		40,000
822 nd	5.012	2024-10-07	-		-	-		70,000
823 rd	5.889	2024-10-27	-		-	-		140,000
824 th	5.915	2025-10-27	-		50,000	-		50,000
825 th	5.498	2025-11-11	-		170,000	-		170,000
826 th	5.38	2025-11-17	-		50,000	-		50,000
827 th	5.407	2027-11-17	-		70,000	-		70,000
828 th	4.780	2025-12-01	-		160,000	-		160,000
829 th	3.665	2026-01-19	-		150,000	-		150,000
830 th	3.665	2028-01-19	-		120,000	-		120,000
831 st	3.523	2026-01-27	-		150,000	-		150,000
832 nd	3.572	2028-02-10	-		250,000	-		250,000
833 rd	3.907	2026-02-21	-		120,000	-		120,000
834 th	3.919	2028-02-21	-		160,000	-		160,000
835 th	4.094	2028-03-03	-		270,000	-		270,000
836 th	4.103	2026-03-09	-		170,000	-		170,000
837 th	3.744	2028-03-16	-		130,000	-		130,000
838 th	3.678	2033-03-16	-		80,000	-		80,000
839 th	3.606	2043-03-29	-		110,000	-		110,000
840 th	3.698	2053-04-06	-		200,000	-		200,000
841 st	3.600	2026-04-14	-		150,000	-		150,000
842 nd	3.638	2033-04-14	-		20,000	-		20,000
843 rd	3.681	2028-04-21	-		140,000	-		140,000
844 th	3.688	2043-04-21	-		90,000	-		90,000
845 th	3.722	2025-05-10	-		90,000	-		90,000
846 th	3.603	2028-05-10	-		70,000	-		70,000
847 th	3.698	2043-05-19	-		130,000	-		130,000
848 th	3.865	2025-06-05	-		140,000	-		140,000
849 th	3.849	2043-06-08	-		80,000	-		80,000

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850 th	3.956	2026-06-22	-	₩	130,000	-	₩	130,000
851 st	3.948	2028-06-29	-		80,000	-		80,000
852 nd	3.963	2026-07-03	-		60,000	-		60,000
853 rd	3.796	2043-07-03	-		150,000	-		150,000
854 th	3.974	2026-07-31	-		180,000	-		180,000
855 th	4.146	2033-08-17	-		100,000	-		100,000
856 th	4.034	2026-08-28	-		90,000	-		90,000
857 th	4.154	2033-09-05	-		60,000	-		60,000
858 th	4.193	2025-09-15	-		70,000	-		70,000
859 th	4.033	2043-09-15	-		140,000	-		140,000
860 th	4.255	2025-09-25	-		170,000	-		170,000
861 st	4.309	2043-09-23	-		50,000	-		50,000
862 nd	4.403	2026-10-13	-		110,000	-		110,000
863 rd	4.464	2033-10-13	-		120,000	-		120,000
864 th	4.638	2028-10-26	-		140,000	-		140,000
865 th	4.699	2033-10-21	-		30,000	-		30,000
866 th	4.626	2028-10-26	-		140,000	-		140,000
867 th	4.678	2033-10-26	-		80,000	-		80,000
868 th	4.397	2033-11-09	-		120,000	-		120,000
869 th	4.050	2026-11-16	-		80,000	-		80,000
870 th	4.070	2028-11-16	-		130,000	-		130,000
871 st	3.902	2033-12-02	-		130,000	-		130,000
872 nd	3.789	2043-12-04	-		140,000	-		140,000
873 rd	3.546	2027-02-02	-		160,000	-		-
874 th	3.541	2029-02-02	-		160,000	-		-
875 th	3.570	2027-02-02	-		70,000	-		-
876 th	3.666	2034-02-14	-		140,000	-		-
877 th	3.618	2027-02-19	-		140,000	-		-
878 th	3.683	2034-02-28	-		250,000	-		-
879 th	3.613	2044-03-08	-		160,000	-		-
880 th	3.476	2029-03-14	-		160,000	-		-
881 st	3.495	2044-03-14	-		90,000	-		-
882 nd	3.563	2029-03-21	-		130,000	-		-
883 rd	3.465	2027-03-25	-		300,000	-		-
884 th	3.515	2044-03-25	-		110,000	-		-
885 th	3.482	2029-03-26	-		150,000	-		-
886 th	3.535	2044-03-25	-		80,000	-		-
887 th	3.656	2029-04-24	-		40,000	-		-
888 th	3.697	2044-04-22	-		120,000	-		-
889 th	3.672	2029-05-03	-		100,000	-		-
890 th	3.638	2054-04-30	-		110,000	-		-
891 st	3.094	2054-07-08	-		77,200	-		-
892 nd	3.237	2034-07-17	-		160,000	-		-
893 rd	3.072	2044-08-09	-		60,000	-		-
894 th	3.144	2029-08-21	-		70,000	-		-
895 th	3.036	2054-08-21	-		90,000	-		-
896 th	3.152	2029-08-29	-		50,000	-		-
897 th	3.147	2044-08-29	-		110,000	-		-
898 th	3.173	2029-09-06	-		20,000	-		-
899 th	3.149	2044-09-06	-		100,000	-		-
900 th	3.135	2027-09-13	-		80,000	-		-
901 st	3.000	2054-09-11	-		120,000	-		-
902 nd	3.098	2026-09-23	-		90,000	-		-
903 rd	3.101	2029-09-26	-		70,000	-		-
904 th	3.140	2029-10-17	-		50,000	-		-
905 th	2.999	2054-10-16	-		190,000	-		-
906 th	3.248	2029-10-24	-		60,000	-		-
907 th	3.050	2054-10-23	-		230,000	-		-
908 th	3.195	2028-10-24	-		100,000	-		-
909 th	3.251	2034-10-24	-		100,000	-		-
910 th	3.223	2034-10-31	-		90,000	-		-
911 st	3.240	2029-11-08	-		260,000	-		-
912 nd	3.100	2044-11-08	-		110,000	-		-
913 rd	3.239	2029-11-14	-		100,000	-		-
914 th	3.172	2029-11-21	-		160,000	-		-
915 th	2.961	2054-11-20	-		100,000	-		-
916 th	3.032	2027-11-26	-		100,000	-		-
917 th	3.080	2029-11-28	-		120,000	-		-
918 th	2.927	2029-11-30	-		150,000	-		-

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919 th	2.938	2029-12-13	-	₩	50,000	-	₩	-
920 th	2.626	2054-12-11	-		70,000	-		-
9 th foreign bond	3.875	2024-05-07	-		-	EUR 45		64,197
10 th foreign bond	4.000	2027-05-07	EUR 23		35,161	EUR 23		32,812
18 th foreign bond	3.020	2027-03-18	USD 50		73,500	USD 50		64,470
19 th foreign bond	3.205	2030-11-30	USD 50		73,500	USD 50		64,470
20 th foreign bond	3.100	2026-06-08	USD 100		147,000	USD 100		128,940
21 st foreign bond	2.700	2026-10-26	USD 200		294,000	USD 200		257,880
22 nd foreign bond	2.565	2031-07-05	USD 100		147,000	USD 100		128,940
27 th foreign bond	2.310	2032-04-28	SEK 720		95,926	SEK 720		92,880
28 th foreign bond	3.030	2032-05-11	CAD 135		138,235	CAD 135		131,576
29 th foreign bond	0.250	2024-06-07	-		-	CHF 230		351,169
36 th foreign bond	3m USD LIBOR+1.20%	2025-06-02	USD 100		147,000	USD 100		128,940
39 th foreign bond	1.125	2026-05-17	USD 500		735,000	USD 500		644,700
40 th foreign bond	3.625%(T+85)	2025-05-18	USD 500		735,000	USD 500		644,700
41 st foreign bond	SOFR+1.40%	2027-10-28	USD 50		73,500	USD 50		64,470
42 nd foreign bond	5.400	2024-11-04	-		-	HKD 500		82,530
43 rd foreign bond	5.280	2024-11-07	-		-	HKD 680		112,241
44 th foreign bond	5.000	2024-11-07	-		-	SGD 120		117,223
45 th foreign bond	4.060	2027-05-12	HKD 450		85,185	HKD 450		74,277
46 th foreign bond	3.930	2030-05-22	HKD 500		94,650	HKD 500		82,530
47 th foreign bond	SOFR+1.03%	2028-07-10	USD 300		441,000	USD 300		386,820
48 th foreign bond	5.110	2030-11-08	HKD 400		75,720	HKD 400		66,024
49 th foreign bond	SOFR+0.98%	2028-11-28	USD 200		294,000	USD 200		257,880
50 th foreign bond	5.000%(T+60)	2027-05-14	USD 500		735,000	-		-
51 st foreign bond	5.130	2044-09-19	USD 50		73,500	-		-
52 nd foreign bond	0.55	2026-09-19	JPY 5,000		46,824	-		-
53 rd foreign bond	SOFR+0.65%	2026-10-02	USD 70		102,900	-		-
					37,250,800			34,349,668
Less: discount on bonds					(16,314)			(12,454)
					37,234,486			34,337,214
Less: current portion of bonds					(4,412,000)			(4,097,359)
Less: current portion of discount on bonds					1,783			377
Less: financial liabilities at fair value through profit or loss					(77,200)			-
				₩	32,747,069		₩	30,240,232

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18. Borrowings and bonds (cont'd)

The repayment schedule of borrowings and bonds (excluding borrowings with asset-backed securitization) as of December 31, 2024 and 2023 is as follows (Korean won in millions):

	December 31, 2024		
	Borrowings	Bonds	Total
Within 1 year	₩ 100,000	₩ 4,412,000	₩ 4,512,000
1 year–5 years	1,200,000	13,463,070	14,663,070
More than 5 years	-	19,375,730	19,375,730
	<u>₩ 1,300,000</u>	<u>₩ 37,250,800</u>	<u>₩ 38,550,800</u>

	December 31, 2023		
	Borrowings	Bonds	Total
Within 1 year	₩ -	₩ 4,097,359	₩ 4,097,359
1 year–5 years	1,300,000	13,105,889	14,405,889
More than 5 years	-	17,146,420	17,146,420
	<u>₩ 1,300,000</u>	<u>₩ 34,439,668</u>	<u>₩ 35,649,668</u>

19. Leases

The Group has lease contracts for buildings and vehicles used for its operations. Leases of buildings and vehicles generally have lease terms between 2 and 4 years.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases with low-value assets less than ₩5 million. The Group applies the short-term leases and low-value assets recognition exemptions for these leases.

Details of right-of-use assets as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024		
	Acquisition cost	Accumulated Depreciation	Carrying amount
Buildings	₩ 3,574	₩ (1,535)	₩ 2,039
Vehicles	8,855	(4,542)	4,312
Others	19	(1)	18
	<u>₩ 12,448</u>	<u>₩ (6,078)</u>	<u>₩ 6,369</u>

	December 31, 2023		
	Acquisition Cost	Accumulated depreciation	Carrying amount
Buildings	₩ 2,757	₩ (1,503)	₩ 1,254
Vehicles	9,570	(5,538)	4,032
	<u>₩ 12,327</u>	<u>₩ (7,041)</u>	<u>₩ 5,286</u>

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19. Leases (cont'd)

Changes in right-of-use assets for the years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

	Building	Vehicles	Others	Total
As of January 1, 2024	₩ 1,254	₩ 4,031	₩ -	₩ 5,286
Acquisition	2,110	3,619	19	5,747
Depreciation	(1,399)	(3,255)	(1)	(4,654)
Disposals	-	(12)	-	(12)
Others	74	(71)	-	2
As of December 31, 2024	₩ 2,039	₩ 4,312	₩ 18	₩ 6,369

Changes in right-of-use assets for the year ended December 31, 2023 are as follows (Korean won in millions):

	Building	Vehicles	Others	Total
As of January 1, 2023	₩ 734	₩ 2,333	₩ -	₩ 3,067
Acquisition	1,677	2,953	-	4,630
Depreciation	(985)	(2,526)	(3)	(3,514)
Others	(171)	1,272	3	1,103
As of December 31, 2023	₩ 1,254	₩ 4,032	₩ -	₩ 5,286

Details of maturity analysis of lease liabilities as of December 31, 2024 and December 31, 2023 are as follows (Korean won in millions):

	2024	2023
Not later than one year	₩ 3,703	₩ 3,129
Later than one year and not later than five years	2,784	2,200
Later than five years	-	-
Total undiscounted lease payments	6,487	5,330
Amount of present value adjustment	(184)	(169)
Present value of lease payments	₩ 6,303	₩ 5,160

Current and non-current distinction of the lease liabilities as of December 31, 2024 and December 31, 2023 are as follows (Korean won in millions):

	2024	2023
Current	₩ 3,656	₩ 3,058
Non-current	2,647	2,102
	₩ 6,303	₩ 5,160

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19. Leases (cont'd)

The amount recognized in profit or loss during the years ended December 31, 2024 and 2023 from the position of the lessee is as follows (Korean won in millions):

	2024	2023
Depreciation expense of right-of-use assets (buildings)	₩ 1,399	₩ 985
Depreciation expense of right-of-use assets (vehicles)	3,255	2,526
Depreciation expense of right-of-use assets (others)	1	3
Expense relating to short-term leases	19,569	16,533
Expense relating to leases of low-value assets	3,100	2,784
Interest expense on lease liabilities	177	158
Total amount recognized in profit or loss	₩ 27,501	₩ 22,989

Changes in lease liabilities for the years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

	Current	Non-current
As of January 1, 2024	₩ 3,058	₩ 2,102
Increase	-	5,565
Decrease	(4,403)	-
Interest expenses on lease liabilities	59	118
Others	4,942	(5,138)
As of December 31, 2024	₩ 3,656	₩ 2,647

	Current	Non-current
As of January 1, 2023	₩ 2,883	₩ 154
Increase	-	4,630
Decrease	(3,476)	-
Interest expenses on lease liabilities	65	93
Others	3,586	(2,775)
As of December 31, 2023	₩ 3,058	₩ 2,102

The Group recognized total lease-related cash outflows of ₩4,403 million in 2024 and ₩3,476 million in 2023 in the consolidated statements of cash flows.

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20. Employee benefits

Defined contribution plan

The Group operates a defined contribution plan, which requires contributions to be made to separately administered funds. If employees retire prior to meeting the conditions of the defined contribution plan, the Group's contribution reduces by the amount of contribution forfeited.

Contribution amounting to ₩10,665 million (2023: ₩11,741 million) in the consolidated statements of profit or loss and other comprehensive income represents the amount to be contributed by the Group, which is calculated based on the rates stated under the pension plan. The Group made all contributions to be paid for the year ended December 31, 2024. On the other hand, profit or loss from the defined contribution pension plan during the years ended December 31, 2024 and 2023 was recognized as the following in the consolidated financial statements (Korean won in millions):

	2024	2023
Cost of sales	₩ 6,910	₩ 7,844
Direct cost of business	1,795	1,701
Selling and administrative expenses (retirement benefits)	1,516	1,729
Selling and administrative expenses (others)	445	467
Total	₩ 10,665	₩ 11,741

Defined benefit plan

The Group operates a defined benefit plan for employees. A recent valuation on actuarial assumptions for plan assets and defined benefit obligation was performed by Dlog, an actuary consulting firm, on January 15, 2025. The present value of defined benefit obligation and related service costs are determined using the projected unit credit method.

The component of net defined benefit obligation as of December 31, 2024 and 2023 is as follows (Korean won in millions):

	December 31, 2024	December 31, 2023
Present value of defined benefit obligation	₩ 518,177	₩ 445,514
Fair value of plan assets	(532,405)	(508,441)
Net defined benefit obligation (asset)	₩ (14,228)	₩ (62,927)

Changes in present value of defined benefit obligation for the years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

	2024	2023
Defined benefit obligation at beginning of year	₩ 445,514	₩ 364,076
Current service cost	61,180	57,185
Interest expenses on the DBO (*)	18,567	18,478
Transfer effect of newcomer	1,184	1,238
Remeasurements of defined benefit plan	33,972	34,930
Benefits paid	(42,240)	(30,393)
Defined benefit obligation at end of year	₩ 518,177	₩ 445,514

(*) The rate used to discount DBO was determined by reference to market yields at the end of the reporting period on high quality corporate bonds (AAA).

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20. Employee benefits (cont'd)

Change in fair value of plan assets for the years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

	2024	2023
Fair value of plan assets at beginning of year	₩ 508,441	₩ 438,632
Interest income on plan assets (*)	20,852	22,011
Remeasurements of defined benefit plan	(1,627)	1,514
Benefits paid	(38,512)	(25,651)
Contributions	43,251	71,935
Fair value of plan assets at end of year	₩ 532,405	₩ 508,441

(*) Interest income on plan assets was determined by reference to market yields at the end of the reporting period on high quality corporate bonds (AAA).

Expenses recognized in profit or loss for the years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

	2024	2023
Current service costs	₩ 61,180	₩ 57,185
Interest expenses on liabilities	18,567	18,478
Transfer effect of newcomer	1,184	1,238
Interest income on plan assets	(20,852)	(22,011)
Total	₩ 60,078	₩ 54,890

The above profit or loss was recognized in the consolidated financial statements as follows:

	2024	2023
Cost of sales	₩ 45,014	₩ 41,958
Direct cost of business	3,732	3,283
Selling and administrative expenses (retirement benefit)	10,046	8,504
Selling and administrative expenses (others)	1,287	1,145
Total	₩ 60,078	₩ 54,890

Re-measurements recognized in other comprehensive income for the years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

	2024	2023
Actuarial gain/loss	₩ (33,973)	₩ (34,930)
Return on plan assets	(1,627)	1,514
Total	₩ (35,600)	₩ (33,416)

The Group expects to make a contribution of ₩43,251 million in the next year in related to the defined benefit plan.

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21. Provisions

Provisions as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024		December 31, 2023	
	Current	Non-current	Current	Non-current
Provisions for litigation	₩ -	₩ 792,560	₩ -	₩ 803,959
Provisions for employee benefits	131,238	-	134,528	-
Provisions for GHG emission	168	-	134	-
	<u>₩ 131,406</u>	<u>₩ 792,560</u>	<u>₩ 134,662</u>	<u>₩ 803,959</u>

Changes in provisions for the years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

	2024				
	Beginning balance	Additional provisions made	Amount used	Unused amounts reversed	Ending balance
Provisions for litigation	₩ 803,959	₩ 42,786	₩ -	₩ (54,185)	₩ 792,560
Provisions for employee benefits	134,528	131,238	(134,528)	-	131,238
Provisions for GHG emission	134	168	(130)	(5)	168
	<u>₩ 938,621</u>	<u>₩ 174,192</u>	<u>₩ (134,657)</u>	<u>₩ (54,189)</u>	<u>₩ 923,966</u>

	2023				
	Beginning balance	Additional provisions made	Amount used	Unused amounts reversed	Ending balance
Provisions for litigation	₩ 735,899	₩ 115,077	₩ (2,680)	₩ (44,337)	₩ 803,959
Provisions for employee benefits	126,989	134,528	(126,989)	-	134,528
Provisions for GHG emission	363	188	(301)	(115)	134
	<u>₩ 863,251</u>	<u>₩ 249,793</u>	<u>₩ (129,970)</u>	<u>₩ (44,452)</u>	<u>₩ 938,621</u>

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22. Government grants

Accounting for government grants

The Group presents government grants in the form of deductions from the related assets in accordance with the Article 44 of the Korean Government-owned and Quasi-government Accounting Standards.

Government grants presented as a deduction to each related assets as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024	December 31, 2023
Buildings	₩ 221	₩ 696
Structures	110	126
Machinery	25	33
Vehicles	167	215
Furniture and fixtures	127	160
Construction-in-progress	8	8
Buildings(Investment properties)	4,982	-
Construction-in-progress(Investment properties)	-	4,653
Software	96	125
	<u>₩ 5,736</u>	<u>₩ 6,016</u>

Changes in government grants presented as a deduction to each related assets for the years ended December 31 2024 and 2023 are as follows (Korean won in millions):

	2024				
	Beginning balance	Increase	Decrease	Others	Ending balance
Buildings	₩ 696	₩ -	₩ (10)	₩ (465)	₩ 221
Structures	126	-	(16)	-	110
Machinery	33	-	(8)	-	25
Vehicles	215	51	(100)	-	167
Furniture and fixtures	160	-	(34)	-	127
Construction-in-progress	8	-	-	-	8
Buildings(Investment properties)	-	-	(136)	5,118	4,982
Construction-in-progress (Investment properties)	4,653	-	-	(4,653)	-
Software	125	-	(28)	-	96
	<u>₩ 6,016</u>	<u>₩ 51</u>	<u>₩ (331)</u>	<u>₩ -</u>	<u>₩ 5,736</u>

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22. Government grants (cont'd)

	2023			
	Beginning balance	Increase	Decrease	Ending balance
Buildings	₩ 723	₩ -	₩ (27)	₩ 696
Structures	142	-	(16)	126
Machinery	11	27	(5)	33
Vehicles	208	108	(101)	215
Furniture and fixtures	10	155	(5)	160
Construction-in-progress	-	8	-	8
Construction-in-progress (Investment properties)	4,653	-	-	4,653
Software	-	141	(16)	125
	₩ 5,747	₩ 439	₩ (170)	₩ 6,016

Income relates to government grants recognized during the years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

	2024	2023
Offset of depreciation	₩ 331	₩ 172

23. Non-financial liabilities

Non-financial liabilities as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024		December 31, 2023	
	Current	Non-current	Current	Non-current
Advances received	₩ 144,053	₩ -	₩ 150,676	₩ -
Unearned revenue	1,707	25,446	946	23,456
Withholdings	29,314	-	27,104	-
Other non-financial liabilities	77	-	77	-
	₩ 175,150	₩ 25,446	₩ 178,803	₩ 23,456

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24. Consignment management service

In accordance with Article 12 of *Korea Expressway Corporation Act*, the Group constructs, maintains and repairs expressways and other works related to expressways on behalf of the Government and local governments.

In accordance with Article 44-3 of Korean Government-owned and Quasi-government Accounting Regulations and Standards, the Group recognizes the fund received from the Government, but unused at the year-end for the consignment management service as a deduction to cash and cash equivalents.

Unused funds or funds to be returned related to the consignment management service as of December 31, 2024 and 2023 are as follows (Korean won in millions):

Accounts	Type	Counter party	December 31, 2024	December 31, 2023
Consignment management service fund	Unexecuted deposit fund	Government	₩ 150,042	₩ 132,872
Consignment management service fund	Unexecuted deposit fund	Public institutions	252,894	271,385
			<u>₩ 402,936</u>	<u>₩ 404,257</u>

Changes in unused funds or funds to be returned related to the consignment management service for the years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

2024						
Accounts	Counter party	Beginning balance	Increase	Decrease	Others	Ending balance
Consignment management service fund	Government	₩ 132,872	₩ 136,442	₩ (119,273)	₩ -	₩ 150,042
Consignment management service fund	Public institutions	271,385	260,538	(279,029)	-	252,894
		<u>₩ 404,257</u>	<u>₩ 396,980</u>	<u>₩ (398,302)</u>	<u>₩ -</u>	<u>₩ 402,936</u>

(*) Revenue and expenses of the consignment management service are amounts that reflect the effect of applying special accounting for transportation facilities, transfer between accounts and others, and may differ from those in the details on execution of funds.

2023						
Accounts	Counter party	Beginning balance	Increase	Decrease	Others	Ending balance
Consignment management service fund	Government	₩ 88,251	₩ 103,829	₩ (59,316)	₩ 108	₩ 132,872
Consignment management service fund	Public institutions	235,821	199,801	(163,481)	(756)	271,385
		<u>₩ 324,072</u>	<u>₩ 303,630</u>	<u>₩ (222,797)</u>	<u>₩ (648)</u>	<u>₩ 404,257</u>

(*) Revenue and expenses of the consignment management service are amounts that reflect the effect of applying special accounting for transportation facilities, transfer between accounts and others, and may differ from those in the details on execution of funds.

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24. Consignment management service (cont'd)

Revenue and expenses recognized related to the consignment management service in the consolidated financial statements for the years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

	2024		2023	
	Revenue	Expense	Revenue	Expense
Construction	₩ 173,098	₩ 173,098	₩ 259,105	₩ 259,105
Purchase of lots for expressways	34	34	81	81
Operation of Incheon Bridge	31,232	31,232	7,816	7,816
Safety inspection service for non-management authority	2,268	2,268	1,985	1,985
	₩ 206,632	₩ 206,632	₩ 268,987	₩ 268,987

25. Share capital

The number of authorized shares of the Company is 5,000,000,000 shares and the number of shares issued as of December 31, 2024 and 2023 is 4,417,404,473 shares and 4,240,737,473 shares, respectively. The par value is ₩10,000 and the capital stock as of December 31, 2024 and 2023 is as follows (Korean won in billions):

	December 31, 2024		December 31, 2023	
	Government	Non-government	Government	Non-government
Common share	₩ 35,078	₩ 9,096	₩ 36,907	₩ 5,500

Changes in the number of shares issued for the years ended December 31, 2024 and 2023 are as follows (In shares):

	2024	2023
Beginning number of shares	4,240,737,473	4,097,404,873
Capital increased by issuing new shares	176,667,000	143,332,600
Ending number of shares	4,417,404,473	4,240,737,473

26. Retained earnings and dividends

Details of retained earnings as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024	December 31, 2023
Legal reserve (*)	₩ 506,822	₩ 482,673
Other reserve	1,034,573	1,034,562
Unappropriated retained earnings	64,407	94,222
	₩ 1,605,802	₩ 1,611,457

(*) The *Korea Expressway Corporation Act* requires the Group to appropriate, as a legal reserve, at least 20% of net income for each period, until the reserve equals 50% of share capital. The legal reserve may not be utilized for cash dividends but may be used to offset a future deficit, if any, or may be transferred to share capital.

Details of other reserves as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024	December 31, 2023
Reserve for business expansion	₩ 1,034,573	₩ 1,034,562

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26. Retained earnings and dividends (cont'd)

Changes in retained earnings for the years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

	2024	2023
Beginning balance	₩ 1,611,457	₩ 1,573,898
Changes in retained earnings under the equity method	6	-
Profit for the year attributable to owners of the parent	96,822	118,753
Dividends paid	(59,770)	(28,440)
Remeasurements of defined benefit plans	(35,600)	(33,416)
Amortization of share discount	(7,213)	(19,338)
Ending balance	₩ 1,605,802	₩ 1,611,457

Dividends paid by the Company for the years ended December 31, 2024 and 2023 are as follows (Korean won in millions, except dividends per share):

	2024	2023
Dividends paid (₩14 per shares in 2024 and ₩7 per shares in 2023, respectively)	₩ 59,670	₩ 28,440

Changes in remeasurements of defined benefit plans for the years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

	2024	2023
Beginning balance	₩ (74,909)	₩ (41,493)
Changes	(35,599)	(33,416)
Ending balance	₩ (110,508)	₩ (74,909)

27. Other components of equity

Details of other components of equity as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024	December 31, 2023
Accumulated other comprehensive income (loss):		
Gain on valuation of financial assets at fair value through other comprehensive income	₩ (39,042)	₩ (40,032)
Loss on hedging instruments in a cash flow hedge	(113,246)	(72,782)
Share of other comprehensive income of associates and joint ventures	3,851	3,887
	(148,437)	(108,927)
Others	(3)	(3)
	₩ (148,440)	₩ (108,930)

Changes in accumulated other comprehensive income (loss) for the years ended December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024	2023
Beginning balance	₩ (108,928)	₩ (50,394)
Loss on valuation of financial assets at fair value through other comprehensive income	990	(80)
Gain (loss) on valuation of cash flow hedges	(40,464)	(58,481)
Share of other comprehensive income of associates and joint ventures	(36)	27
Ending balance	₩ (148,437)	₩ (108,928)

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28. Revenue

Details of revenue from continuing operations, which excludes other income, other gains and finance income, for the years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

	2024	2023
Revenue from product sales:		
Sales of oil	₩ 275,798	₩ 305,355
Sales of merchandise	567	1,226
	<u>276,365</u>	<u>306,581</u>
Revenue from services:		
Operation of toll expressways	4,368,103	4,292,576
Operation of other expressways	13,383	5,501
Rental income from service areas	193,091	191,893
Rental income from gas stations	76,274	74,271
Others incidental business	17,578	15,628
Management of privately funded expressways	70,149	66,710
Operation of information centers	19,029	114,495
Others	76,866	105,239
	<u>4,834,472</u>	<u>4,866,313</u>
Construction contract revenue:		
Construction business	5,731,618	5,286,126
	<u>5,731,618</u>	<u>5,286,126</u>
Revenue from consignment management service:		
Income from privately funded land purchase map supporting business	34	82
Other map supporting business	33,500	9,800
Consignment construction business	173,098	259,105
	<u>206,632</u>	<u>268,987</u>
	<u>₩ 11,049,088</u>	<u>₩ 10,728,007</u>

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29. Selling and administrative expenses

Details of selling and administrative expenses for the years ended December 31, 2024 and 2023 are as follows
(Korean won in millions):

	2024	2023
Contribution to the employee welfare fund	₩ 4,817	₩ 3,297
Salaries	134,457	135,924
Retirement benefits	11,612	10,235
Termination benefits	1,997	2,811
Employee welfares	25,939	20,994
Insurance	127	147
Depreciation	28,359	28,672
Amortization	13,351	12,101
Bad debt expenses	3,308	2,124
Service fees	6,104	4,626
Advertising	4,771	4,869
Training	4,745	4,646
Vehicles maintenance	778	673
Publication	521	466
Business promotion	121	125
Rents	3,377	3,589
Communications	917	931
Taxes and dues	39,481	38,584
Supplies	1,635	1,777
Utilities	3,910	3,703
Repairs	3,090	2,963
Development expenses	7,667	6,901
Travel	3,547	3,466
Clothes	418	616
Survey and analysis	1,426	1,223
Other	56,170	56,240
	₩ 362,645	₩ 351,703

Details of other selling and administrative expenses for the years ended December 31, 2024 and 2023 are as follows
(Korean won in millions):

	2024	2023
Research salaries	₩ 22,992	₩ 23,769
Research expenses	27,279	27,694
Others	5,899	4,777
	₩ 56,170	₩ 56,240

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30. Other income and expenses

Details of other income for the years ended December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024	2023
Reversal of other provisions	₩ 54,185	₩ 44,337
Gain on contribution of assets	1,462	30,118
Gain on exemption of debts	91	109
Compensation and reparation income	3,096	1,796
Rental income	49,771	47,500
Others (*1)	33,494	32,391
	<u>₩ 142,099</u>	<u>₩ 156,251</u>

(*1) Details of “others” in other income for the years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

	2024	2023
Reverse of short-term employee benefits (paid annual leave)	₩ 8,569	₩ 8,970
Cause deductible income	7,209	8,451
Value-added tax refund	5	-
Other income	17,711	14,970
	<u>₩ 33,494</u>	<u>₩ 32,391</u>

Details of other expenses for the years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

	2024	2023
Increase in other provisions	₩ 42,786	₩ 115,077
Other bad debt expenses	930	879
Compensation and reparation expenses	5,604	5,648
Donations	6,387	4,801
Others (*2)	22,216	19,967
	<u>₩ 77,924</u>	<u>₩ 146,372</u>

(*2) Details of “others” in other expenses for the years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

	2024	2023
Short-term employee benefits (paid annual leave)	₩ 2,643	₩ 3,292
Attributable fee	8,654	9,738
Parking lot communication facility use charges	92	71
Other expenses	10,828	6,867
	<u>₩ 22,216</u>	<u>₩ 19,967</u>

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31. Other gain and loss, net

Details of other net loss for the years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

	2024	2023
Gain on disposal of property, plant and equipment	₩ 1,176	₩ 994
Gain on disposal of intangible assets	8,484	5,919
Gain on insurance settlements	19	49
Gain on disposition of investment property	286	-
Gain on foreign currency translations	9,011	1,361
Other gain (*1)	1,259	2,263
Loss on disposal of property and equipment	(79)	(145)
Loss on disposal of investment property	(263)	(487)
Loss on disposal of intangible assets	(129)	(247)
Loss on foreign currency translations	(4,621)	(2,088)
Other loss (*2)	(46,713)	(60,586)
	<u>₩ (31,571)</u>	<u>₩ (52,966)</u>

(*1) Details of other gain for the years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

	2024	2023
Gain on disposal of wastes	₩ 1,259	₩ 2,263

(*2) Details of other loss for the years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

	2024	2023
Loss on disasters	₩ 46,704	₩ 60,577
Loss due to inventory obsolescence	9	8
Total	<u>₩ 46,713</u>	<u>₩ 60,586</u>

32. Finance income

Details of finance income for the years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

	2024	2023
Interest income	₩ 24,589	₩ 23,770
Dividend income	1,385	1,062
Gain on disposal of financial assets	3,142	17,240
Gain on valuation of financial assets at fair value through profit or loss	51,221	42,214
Gain on valuation of derivative instruments	504,297	94,950
Gain on transaction of derivative instruments	27,104	-
Gain on foreign currency translations	2,041	20,705
Gain on foreign currency transactions	93,109	21,479
	<u>₩ 706,888</u>	<u>₩ 221,420</u>

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32. Finance income (cont'd)

Details of interest income included in finance income for the years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

	2024	2023
Cash and cash equivalents	₩ 21,442	₩ 19,849
Loans and receivables	2,017	2,406
Trade and other receivables	1,130	1,515
	<u>₩ 24,589</u>	<u>₩ 23,770</u>

33. Finance costs

Details of finance costs for the years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

	2024	2023
Interest expenses	₩ 711,494	₩ 684,415
Loss on disposal of financial assets	10,453	15,084
Loss on valuation of financial assets at fair value through profit or loss	3,472	2,873
Loss on valuation of derivative instruments	129	20,579
Loss on transaction of derivative	93,109	21,480
Loss on hedged item related to fair value hedge	22,800	-
Loss on foreign currency translations	504,297	94,988
Loss on foreign currency	27,104	-
	<u>₩ 1,372,858</u>	<u>₩ 839,418</u>

Details of interest expenses included in finance costs for the year ended December 31, 2024 and 2023, are as follows (Korean won in millions):

	2024	2023
Trade and other payables	₩ 5,539	₩ 5,733
Financial liabilities at fair value through profit or loss	780	-
Short-term borrowings	1,255	11,152
Long-term borrowings	40,767	40,397
Bonds	1,065,085	910,077
Lease interest	101	97
	<u>1,113,527</u>	<u>967,456</u>
Less: capitalization of borrowing costs	<u>(402,033)</u>	<u>(283,041)</u>
	<u>₩ 711,494</u>	<u>₩ 684,415</u>

The weighted-average capitalization rates for borrowings for the years ended December 31, 2024 and 2023 are 2.99% and 2.78%, respectively.

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34. Income tax expense

The components of income tax expense for the years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

	2024	2023
Current income taxes	₩ 1,906	₩ 9,710
Adjustment recognized in the current period related to corporate income tax of prior periods.	34,901	-
Income tax expense	₩ 36,808	₩ 9,710

The reconciliation between profit before income tax and income tax expense for the years ended December 31, 2024 and 2023 is as follows (Korean won in millions):

	2024	2023
Profit before income tax	₩ 133,629	₩ 128,463
Applicable tax rates	23.1%	23.1%
Income tax at the Group's statutory tax rates	30,868	29,675
Adjustment:		
Effect of step-up tax rates	(462)	(462)
Adjustment of tax for previous periods	34,901	2,795
Non-taxable income	(337)	(99)
Non-deductible expenses	282	99
Effect of changes in temporary differences unrecognized for deferred taxes	(29,628)	(17,798)
Deductible tax deduction	(1,023)	(5,681)
Others(tax rate differences, etc.)	2,207	1,181
	5,940	(19,965)
Income tax expense	₩ 36,808	₩ 9,710
Effective tax rate	27.54%	8.14%

As of December 31, 2024 and 2023, the Group has not recognized deferred tax assets on net deductible temporary differences and unused tax losses as it is not probable that taxable profit will be available against which the temporary differences and unused tax losses can be utilized.

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35. Expenses by nature

Details of expenses by nature for the years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

	Selling and administrative expenses		Cost of sales		Total	
	2024	2023	2024	2023	2024	2023
Changes in inventories	₩ -	₩ -	₩ 619	₩ (3,207)	₩ 619	₩ (3,207)
Inventories purchased	-	-	966,531	831,231	966,531	831,231
Contribution to the employee welfare fund	4,817	3,297	-	-	4,817	3,297
Salaries	134,457	135,924	697,688	695,422	832,145	831,346
Severance and retirement benefits	11,612	10,235	47,355	45,124	58,967	55,359
Termination benefits	1,997	2,811	5,504	2,946	7,501	5,757
Employee welfare	25,939	20,994	127,198	116,519	153,137	137,513
Insurance	127	147	4,152	3,692	4,279	3,839
Depreciation	28,359	28,672	176,489	171,894	204,848	200,566
Amortization	13,351	12,101	1,606,460	1,553,921	1,619,811	1,566,022
Bad debt expense	3,308	2,124	-	-	3,308	2,124
Service fees	6,104	4,626	102,517	101,172	108,621	105,798
Advertisement	4,772	4,868	10,062	9,643	14,834	14,511
Training	4,745	4,646	4,138	4,919	8,883	9,565
Vehicles maintenance	778	673	27,933	26,953	28,711	27,626
Publication	521	466	1,462	2,447	1,983	2,913
Business promotion	121	125	161	181	282	306
Rents	3,377	3,589	3,903	1,751	7,280	5,340
Communication	917	931	5,044	4,326	5,961	5,257
Taxes and dues	39,481	38,584	58,955	56,683	98,436	95,267
Supplies	1,635	1,777	6,139	7,360	7,774	9,137
Utilities	3,910	3,703	107,323	104,110	111,233	107,813
Repairs	3,090	2,963	495,340	480,899	498,430	483,862
Development expenses	7,667	6,902	11,671	10,598	19,338	17,500
Travel	3,547	3,466	3,279	3,171	6,826	6,637
Clothes	418	616	3,767	4,383	4,185	4,999
Survey and analysis	1,426	1,223	1,978	1,255	3,404	2,478
Sales promotion expenses	-	-	1,105	1,060	1,105	1,060
Other selling and administrative expenses	56,170	56,240	-	-	56,170	56,240
Other cost of sales	-	-	5,444,452	5,349,039	5,444,452	5,349,039
	₩ 362,645	₩ 351,703	₩ 9,921,225	₩ 9,587,493	₩ 10,283,870	₩ 9,939,196

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36. Earnings per share

There are no dilutive securities, and the Group's basic earnings per share for the years ended December 31, 2024 and 2023 are as follows (Korean won):

	2024	2023
Profit for the year attributable to owners of the parent	₩ 96,821,661,007	₩ 118,753,375,616
Weighted-average number of ordinary shares outstanding (in shares) (*)	4,353,539,522	4,190,961,043
Basic earnings per share	₩ 22	₩ 28

(*) the weighted-average number of ordinary shares outstanding during this reporting period

	Shares	Dates	Accumulated number
As of January 1, 2024	4,240,737,473	366	1,552,109,915,118
1 st Acquisition of governmental investment	6,106,000	337	2,057,722,000
2 nd Acquisition of governmental investment	17,357,600	309	5,363,498,400
3 rd Acquisition of governmental investment	6,700,000	299	2,003,300,000
4 th Acquisition of governmental investment	40,571,000	281	11,400,451,000
5 th Acquisition of governmental investment	24,255,600	278	6,743,056,800
6 th Acquisition of governmental investment	212,000	251	53,212,000
7 th Acquisition of governmental investment	8,630,000	246	2,122,980,000
8 th Acquisition of governmental investment	25,602,500	217	5,555,742,500
9 th Acquisition of governmental investment	30,737,500	189	5,809,387,500
10 th Acquisition of governmental investment	670,000	159	106,530,000
11 th Acquisition of governmental investment	200,000	125	25,000,000
12 nd Acquisition of governmental investment	100,000	69	6,900,000
13 rd Acquisition of governmental investment	210,000	34	7,140,000
14 th Acquisition of governmental investment	15,314,800	2	30,629,600
			÷ 366
The weighted average number of common shares			4,353,539,522

	Shares	Dates	Accumulated number
As of January 1, 2023	4,097,404,873	365	1,495,552,778,645
1 st Acquisition of governmental investment	6,990,000	339	2,369,610,000
2 nd Acquisition of governmental investment	40,424,800	312	12,612,537,600
3 rd Acquisition of governmental investment	5,457,700	277	1,511,782,900
4 th Acquisition of governmental investment	32,272,000	249	8,035,728,000
5 th Acquisition of governmental investment	5,714,100	221	1,262,816,100
6 th Acquisition of governmental investment	36,538,200	186	6,796,105,200
7 th Acquisition of governmental investment	5,128,300	159	815,399,700
8 th Acquisition of governmental investment	4,173,400	125	521,675,000
9 th Acquisition of governmental investment	232,000	97	22,504,000
10 th Acquisition of governmental investment	1,279,800	67	85,746,600
11 th Acquisition of governmental investment	3,160,200	33	104,286,600
12 nd Acquisition of governmental investment	1,962,100	5	9,810,500
			÷ 365
The weighted average number of ordinary shares			4,190,961,043

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37. Financial instruments by category

Financial assets and liabilities by categories as of December 31, 2024 and 2023 are as follows (Korean won in millions):

		December 31, 2024									
		Financial assets at FVPL		Financial assets at amortized cost		Financial assets at FVOCI		Fair value hedge financial assets		Total	
Current financial assets:											
Cash and cash equivalents		₩	-	₩	763,677	₩	-	₩	-	₩	763,677
Derivative assets			-		-		-		123,017		123,017
Loans and receivables			-		1,073		-		-		1,073
Short-term financial assets			-		50,000		-		-		50,000
Other financial assets			-		545,781		-		-		545,781
			-		1,360,531		-		123,017		1,483,548
Trade and other receivables			-		427,531		-		-		427,531
		₩	-	₩	1,788,062	₩	-	₩	123,017	₩	1,911,078
		December 31, 2024									
		Financial assets at FVPL		Financial assets at amortized cost		Financial assets at FVOCI		Fair value hedge financial assets		Total	
Non-current financial assets:											
Derivative assets		₩	-	₩	-	₩	-	₩	466,782	₩	466,782
Financial assets at FVPL			85,708		-		-		-		85,708
Financial assets at FVOCI			-		-		25,141		-		25,141
Loans and receivables			-		28,655		-		-		28,655
			85,708		28,655		25,141		466,782		606,286
Trade and other receivables			-		129,733		-		-		129,733
		₩	85,708	₩	158,388	₩	25,141	₩	466,782	₩	736,018
		December 31, 2024									
		Financial liabilities at FVPL		Financial liabilities at amortized cost		Fair value hedge financial liabilities		Total			
Current financial liabilities:											
Financial liabilities at FVPL		₩		₩	1,698	₩	-	₩	-	₩	1,698
Current portion of long-term borrowings					-		100,000		-		100,000
Current portion of bonds					-		4,410,217		-		4,410,217
					1,698		4,510,217		-		4,511,915
Trade and other payables					-		1,519,813		-		1,519,813
		₩		₩	1,698	₩	6,030,030	₩	-	₩	6,031,728
		December 31, 2024									
		Financial liabilities at FVPL		Financial liabilities at amortized cost		Fair value hedge financial liabilities		Total			
Non-current financial liabilities:											
Financial liabilities at FVPL		₩		₩	77,200	₩	-	₩	-	₩	77,200
Long-term borrowings					-		1,200,000		-		1,200,000
Bonds					-		32,747,069		-		32,747,069
Derivative liabilities					-		-		63,676		63,676
					77,200		33,947,069		63,676		34,087,945
Trade and other payables					-		158,123		-		158,123
		₩		₩	77,200	₩	34,105,192	₩	63,676	₩	34,246,067

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37. Financial instruments by category (cont'd)

	December 31, 2023					
	Financial assets at FVPL	Financial assets at amortized cost	Financial assets at FVOCI	Fair value hedge financial assets	Total	
Current financial assets:						
Cash and cash equivalents	₩ -	₩ 494,988	₩ -	₩ -	₩	494,988
Derivative assets	-	-	-	92,359		92,359
Financial assets at FVPL	33,459	-	-	-		33,459
Loans and receivables	-	1,081	-	-		1,081
Short-term financial assets	-	50,000	-	-		50,000
Other financial assets	-	527,747	-	-		527,747
	33,459	1,073,816	-	92,359		1,199,634
Trade and other receivables	-	450,842	-	-		450,843
	₩ 33,459	₩ 1,524,658	₩ -	₩ 92,359	₩	1,650,477

	December 31, 2023					
	Financial assets at FVPL	Financial assets at amortized cost	Financial assets at FVOCI	Fair value hedge financial assets	Total	
Non-current financial assets:						
Derivative assets	₩ -	₩ -	₩ -	₩ 174,264	₩	174,264
Financial assets at FVPL	433,335	-	-	-		433,335
Financial assets at FVOCI	-	-	24,150	-		24,150
Loans and receivables	-	30,748	-	-		30,748
	433,335	30,748	24,150	174,264		662,497
Trade and other receivables	-	128,895	-	-		128,895
	₩ 433,335	₩ 159,643	₩ 24,150	₩ 174,264	₩	791,392

	December 31, 2023					
	Financial liabilities at FVPL	Financial liabilities at amortized cost	Fair value hedge financial liabilities	Total		
Current financial liabilities:						
Financial liabilities at FVPL	₩ 1,441	₩ -	₩ -	₩		1,441
Current portion of bonds	-	4,096,982	-			4,096,982
Derivative liabilities	-	-	28,982			28,982
	1,441	4,096,982	28,982			4,127,405
Trade and other payables	-	1,202,836	-			1,203,836
	₩ 1,441	₩ 5,299,818	₩ 28,982	₩		5,330,241

	December 31, 2023					
	Financial liabilities at FVPL	Financial liabilities at amortized cost	Fair value hedge financial liabilities	Total		
Non-current financial liabilities:						
Financial liabilities at FVPL	₩ 6,581	₩ -	₩ -	₩		6,581
Long-term borrowings	-	1,300,000	-			1,300,000
Bonds	-	30,240,232	-			30,240,232
Derivative liabilities	-	-	86,419			86,419
	6,581	31,540,232	86,419			31,633,232
Trade and other payables	-	157,956	-			157,956
	₩ 6,581	₩ 31,698,188	₩ 86,419	₩		31,791,188

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37. Financial instruments by category (cont'd)

Gain and loss on financial instruments by category for years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

	2024	2023
Financial assets at fair value through profit or loss:		
Dividends	₩ 1,385	₩ 1,062
Gain (loss) on transaction, net	3,142	17,240
Loss on valuation, net	20,066	30,341
Amortized cost of a financial asset or financial assets:		
Interest income	24,589	23,770
Financial assets at fair value other comprehensive income:		
Comprehensive income	990	(80)
Derivatives designated as hedge:		
Gain (loss) on transaction, net	(93,109)	(21,480)
Gain on valuation, net	488,767	70,656
Comprehensive income (loss)	(30,673)	(38,028)
Financial liabilities at fair value through profit or loss		
Interest expenses (*)	(1,492)	-
Loss on transaction, net	(10,454)	(15,084)
Gain (loss) on valuation, net	27,684	9,000
Other financial liabilities measured at amortized cost:		
Interest expenses (*)	(710,002)	(684,415)
Gain (loss) on foreign currency transactions, net	66,004	21,480
Loss on foreign currency translations, net	(502,256)	(74,283)
Derivative liabilities designated as hedge:		
Gain on transaction, net	27,104	-
Gain (loss) on valuation, net	(7,399)	3,714
Comprehensive income (loss)	(9,791)	(20,453)

(*) Amount after deducting the capitalization of borrowing costs.

38. Risk management

Risk management policy

The Group manages various risks that may arise from each field of business, and main risks are credit risk, market risk, interest risk and liquidity risk. These risks are recognized, measured and reported according to the basic policies established by the Group.

Capital risk management

The Group's capital management purpose 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 to maintain as a going concern and minimize the cost of capital, so as to maximize shareholder's return. The management of the Group also monitors periodically the level of capital structure and maintains the optimal capital structure.

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated by dividing net debt by total equity. Net debt are total borrowings less cash and cash equivalents, and total equity is the "equity" in the consolidated statement of financial position plus net debt.

The Group's strategy for 2024, which is line with 2023, is to maintain its debt-to-equity ratio between 45% and 50% and its credit rating at AAA (domestic credit rating). Its credit rating was maintained for 2024.

As of December 31, 2024 and 2023, debt-to-equity ratio is as follows (Korean won in millions):

	December 31, 2024	December 31, 2023
Total borrowings	₩ 38,534,486	₩ 35,637,214
Less: cash and cash equivalents	(763,677)	(494,988)
Net debt	37,770,809	35,142,226
Total equity	45,623,568	43,902,688
	₩ 83,394,377	₩ 79,044,914
Net debt-to-equity ratio	45.29%	44.46%

Financial risk management

1) Purpose of financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the Risk Management Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

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38. Risk management (Cont'd)

2) Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as of December 31, 2024 and 2023, are as follows (Korean won in millions):

	December 31, 2024	December 31, 2023
Financial assets at fair value through profit or loss	₩ 85,709	₩ 466,793
Financial assets at fair value through other comprehensive income	25,141	24,150
Loans and receivables	29,727	31,829
Trade and other receivables	557,264	579,737
Short-term financial instruments and other financial assets	595,781	577,747
Cash and cash equivalents	763,677	494,988
Interest rate swap for hedge	9,108	20,370
Currency swap for hedge	580,690	246,254
	₩ 2,647,097	₩ 2,441,869

Impairment loss

Allowance for doubtful accounts is used to record impairment loss before the Group can have assurance of uncollectable of assets. If the Group determined that assets cannot be recovered, allowance for doubtful accounts is offset with financial assets. Impairment analysis of trade and other receivables are described in Note 8.

3) Liquidity risk

The contractual maturities of financial liabilities as of December 31, 2024 and 2023, excluding the impact of netting agreements, are as follows. Meanwhile, derivative liabilities were excluded because they were presented separately (Korean won in millions):

	December 31, 2024						
	Carrying amount	Contractual cash flow	Within 6 months	6–12 months	1 year–2 years	2–5 years	More than 5 years
Trade and other payables	₩ 1,677,936	₩ 1,356,942	₩ 859,280	₩ 331,897	₩ 93,070	₩ 72,695	₩ -
Unsecured bonds	37,234,486	37,234,486	2,510,284	1,899,933	4,223,489	9,229,379	19,371,400
Unsecured long-term borrowings	1,300,000	1,300,000	-	100,000	400,000	800,000	-
	₩ 40,212,422	₩ 39,891,428	₩ 3,369,564	₩ 2,331,831	₩ 4,716,559	₩ 10,102,074	₩ 19,371,400

	December 31, 2023						
	Carrying amount	Contractual cash flow	Within 6 months	6–12 months	1 year–2 years	2–5 years	More than 5 years
Trade and other payables	₩ 1,360,792	₩ 1,369,549	₩ 865,583	₩ 338,201	₩ 93,070	₩ 72,695	₩ -
Unsecured bonds	34,337,124	34,337,214	1,925,291	2,171,691	4,301,060	8,796,736	17,142,435
Unsecured long-term borrowings	1,300,000	1,300,000	-	-	100,000	1,200,000	-
	₩ 36,998,006	₩ 37,006,763	₩ 2,790,874	₩ 2,509,892	₩ 4,494,130	₩ 10,069,431	₩ 17,142,435

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

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38. Risk management (Cont'd)

The periods in which the cash flows associated with cash flow hedges are expected to occur as of December 31, 2024 and 2023 are as follows (Korean won in millions):

		December 31, 2024													
		Carrying amount		Contractual cash flow		Within 6 months		6–12 months		1 year–2 years		2–5 years		More than 5 years	
Currency swap:															
Assets		₩	580,690	₩	580,690		121,941	₩	-	₩	242,967	₩	136,378	₩	79,405
Liabilities			(2,712)		(2,712)		-		-		-		(1,631)		(1,082)
Interest rate swap:															
Assets			12,820		12,820		1,076		-		4,591		527		6,626
Liabilities		₩	(62,661)	₩	(62,661)	₩	(1,698)	₩	-	₩	-	₩	(16,034)	₩	(44,930)
		December 31, 2023													
		Carrying amount		Contractual cash flow		Within 6 months		6–12 months		1 year–2 years		2–5 years		More than 5 years	
Currency swap:															
Assets		₩	246,254	₩	246,254		92,359	₩	-	₩	11,912	₩	106,348	₩	35,634
Liabilities			(79,572)		(79,572)		(2,512)		(23,970)		(3,142)		(43,099)		(6,849)
Interest rate swap:															
Assets		₩	21,601	₩	21,601	₩	-	₩	-	₩	3,582	₩	13,428	₩	4,591
Liabilities			(43,851)		(43,851)		(1,862)		(2,078)		(6,581)		(13,180)		(20,149)

4) Currency risk

Exposure to currency risk

The Group's exposure to foreign currency risk as of December 31, 2024 and 2023, is as follows (Korean won in millions):

		December 31, 2024												
		USD	JPY	EUR	HKD	SEK	CAD							
Liabilities:														
Bonds	₩	4,071,900	₩	46,824	₩	35,161	₩	255,555	:	95,926	₩	138,235		
		December 31, 2023												
		USD	EUR	HKD	CHF	SEK	CAD	SGD						
Liabilities:														
Bonds	₩	2,772,210	₩	97,008	₩	417,601	₩	351,168	:	92,880	₩	131,576	₩	117,223

Exchange rates applied as of and for the years ended December 31, 2024 and 2023 are as follows (Korean won):

	Average rate				Reporting date spot rate			
	2024		2023		December 31, 2024		December 31, 2023	
	₩		₩		₩		₩	
USD		1,366.58		1,307.76		1,470.00		1,289.40
JPY		901.59		-		936.48		-
EUR		1,477.40		1,414.83		1,528.73		1,426.59
HKD		175.14		167.05		189.30		165.06
CHF		-		1,457.00		-		1,526.82
SEK		129.17		123.31		133.23		129.00
CAD		996.99		969.09		1,023.96		974.64
SGD		-		973.91		-		976.86

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38. Risk management (Cont'd)

Sensitivity analysis

If the foreign exchange rate against the Korean won was high as of December 31, 2024 and 2023, the Group's equity and profit and loss would have fluctuated. This analysis assumes a change in the degree to which the group believes it is reasonably possible at the end of each term. In addition, it was assumed that other variables, such as interest rates, do not change when analyzing sensitivity. Specific equity and profit or loss variability effects, when the exchange rate increase 10% are as follows:

	December 31, 2024		December 31, 2023	
	Equity	Profit or loss	Equity	Profit or loss
USD	₩ (407,190)	₩ (407,190)	₩ (277,221)	₩ (277,221)
JPY	(4,682)	(4,682)	-	-
EUR	(3,516)	(3,516)	(9,701)	(9,701)
HKD	(25,556)	(25,556)	(41,760)	(41,760)
CHF	-	-	(35,117)	(35,117)
SEK	(9,593)	(9,593)	(9,288)	(9,288)
CAD	(13,823)	(13,823)	(13,158)	(13,158)
SGD	-	-	(11,722)	(11,722)

5) Interest rate risk

The Group's interest-bearing financial liabilities as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024		December 31, 2023	
Fixed-rate instruments:				
Financial liabilities	₩	38,344,488	₩	35,447,216
Variable-rate instruments:				
Financial liabilities	₩	99,997	₩	189,997

Cash flow sensitivity analysis for variable-rate instruments

A change of 100 basis points ("bps") in interest rates as of December 31, 2024 and 2023 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2023 (Korean won in millions):

	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
As of December 31, 2024:				
Variable-rate instruments	₩ (1,000)	₩ 1,000	₩ (1,000)	₩ 1,000
As of December 31, 2023:				
Variable-rate instruments	₩ (1,900)	₩ 1,900	₩ (1,900)	₩ 1,900

6) Major assets and liabilities with uncertainties in underlying assumptions

A sensitivity analysis on the Group's defined benefit obligation assuming a 1% increase or 1% decrease in various assumptions as of December 31, 2024 and 2023, are as follows (Korean won in millions):

Assumptions	Accounts	December 31, 2024		December 31, 2023	
		1% decrease	1% increase	1% decrease	1% increase
Future salary increases	Defined benefit obligation	₩ (41,282)	₩ 47,315	₩ 28,619	₩ (23,300)
Discount rate	Defined benefit obligation	46,797	(40,154)	(24,364)	29,385

38. Risk management (cont'd)

Fair value measurements

The fair value of financial instruments traded in active markets is calculated based on the notified market price at the end of the reporting period. Published market prices of financial assets that the Group retains are bid prices.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of assessment techniques and establishes a hypothesis based on current market conditions at the end of the reporting period

The Group's fair value assessment techniques are using recent transactions between independent parties that have reasonable judgement and willingness to deal with, referring the other financial instrument's present value that is substantially equal, discounting estimated cash flow method, option-pricing model, etc. For example, the fair value of interest rate swaps is calculated as the present value of estimated future cash flows, and the fair value of foreign exchange forward contracts is calculated by applying notice forward rate at the end of the reporting period.

- Debt instruments, including bonds

The fair value of debt instruments, such as corporate bonds, has been determined by applying the discounted cash flow method. The discount rate used to discount cash flows was determined by swap rate and credit spreads as a base that are published in market for debenture having similar credit rating and period like fair value measurement debt instruments, including bonds. As the inputs of the discount rate have a significant impact on the fair value of debt instruments, including bonds derived on the basis of the available information observed in the market, the Group has classified the fair value measurement of debt instruments, including bonds, in the Level 2 of the fair value hierarchy.

- Unmarketable shares

The fair value of unlisted shares is measured using cash flow discount model in order to estimate the future cash flows business plans and sales growth based on the industry situation and pretax operating margin using assumptions that are not based on observable market price or percentage of such weighted-average cost of capital assumption or estimations. The weighted-average cost of capital used to discount the future cash flow was estimated by utilizing the data of similar listed companies applying the capital asset pricing model. The Group has determined that as major assumptions and estimates mentioned above have a significant impact on the fair value of unlisted shares, the Group classifies the fair value measurement of unlisted shares in the three-level fair value hierarchy.

1) Fair values versus carrying amount

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statements of financial position, as of December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024		December 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets carried at fair value:				
Current derivative financial assets	₩ 123,017	₩ 123,017	₩ 92,360	₩ 92,360
Current financial assets at FVPL	-	-	33,458	33,458
Non-current financial assets at FVPL	85,708	85,708	433,335	433,335
Non-current derivative financial assets	25,141	25,141	24,150	24,150
Non-current financial assets at FVOCI	466,782	466,782	174,264	174,264
	<u>₩ 700,648</u>	<u>₩ 700,648</u>	<u>₩ 757,567</u>	<u>₩ 757,567</u>

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38. Risk management (cont'd)

Assets carried at amortized cost:

Cash and cash equivalents	₩	763,677	₩	763,677	₩	494,988	₩	494,988
Short-term financial instruments		50,000		50,000		50,000		50,000
Short-term loans and receivables		1,073		1,073		1,081		1,081
Other current financial assets		545,781		545,781		527,747		527,747
Trade and other receivables		427,531		427,531		450,843		450,843
Long-term loans and receivables		28,655		28,655		30,748		30,748
Long-term trade and other receivables		129,733		129,733		128,895		128,895
	₩	1,946,449	₩	1,946,449	₩	1,684,302	₩	1,684,302

Liabilities carried at fair value:

Current financial liabilities at FVPL	₩	1,698	₩	1,698	₩	1,441	₩	1,441
Current derivative financial liabilities		-		-		28,982		28,982
Non-current financial liabilities at FVPL		77,200		77,200		6,581		6,581
Non-current derivative financial liabilities		63,676		63,676		86,419		86,419
	₩	142,573	₩	142,573	₩	123,423	₩	123,423

Liabilities carried at amortized cost:

Trade and other payables	₩	1,516,157	₩	1,516,157	₩	1,199,778	₩	1,199,778
Short-term borrowings		100,000		100,000		-		-
Current portion of bonds		4,410,217		4,410,217		4,096,982		4,096,982
Long-term trade and other payables		155,475		155,475		155,854		155,854
Long-term borrowings		1,200,000		1,200,000		1,300,000		1,300,000
Lease liabilities		6,303		6,303		5,160		5,160
Bonds		32,747,069		32,747,069		30,240,232		30,240,232
	₩	40,135,222	₩	40,135,222	₩	36,998,006	₩	36,998,006

2) Fair value hierarchy

The different levels of fair values of financial assets and liabilities 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)

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38. Risk management (Cont'd)

Financial instruments that are measured subsequent to initial recognition at fair value by fair value hierarchy levels as of December 31, 2024 and December 31, 2023 are as follows (Korean won in millions):

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Current derivatives assets	₩ -	₩ 123,017	₩ -	₩ 123,017
Non-current derivatives assets	-	466,782	-	466,782
Non-current financial assets at FVPL	-	3,712	81,996	85,708
Non-current financial assets at FVOCI	-	-	25,141	25,141
Current financial liabilities at FVPL	-	1,698	-	1,698
Non-current financial liabilities at FVPL	-	77,200	-	77,200
Non-current derivatives liabilities	-	63,676	-	63,676

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Current derivatives assets	₩ -	₩ 92,360	₩ -	₩ 92,360
Current financial assets at FVPL	-	-	33,459	33,459
Non-current derivatives assets	-	174,264	-	174,264
Non-current financial assets at FVPL	-	1,231	432,104	433,335
Non-current financial assets at FVOCI	-	-	24,150	24,150
Current derivatives liabilities	-	28,982	-	28,982
Current financial liabilities at FVPL	-	1,441	-	1,441
Non-current financial liabilities at FVPL	-	6,581	-	6,581
Non-current derivatives liabilities	-	86,419	-	86,419

The method used for the valuation of financial assets at FVPL and financial assets at FVOCI measured at fair value as of December 31, 2024 is as follows:

① Assumption (Korean won in millions)

	Valuation method	Discount rate
2nd Gyeongin Highway	Dividend Discount method	12.07%
Seoul Bukbu Highway	Discounted cash flow method	13.70%
DREAMLINE Corporation	Discounted cash flow method	9.64%
Korea Overseas Infrastructure & Urban Development Corporation	Net Asset Value Evaluation Method	-

② Method (Korean won in millions)

	Book value before valuation	Valuation gain (before tax)	Book value	Fair value
2nd Gyeongin Highway	₩ -	₩ -	₩ -	₩ -
Seoul Bukbu Highway	3,472	(3,472)	-	-
DREAMLINE Corporation	900	(40)	860	860
Korea Overseas Infrastructure & Urban Development Corporation	23,054	1,030	24,084	24,084

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39. Private Investment Projects

When the Group constructs or reconstructs toll roads, the facilities are transferred to the government without compensation. In accordance with Article 10 of the Toll Road Act, the Group is entitled to collect tolls, occupancy fees, and other related charges from users of the toll roads. As the projects related to toll road management fall under private investment projects as defined by the Korean International Financial Reporting Standards (K-IFRS), the Group recognizes revenue and cost of sales during the construction phase. In relation to such private investment projects, the Group recognizes revenue only to the extent of highly probable recoverable construction costs.

40. Related-party transactions

Details of the Group's related parties as of December 31, 2024 are as follows:

	Name
Parent company	Ministry of Land, Infrastructure and Transport
Associates companies	Korea Construction Management Corp. BARR OPERATION&MAINTENANCE
Joint venture	Busan-Ulsan Expressway Co., Ltd. Expressway Solar Power Co., Ltd.

Transactions with related parties for the years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

Related parties	Transactions	2024	2023
Ministry of Land, Infrastructure and Transport	Revenue	₩ 5,731,618	₩ 5,286,126
	Revenue	29,960	30,694
Busan-Ulsan Expressway Co., Ltd.	Cost of sales	1	1
	Revenue	47	-
Korea Construction Management Corporation	Dividend income	506	-
	Revenue	1,349	1,844
Expressway Solar Power Co., Ltd.	Revenue	1,114	1,108
	Dividend income	-	241
	Profit from disposal of investment shares		
	in related companies	36	-
Highway solar Co., Ltd.			

Receivables and payables with related parties as of December 31, 2024 and 2023, are as follows (Korean won in millions):

Related parties	Receivables and Payables	December 31, 2024	December 31, 2023
Busan-Ulsan Expressway Co., Ltd.	Other accounts receivable	₩ 14	₩ 15
	Other accounts payable	507	477
Korea Construction Management Corporation	Other accounts payable	-	-

There has been no impairment loss on receivables above with related parties for the years ended December 31, 2024 and 2023.

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40. Related-party transactions (cont'd)

The Government of the Republic of Korea (Ministry of Land, Infrastructure and Transport and Ministry of Economy and Finance) controls the Group and participated in the capital increase of ₩1,766,670 million and ₩1,433,326 million for the years period ended December 31, 2024 and 2023, respectively.

Details of key management personnel compensation for the years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

	2024	2023
Salaries	₩ 1,117	₩ 1,061
Severance and retirement benefits	17	82
	₩ 1,134	₩ 1,143

41. Consolidated statements of cash flows

Significant non-cash investing activities and financing activities for the years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

	2024	2023
Reclassification of long-term borrowings to current portion	₩ 100,000	₩ -
Reclassification of bonds to current portion	4,303,640	4,051,546
Reclassification of construction-in-progress (property, plant and equipment)	103,572	129,772
Reclassification of construction-in-progress (investment properties)	70,347	44,059
Reclassification of intangible assets under development	4,350,180	3,033,692

Changes in liabilities arising from financing activities for the years ended December 31, 2024 and 2023 are as follows (Korean won in millions):

	December 31, 2024					
	Beginning balance	Cash flows	Transfer	Non-cash changes		Ending balance
				Changes in exchange rate	Others	
Current portion of long-term borrowings	₩ -	₩ -	₩ 100,000	₩ -	₩ -	₩ 100,000
Current portion of bonds	4,096,982	(4,107,813)	4,301,060	-	119,987	4,410,217
Current portion of financial liabilities at fair value through profit or loss	-	100,000	-	-	(22,800)	77,200
Current lease liabilities	3,058	(4,403)	4,066	-	935	3,656
Long-term borrowings	1,300,000	-	(100,000)	-	-	1,200,000
Bonds	30,240,232	6,409,554	(4,301,060)	394,925	3,419	32,747,069
Non-current lease liabilities	2,102	-	(4,066)	-	4,611	2,647
	₩ 35,642,374	₩ 2,397,338	₩ -	₩ 394,925	₩ 106,152	₩ 38,540,789

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41. Consolidated statements of cash flows (cont'd)

	December 31, 2023					
	Beginning balance	Cash flows	Non-cash changes			Ending balance
			Transfer	Changes in exchange rate	Others	
Short-term borrowings	₩ 465,200	₩ (465,200)	₩ -	₩ -	₩ -	₩ -
Current portion of long-term borrowings	400,000	(400,000)	-	-	-	-
Current portion of bonds	3,066,030	(3,081,409)	4,050,725	-	61,635	4,096,982
Current lease liabilities	2,882	(3,476)	4,250	-	(598)	3,058
Long-term borrowings	1,000,000	300,000	-	-	-	1,300,000
Bonds	28,054,103	6,204,885	(4,050,725)	28,512	3,456	30,240,232
Non-current lease liabilities	154	-	(4,250)	-	6,197	2,102
	<u>₩ 32,988,370</u>	<u>₩ 2,554,801</u>	<u>₩ -</u>	<u>₩ 28,512</u>	<u>₩ 70,691</u>	<u>₩ 35,642,374</u>

42. Contingent liabilities and assets

Details of the Group's major pending lawsuits involved in as a defendant as of December 31, 2024 are as follows (Korean won in millions):

Court	Details	Litigation amount	Progress
Suwon District Court	Claims for repayment	₩ 35,325	1 st trial
Busan High Court	Claims for payment	7,817	Pending Appeal
Seoul High court	Claims for payment	5,220	Pending Appeal
		<u>₩ 48,362</u>	

As of December 31, 2024, including the above litigation, there were a total of 486 litigations pending by the Group as defendants (Litigation amount: 1,115,933 million won). Except for a recognized provision of ₩792,560 million, no other provision was recognized as the Group was not able to reasonably estimate the results of the lawsuits and their impacts on the financial statements as of December 31, 2024.

Significant agreements with financial institutions as of December 31, 2024 are as follows (Korean won in millions):

Financial institutions	Commitments	Limits	Amounts outstanding
KEB Hana Bank	Shared growth loan	₩ 100	₩ -
	Working capital loan	200,000	-
	Bill acceptance	1,200,000	1,200,000
Shinhan Bank	Bill acceptance	100,000	100,000

As of December 31, 2024, Seoul Guarantee Insurance provides performance guarantees of ₩ 118,637 million to the Group.

As of December 31, 2024, KEB Hana bank provides payment guarantee of ₩ 15,749 million (USD 3,061,551 and BDT 951,556,595) to the Group, and EXIM Bank of Korea payment guarantee of ₩ 3,916 million (EUR 1,030,808 and DZD 220,016,729) to the Group.

As of December 31, 2024, except for providing shares in a joint venture as collaterals (described in Note 13), the Group has not provided any guarantees to the third parties.

43. Authorization for issue

The Group's consolidated financial statements were authorized for issue at the Board of Directors' meeting on March 11, 2025 and are to be authorized for issue finally at the general meeting of shareholders on March 27, 2025.