

# BINGGRAE CO., LTD. AND ITS SUBSIDIARIES

Consolidated Financial Statements

**December 31, 2024 and 2023**

(With Independent Auditor's Report Thereon)

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## Independent Auditors' Report

Based on a report originally issued in Korean

To the Shareholders and Board of Directors of  
Binggrae Co.,Ltd. and its Subsidiaries

### *Opinion*

We have audited the consolidated financial statements of Binggrae Co.,Ltd. and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2024 and 2023, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising of material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

### *Basis for Opinion*

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

### *Key Audit Matter*

Key audit matter is that matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements as of and for the year ended December 31, 2024. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

#### Appropriateness of Revenue Recognition by Sales Channel

##### Reasons for Determining as Key Audit Matter

The revenue of the Group is derived from various channels, including large supermarkets (SSM), convenience stores (CVS), distributors and branch offices, special sales, and exports. Among these, revenue from retail sales made through branch offices is recognized upon delivery by sales representatives, while revenue from distributors, special sales, and export sales is recognized at the point when control of goods transferred according to the terms of the contracts with the customers.

As a publicly listed entity in the securities market, the Group is under pressure on its financial performance from both inside and outside stakeholders, and as revenue is included in the company's key performance indicators, there is a high inherent risk that revenue is recognized before the conditions for revenue recognition are met or adjusted to meet performance targets.



Considering these inherent risks, the significance of export sales in total revenue, and the risk of misstatements on timing of revenue recognition through timing adjustments, we identified the appropriateness of revenue recognition for sales from branch offices to retail stores and sales from distributors, special sales, and export sales as a key audit matter.

#### Approach to Address Key Audit Matter

Our audit procedures to address this key audit matter include:

- Testing design and operation of internal control related to revenue recognition

We evaluated the design, implementation, and operation of the company's key internal controls related to timing of revenue recognition.

- Assessment of the appropriateness of revenue recognition for sales from branch offices and distributors, special sales, and export sales

To assess whether revenue from sales from branch offices and distributors, special sales, and export sales was recognized in the appropriate accounting period, we examined source documents from sales transactions over a certain period before and after the financial statement date. Additionally, we verified delivery conditions or terms of trade on bill of lading to assess the appropriateness of revenue recognition timing.

#### *Other Matter*

The procedures and practices utilized in the Republic of Korea to audit such consolidated financial statements may differ from those generally accepted and applied in other countries.

#### *Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

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

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

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

#### *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

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



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

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

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



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

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

The engagement partner on the audit resulting in this independent auditors' report is Kim Joong Kyu.

*KPMG Samjong Accounting Corp.*

Seoul, Korea  
March 4, 2025

This report is effective as of March 4, 2025, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

**Bingrae Co., Ltd. and its Subsidiaries**  
**Consolidated Statements of Financial Position**  
**As of December 31, 2024 and 2023**

| <i>(in millions of Korean won)</i>      | Notes       | 2024               | 2023           |
|---|-------------|--------------------|----------------|
| <b>Assets</b>                           |             |                    |                |
| <b>Current assets</b>                   |             |                    |                |
| Cash and cash equivalents               | 5,31,32     | ₩ 175,248          | 147,882        |
| Short-term financial assets             | 6,31,32     | 71,743             | 25,325         |
| Accounts and notes receivable           | 7,29,31,32  | 80,637             | 83,255         |
| Inventories                             | 8           | 135,031            | 126,483        |
| Other accounts receivable               | 29,31,32    | 2,094              | 1,187          |
| Accrued income                          | 29,31,32    | 755                | 896            |
| Short-term guarantee deposits           | 13,29,31,32 | 3,259              | 1,494          |
| Short term advance payments             |             | 108                | 228            |
| Short-term prepaid expenses             | 7,31        | 5,553              | 7,402          |
| Other current assets                    |             | 8                  | 880            |
|   |             | 474,436            | 395,032        |
| <b>Non-current assets</b>               |             |                    |                |
| Long-term financial assets              | 6,31,32     | 19,411             | 24,326         |
| Property, plant and equipment           | 9,11,14     | 392,691            | 353,042        |
| Investment property                     | 10          | 10,711             | 2,168          |
| Intangible assets                       | 12          | 38,850             | 47,958         |
| Right-of-use assets                     | 18          | 35,645             | 30,719         |
| Long-term guarantee deposits            | 13,29,31,32 | 16,640             | 16,530         |
| Long-term advance payments              |             | 1,596              | 1,561          |
| Long-term prepaid expenses              |             | 271                | 458            |
| Deferred tax assets                     | 27          | 8,910              | 11,232         |
| Net defined benefit assets              | 17          | 3,914              | 7,691          |
|   |             | 528,639            | 495,685        |
| <b>Total assets</b>                     |             | <b>₩ 1,003,075</b> | <b>890,717</b> |
| <b>Liabilities</b>                      |             |                    |                |
| <b>Current liabilities</b>              |             |                    |                |
| Accounts and notes payable              | 29,31,32,33 | ₩ 70,482           | 73,626         |
| Other accounts payable                  | 29,31,32    | 38,483             | 42,752         |
| Short-term accrued expenses             | 31,32       | 18,063             | 27,070         |
| Short-term borrowings                   | 14,16,31,32 | 55,000             | 5,000          |
| Income taxes payable                    | 27          | 17,534             | 19,859         |
| Current portion of long-term borrowings | 16,31,32    | 4,370              | -              |
| Dividends payable                       | 31,32       | 3                  | 3              |
| Short-term lease liabilities            | 18,29,31,32 | 14,841             | 10,251         |
| Other current liabilities               | 15          | 5,336              | 3,564          |
|   |             | 224,112            | 182,125        |

**Binggrae Co., Ltd. and its Subsidiaries**  
**Consolidated Statements of Financial Position, Continued**  
**As of December 31, 2024 and 2023**

| <i>(in millions of Korean won)</i>          | <b>Notes</b> | <b>2024</b>               | <b>2023</b>           |
|---|--------------|---------------------------|-----------------------|
| <b>Non-current liabilities</b>              |              |                           |                       |
| Long-term borrowings                        | 16,31,32     | 2,500                     | 11,370                |
| Net defined benefit liabilities             | 17           | 11,992                    | 14,825                |
| Long-term guarantee deposits received       | 31,32        | 7,618                     | 7,550                 |
| Long-term accrued expenses                  |              | 9,931                     | 7,709                 |
| Long-term lease liabilities                 | 18,29,31,32  | 21,975                    | 21,011                |
| Other non-current liabilities               | 15           | 786                       | 610                   |
| Deferred tax liabilities                    | 27           | 2,317                     | 3,919                 |
|   |              | <u>57,119</u>             | <u>66,994</u>         |
| <b>Total liabilities</b>                    |              | <u>₩ <b>281,231</b></u>   | <u><b>249,119</b></u> |
| <b>Equity</b>                               |              |                           |                       |
| Issued capital                              | 1,19         | ₩ 49,756                  | 49,756                |
| Share premium                               | 19           | 64,769                    | 64,769                |
| Other components of equity                  | 20           | (22,482)                  | (22,482)              |
| Accumulated other comprehensive income      | 21           | (1,513)                   | (4,393)               |
| Reserves                                    | 22           | 527,501                   | 485,201               |
| Retained earnings                           | 23           | 103,813                   | 68,747                |
| Equity attributable to owners of the parent |              | <u>721,844</u>            | <u>641,598</u>        |
| Non-controlling interests                   |              | -                         | -                     |
| <b>Total equity</b>                         |              | <u><b>721,844</b></u>     | <u><b>641,598</b></u> |
| <b>Total liabilities and equity</b>         |              | <u>₩ <b>1,003,075</b></u> | <u><b>890,717</b></u> |

See accompanying notes to the consolidated financial statements.



**Binggrae Co., Ltd. and its Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**For the Years Ended December 31, 2024 and 2023**

| <i>(in millions of Korean won)</i>   | Notes | 2024               | 2023             |
|--|-------|--------------------|------------------|
| <b>Sales</b>   | 4,29  | ₩ <b>1,463,041</b> | <b>1,394,316</b> |
| Cost of sales  | 24,29 | (994,207)          | (953,133)        |
| <b>Gross profit</b>  |       | <b>468,834</b>     | <b>441,183</b>   |
| Selling and administrative expenses  | 24,29 | (337,558)          | (328,938)        |
| <b>Operating income</b>  |       | <b>131,276</b>     | <b>112,245</b>   |
| <b>Non-operating income (expenses):</b>  |       |                    |                  |
| Finance income   | 25,32 | 9,559              | 7,093            |
| Finance costs  | 25,32 | (5,276)            | (4,757)          |
| Other income   | 26    | 3,929              | 6,972            |
| Other expenses   | 26    | (5,991)            | (10,597)         |
|  |       | 2,221              | (1,289)          |
| <b>Net income before income taxes</b>  |       | <b>133,497</b>     | <b>110,956</b>   |
| Income tax expense   | 27    | (30,270)           | (24,738)         |
| <b>Net income for the year</b>   |       | ₩ <b>103,227</b>   | <b>86,218</b>    |
| <b>Other comprehensive income</b>  |       |                    |                  |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of tax: |       |                    |                  |
| Gains (losses) on valuation of financial assets at fair value through OCI                              | 32    | ₩ 5                | (720)            |
| Remeasurement gains (losses) on defined benefit plans  | 17    | (2,873)            | (6,448)          |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax:     |       |                    |                  |
| Foreign currency translation differences for foreign operations  |       | 2,876              | 41               |
| <b>Total comprehensive income, net of tax</b>  |       | ₩ <b>103,235</b>   | <b>79,091</b>    |
| Net profit for the year attributable to:   |       |                    |                  |
| Equity holders of the parent   | 28    | ₩ 103,227          | 86,218           |
| Non-controlling interests  |       | -                  | -                |
| Total comprehensive income attributable to:  |       |                    |                  |
| Equity attributable to owners of the parent company  |       | ₩ 103,235          | 79,091           |
| Non-controlling interests  |       | -                  | -                |
| Earnings per share (per share amounts in Korean won):  | 28    |                    |                  |
| Basic earnings for the year attributable to ordinary equity holders of the parent                      |       | ₩ 11,675           | 9,751            |
| Diluted earnings for the year attributable to ordinary equity holders of the parent                    |       | 11,675             | 9,751            |

See accompanying notes to the consolidated financial statement.

**Binggrae Co., Ltd. and its Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**For the Years Ended December 31, 2024 and 2023**

(in millions of Korean won)

|   | <b>Equity attributable to owners of the parent company</b> |                      |                                   |   |                 |                          |                                  |                     |
|---|--|----------------------|-----------------------------------|---|-----------------|--------------------------|----------------------------------|---------------------|
|   | <b>Issued capital</b>                                      | <b>Share premium</b> | <b>Other components of equity</b> | <b>Accumulated other Comprehensive income</b> | <b>Reserves</b> | <b>Retained earnings</b> | <b>Non-controlling interests</b> | <b>Total equity</b> |
| <b>As of January 1, 2023</b>  | ₩ 49,756   | 64,769               | (22,482)                          | (3,714)                                       | 463,801         | 23,639                   | -                                | 575,769             |
| Net income  | -  | -                    | -                                 | -   | -               | 86,218                   | -                                | 86,218              |
| Loss on valuation of financial assets at fair value through OCI             | -  | -                    | -                                 | (720)   | -               | -                        | -                                | (720)               |
| Re-measurement losses on defined benefit plans                              | -  | -                    | -                                 | -   | -               | (6,448)                  | -                                | (6,448)             |
| Gain from translation of foreign operations                                 | -  | -                    | -                                 | 41  | -               | -                        | -                                | 41                  |
| <b>Total comprehensive income for the year</b>                              | -  | -                    | -                                 | <b>(679)</b>                                  | -               | <b>79,770</b>            | -                                | <b>79,091</b>       |
| Dividends   | -  | -                    | -                                 | -   | -               | (13,262)                 | -                                | (13,262)            |
| Transfer to reserves  | -  | -                    | -                                 | -   | 21,400          | (21,400)                 | -                                | -                   |
| <b>Transactions with owners of the Group, recognized directly in equity</b> | -  | -                    | -                                 | -   | <b>21,400</b>   | <b>(34,662)</b>          | -                                | <b>(13,262)</b>     |
| <b>As of December 31, 2023</b>  | ₩ 49,756   | 64,769               | (22,482)                          | (4,393)                                       | 485,201         | 68,747                   | -                                | 641,598             |

See accompanying notes to the consolidated financial statements.

**Bingrae Co., Ltd. and its Subsidiaries**  
**Consolidated Statements of Changes in Equity, Continued**  
**For the Years Ended December 31, 2024 and 2023**

(in millions of Korean won)

|   | <b>Equity attributable to owners of the parent company</b> |                      |                                   |   |                 |                          |                                  |                     |
|---|--|----------------------|-----------------------------------|---|-----------------|--------------------------|----------------------------------|---------------------|
|   | <b>Issued capital</b>                                      | <b>Share premium</b> | <b>Other components of equity</b> | <b>Accumulated other Comprehensive income</b> | <b>Reserves</b> | <b>Retained earnings</b> | <b>Non-controlling interests</b> | <b>Total equity</b> |
| <b>As of January 1, 2024</b>  | ₩ 49,756   | 64,769               | (22,482)                          | (4,393)                                       | 485,201         | 68,747                   | -                                | 641,598             |
| Net income  | -  | -                    | -                                 | -   | -               | 103,227                  | -                                | 103,227             |
| Loss on valuation of financial assets at fair value through OCI             | -  | -                    | -                                 | 5   | -               | -                        | -                                | 5                   |
| Re-measurement losses on defined benefit plans                              | -  | -                    | -                                 | -   | -               | (2,873)                  | -                                | (2,873)             |
| Gain from translation of foreign operations                                 | -  | -                    | -                                 | 2,875   | -               | -                        | -                                | 2,875               |
| <b>Total comprehensive income for the year</b>                              | -  | -                    | -                                 | <b>2,880</b>                                  | -               | <b>100,354</b>           | -                                | <b>103,234</b>      |
| Dividends   | -  | -                    | -                                 | -   | -               | (22,988)                 | -                                | (22,988)            |
| Transfer to reserves  | -  | -                    | -                                 | -   | 42,300          | (42,300)                 | -                                | -                   |
| <b>Transactions with owners of the Group, recognized directly in equity</b> | -  | -                    | -                                 | -   | <b>42,300</b>   | <b>(65,288)</b>          | -                                | <b>(22,988)</b>     |
| <b>As of December 31, 2024</b>  | ₩ 49,756   | 64,769               | (22,482)                          | (1,513)                                       | 527,501         | 103,813                  | -                                | 721,844             |

See accompanying notes to the consolidated financial statements.

**Binggrae Co., Ltd. and its Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended December 31, 2024 and 2023**

| <i>(in millions of Korean won)</i>   | Notes | 2024             | 2023            |
|--|-------|------------------|-----------------|
| <b>Operating activities</b>  |       |                  |                 |
| Net income   |       | ₩ 103,227        | 86,218          |
| Non-cash adjustments to reconcile net income to net cash flows provided by operating activities                                  | 30    | 103,029          | 96,532          |
| Working capital adjustments  | 30    | (27,907)         | (9,910)         |
| Income tax paid  |       | (31,214)         | (16,118)        |
| <b>Net cash flows provided by operating activities</b>   |       | <b>147,135</b>   | <b>156,722</b>  |
| <b>Investing activities</b>  |       |                  |                 |
| Interest received  |       | 5,829            | 3,367           |
| Dividends received   |       | 242              | 247             |
| Increase(decrease) in short-term financial assets  |       | (45,862)         | (10,105)        |
| Increase(decrease) in long-term financial assets   |       | 5,084            | 4,731           |
| Increase in loans  |       | 254              | 333             |
| Decrease in loans  |       | (165)            | (1,210)         |
| Proceeds from disposal of property, plant and equipment  |       | 1,718            | 528             |
| Acquisition of property, plant and equipment   |       | (88,551)         | (84,687)        |
| Proceeds from disposal of intangible assets  |       | 400              | -               |
| Acquisition of intangible assets   |       | (1,169)          | (839)           |
| Decrease in guarantee deposits   |       | 2,033            | 15,534          |
| Increase in guarantee deposits   |       | (3,807)          | (3,756)         |
| <b>Net cash flows used in investing activities</b>   |       | <b>(123,994)</b> | <b>(75,857)</b> |
| <b>Financing activities</b>  |       |                  |                 |
| Interest paid  |       | (1,018)          | (204)           |
| Payment of dividends   |       | (22,988)         | (13,262)        |
| Payment of lease liabilities   |       | (17,371)         | (14,840)        |
| Increase short-term borrowings   |       | 50,000           | 5,000           |
| Increase long-term borrowings  |       | 2,500            | 11,370          |
| Decrease long-term borrowings  |       | (7,000)          | -               |
| <b>Net cash flows provided by (used in) financing activities</b>   |       | <b>4,123</b>     | <b>(11,936)</b> |
| <b>Net increase in cash and cash equivalents</b>   |       | <b>27,264</b>    | <b>68,929</b>   |
| Net increase (decrease) in cash and cash equivalents denominated in foreign currencies arising from foreign exchange differences |       | 102              | (269)           |
| <b>Cash and cash equivalents at beginning of year</b>  |       | <b>147,882</b>   | <b>79,222</b>   |
| <b>Cash and cash equivalents at end of year</b>  |       | <b>₩ 175,248</b> | <b>147,882</b>  |

See accompanying notes to the consolidated financial statements.

**Binggrae Co., Ltd. and its subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**As of December 31, 2024 and 2023**  
**For the Years Ended December 31, 2024 and 2023**

**1. General information**

**1.1 Corporate information**

Binggrae Co., Ltd. (the "Parent Company" or the "Company") was established on September 13, 1967. The Company changed its name from Daeil Co., Ltd. to Binggrae Co., Ltd. on February 25, 1982 and is engaged in the production and sales of various dairy products. The Company's headquarter is located at 45, Dasansunhwan-ro, Namyangjoo-si, Gyeonggi-do, and the Company's production facilities are located in Namyangjoo-si, Gimhae-si, Gwangju-si and Nonsan-si.

The Company's ordinary shares have been listed on the Korea Exchange since August 1978. As at the end of the current reporting period, the Company's issued capital amounting to ₩49,756 million. Details of the Company's shareholders and their ownership interest are as follows:

| Name of Shareholders | Number of shares | Ownership |
|----------------------|------------------|-----------|
| Ho-Youn Kim          | 3,620,527        | 36.75%    |
| Treasury stock       | 1,009,440        | 10.25%    |
| Others               | 5,221,274        | 53.00%    |
|                      | 9,851,241        | 100.00%   |

**1.2 Consolidated subsidiaries**

Details of consolidated subsidiaries as of December 31, 2024 and 2023 are as follows:

| Name of subsidiary          | Location | Year end    | 2024             |                           | 2023             |                           | Principal business actuary   |
|-----------------------------|----------|-------------|------------------|---------------------------|------------------|---------------------------|------------------------------|
|                             |          |             | Equity ownership | Non-controlling interests | Equity ownership | Non-controlling interests |                              |
| Haitai Ice Cream. Co., Ltd. | Korea    | December 31 | 100%             | -                         | 100%             | -                         | Food manufacturing and sales |
| BC F&B Shanghai Co., Ltd.   | China    | December 31 | 100%             | -                         | 100%             | -                         | Food import and distribution |
| BC F&B USA Corp.            | USA      | December 31 | 100%             | -                         | 100%             | -                         | Food import and distribution |
| BC F&B Vietnam Co., Ltd.    | Vietnam  | December 31 | 100%             | -                         | 100%             | -                         | Food import and distribution |

Summarized financial information of subsidiaries as of and for the years ended December 31, 2024 and 2023 included in consolidation are as follows (In millions of Korean won):

| Name of subsidiary          | 2024         |                   |              |         |                     |                            |
|-----------------------------|--------------|-------------------|--------------|---------|---------------------|----------------------------|
|                             | Total assets | Total liabilities | Total equity | Revenue | Profit for the year | Total comprehensive income |
| Haitai Ice Cream. Co., Ltd. | ₩ 162,754    | 46,993            | 115,761      | 199,778 | 8,763               | 8,155                      |
| BC F&B Shanghai Co., Ltd.   | 8,957        | 1,742             | 7,215        | 42,066  | 163                 | 888                        |
| BC F&B USA Corp.            | 22,018       | 4,524             | 17,494       | 80,428  | 3,669               | 5,619                      |
| BC F&B Vietnam Co., Ltd.    | 6,164        | 1,621             | 4,543        | 10,580  | 303                 | 650                        |

## 1. General information (Continued)

### 1.2 Consolidated subsidiaries (Continued)

| Name of subsidiary          | 2023         |                   |              |         |                     |                            |
|-----------------------------|--------------|-------------------|--------------|---------|---------------------|----------------------------|
|                             | Total assets | Total liabilities | Total equity | Revenue | Profit for the year | Total comprehensive income |
| Haitai Ice Cream. Co., Ltd. | ₩ 148,890    | 65,934            | 82,956       | 199,103 | 14,782              | 12,824                     |
| BC F&B Shanghai Co., Ltd.   | 7,180        | 853               | 6,327        | 38,018  | 2,138               | 2,092                      |
| BC F&B USA Corp.            | 14,325       | 2,450             | 11,875       | 59,773  | 7,100               | 7,236                      |
| BC F&B Vietnam Co., Ltd.    | 4,632        | 739               | 3,893        | 10,182  | 443                 | 397                        |

## 2. Basis of presentation and summary of significant accounting policies

### 2.1 Basis of Preparation

The Company and its subsidiaries (the "Group") have prepared the consolidated financial statements in accordance with the Korean International Financial Reporting Standards ("Korean IFRS").

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments, and other assets that have been measured at fair value. The consolidated financial statements are presented in Korean won (KRW).

### 2.2 Consolidation Principles

The consolidated financial statements consist of the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") as of December 31 of each accounting year. Control is acquired 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 the investee only if it has all of the following:

- Power over the investee (i.e., existing right to have the current ability to direct the investee's related activities)
- Exposure to or rights to variable profits resulting from involvement in the investee
- The ability to use its power over the investee to affect the amount of the investor's profits

When the Group holds less than half of the voting rights of the investee, the Group evaluates whether it has power over the investee by considering all relevant facts and circumstances, including:

- Contractual agreements between investors and other voting rights holders
- Rights arising from other contractual agreements
- Voting rights and potential voting rights of the Group

The Group reassesses whether it controls an investee if there are changes in one or more of the three elements of control. Consolidation to a subsidiary occurs from the time Group acquires control over the subsidiary until it loses control. Assets, liabilities, income, and expenses of subsidiaries acquired or disposed of during the period are included in the statement of comprehensive income from the date the Group acquires control until the date the Group no longer controls the subsidiaries.

## 2. Basis of presentation and summary of significant accounting policies (Continued)

### 2.2 Consolidation Principles (Continued)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if the non-controlling interest becomes a negative (-) balance. When necessary, the financial statements of subsidiaries are adjusted to align their accounting policies with those of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are fully eliminated.

Changes in the ownership interest of a subsidiary that do not result in loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognizes the assets (including goodwill), liabilities, non-controlling interests, and other items of equity of the subsidiary at the date when control is lost and recognizes the resulting gain or loss in profit or loss. The remaining investment in the former subsidiary is measured at fair value.

### 2.3 Summary of material Accounting Policies

#### (1) Fair value measurement

The Group measures financial instruments, such as, derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

|   | <u>Notes</u> |
|---|--------------|
| Disclosure for valuation methods, significant estimates and assumptions | 32           |
| Financial instruments   | 32           |
| Quantitative disclosures of fair value measurement hierarchy            | 32           |

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

#### (2) Foreign currencies

The Group's consolidated financial statements are presented in Korean won, which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### ① Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date.

## 2. Basis of presentation and summary of significant accounting policies (Continued)

### 2.3 Summary of material Accounting Policies (Continued)

#### (2) Foreign currencies (Continued)

##### ① Transactions and balances (Continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

##### ② Foreign entities

On consolidation, the assets and liabilities of foreign operations are translated into Korean won at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss.

#### (3) Property, plant and equipment

The estimated useful lives are as follows:

|                             | <b>Estimated Useful lives</b> |
|-----------------------------|-------------------------------|
| Buildings                   | 30 - 50 years                 |
| Structures                  | 12 or 25 years                |
| Machinery                   | 6 - 12 years                  |
| Vehicles                    | 6 years                       |
| Tools, furniture and others | 6 years                       |

#### (4) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

#### (5) Inventories

Inventories are valued at the lower of cost and net realizable value. Meanwhile, initial cost of inventories includes purchase cost, transfer cost and other costs incurred in bringing each product to its present location and conditions. The cost of inventories is based on the specific identification method for materials-in-transit and on the gross average method for all other inventories.



## 2. Basis of presentation and summary of significant accounting policies (Continued)

### 2.3 Summary of material Accounting Policies (Continued)

#### (6) Financial instruments

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.

##### • Financial assets

#### ① Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under KIFRS 1115. Refer to the accounting policies in section 2.3.(9) Revenue from contracts with customers.

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 marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

#### 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

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.

## 2. Basis of presentation and summary of significant accounting policies (Continued)

### 2.3 Summary of material Accounting Policies (Continued)

#### (6) Financial instruments (Continued)

##### • Financial assets (Continued)

##### ② Impairment of financial assets (Continued)

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 60 days past due.

##### • 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, or payables, 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 payables, other payables, and borrowings.

#### (7) Intangible assets

##### Goodwill

The amount of non-controlling interest in the acquiree and the sum of fair value at the acquisition date of the acquiree's previous interest in the acquiree are measured as goodwill and goodwill is included in the intangible asset. The goodwill is tested annually for impairment and marked at the cost minus the cumulative amount of impairment losses.

The estimated useful lives are as follows:

|                               | <b>Estimated Useful lives</b> |
|-------------------------------|-------------------------------|
| Industrial proprietary rights | 5, 8, 10 years                |
| Software                      | 5 years                       |
| Facility usage rights         | Indefinite                    |
| Customer relationship         | 5 years                       |
| Goodwill                      | Indefinite                    |
| Other intangible assets       | 5 years                       |

## **2. Basis of presentation and summary of significant accounting policies (Continued)**

### **2.3 Summary of material Accounting Policies (Continued)**

#### **(8) Employee benefits**

The Group operates a defined benefit plan and a defined contribution plan for its employees. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest (not applicable to the Group) and the return on plan assets (excluding net interest), are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Group operates a defined contribution pension plan. The Group requires contributions to be made to separately administered funds. The amount of retirement benefits to be paid to employees in the future is determined by the contribution paid to the fund and the return on investment.

#### **(9) Revenue from contracts with customers**

The Group is in the business of manufacturing and selling dairy products, etc. and sells them through distributors, directly operated retail stores, new distribution vendors, special sales (direct sales), online vendors, and exports. Revenues resulting from the sale of products through contracts with customers are recognized at the time the products are delivered to the customer in the case of domestic sales, and in the case of exports, revenue is recognized according to Incoterms.

The transaction price is determined immediately when customers purchase and receives delivery of products from the store. The collection period for accounts receivables from product sales is between 30 to 60 days after delivery. When determining the transaction price, the Group considers variable consideration, significant financing factors, non-cash consideration, and consideration payable to customers.

According to the Group's sales policy, customers have the right to return products within a certain period after purchase. Therefore, the Group reviews at the end of each reporting period whether to recognize refund liabilities (other current liabilities) and rights to goods to be collected (inventory assets) should be recognized for products expected to be returned. The Group anticipates that there will not be significant returns recognized in the financial statements due to reasons such as short product shelf life.

#### **(10) 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.

The Group determines whether the contract itself is a lease or whether the contract includes a lease at the time of contract conclusion, considering whether the contract transfers the right to control the use of identified assets for a certain period of time in exchange for consideration.

- Accounting Policy as a Lessee

The Group applies a single recognition and measurement approach to all leases other than short-term leases and leases of low-value asset. The Group recognizes both lease liabilities representing the obligation to make lease payments and right-of-use assets representing the right to use the underlying asset.

## 2. Basis of presentation and summary of significant accounting policies (Continued)

### 2.3 Summary of material Accounting Policies (Continued)

#### (10) Leases (Continued)

##### ① Right-of-Use Assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term or *the asset's useful life*.

Depreciation is calculated using the estimated useful life of the underlying asset if ownership of the underlying asset is transferred to the Group at the end of the lease period or if the cost of the right-of-use asset reflects that the Group will exercise its purchase option.

##### ② Lease liabilities

When calculating the present value of lease payments, the Group discounts the lease payments at the interest rate implicit in the lease if it can be easily calculated. In cases where the implied interest rate cannot be easily calculated, the Group use the incremental borrowing interest rate of the lessee, the interest rate that would be paid if the lessee borrowed the funds necessary to acquire an asset of similar value to the right-of-use asset with similar collateral over a similar period of time in a similar economic environment.

##### ③ Short-term leases and leases of low-value

The Group applies an exemption from recognition for short-term leases (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) for leases of machinery and equipment. Lease payments for short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term.

#### (11) New and amended standards and interpretations

The Company applied the following standards and amendments for the first time for the annual reporting period commencing on January 1, 2024.

##### ① Amendments to Korean IFRS 1001, Presentation of Financial Statements - Classification of Liabilities as Current or Non-current

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability includes the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments meet the definition of equity instruments and are recognized separately from the liability. The adoption of the amendments does not have a significant impact on the consolidated financial statements.

##### ② Amendments to Korean IFRS 1007, Statement of Cash Flows, and Korean IFRS 1107, Financial Instruments: Disclosures - Supplier Finance Arrangement

When applying supplier finance arrangements, an entity shall disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The adoption of the amendments does not have a significant impact on the consolidated financial statements.

## 2. Basis of presentation and summary of significant accounting policies (Continued)

### 2.3 Summary of material Accounting Policies (Continued)

#### (11) New and amended standards and interpretations (Continued)

##### ① Amendments to Korean IFRS 1116, Leases - Lease Liability in a Sale-and-Leaseback

When subsequently measuring lease liabilities arising from a sale and leaseback, a seller-lessee shall determine lease payments or revised lease payments in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right-of-use assets retained by the seller-lessee. The adoption of the amendments does not have a significant impact on the consolidated financial statements.

##### ② Amendments to Korean IFRS 1001 Presentation of Financial Statements – Disclosure of Crypto Assets

The amendments require an additional disclosure if an entity holds crypto assets, or holds crypto assets on behalf of the customer, or issues crypto assets. The amendments do not have a significant impact on the consolidated financial statements.

#### (12) New and amended standards not yet adopted by the Company

The following new and amended accounting standards and interpretations have been published that are not mandatory for annual periods beginning on or after January 1, 2024 reporting periods and have not been early adopted by the Company.

##### ① Amendments to Korean IFRS 1021, The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability

When an entity estimates a spot exchange rate because exchangeability between two currencies is lacking, the entity shall disclose related information. The amendments are applied for annual periods beginning on or after January 1, 2025, with early application permitted. The Company anticipates that the amendments will not have a significant impact on the consolidated financial statements.

##### ② Amendments to Korean IFRS 1107, Financial Instruments: Disclosures, and Korean IFRS 1109, Financial Instruments

The amendments are applied for annual periods beginning on or after January 1, 2026, with early application permitted.

- The amendment allow payments via electronic payment systems and proposes an exception to settlement data accounting for derecognition of a financial liability.
- The amendment clarify the additional guidance on assessment in assessing whether the contractual cash flows are solely payments of principal and interest.
- The amendment require disclosure for each type of financial instrument of the impact on the Group and the extent to which the Group is exposed to contractual terms that change the timing or amount of contractual cash flows.
- The amendment clarify the additional disclosure requirements for equity instruments classified as fair value through other comprehensive income (FVOCI).

The Company anticipates that the amendments will not have a significant impact on the consolidated financial statements.

### 3. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties includes:

|  | Notes |
|--|-------|
| Principal actuarial assumptions  | 17    |
| Financial risk management objectives and policies  | 31    |
| Supplier finance arrangements - Presentation of amounts related to supplier finance arrangements in the statement of financial position and cash flows | 33    |

### 4. Operating segment information

Segments of revenue from contracts with customers for the years ended December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>                                | 2024        | 2023      |
|---|-------------|-----------|
| Category of refrigerated products (milk and milk beverages, etc.) | ₩ 615,459   | 608,548   |
| Category of frozen and other products (ice cream etc.)            | 847,582     | 785,768   |
|   | ₩ 1,463,041 | 1,394,316 |
| Timing of revenue recognition                                     |             |           |
| Goods transferred at a point in time                              | 1,463,041   | 1,394,316 |
|   | ₩ 1,463,041 | 1,394,316 |

### 5. Cash and cash equivalents

Cash and cash equivalents as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i> | 2024      | 2023    |
|------------------------------------|-----------|---------|
| Cash on hand                       | ₩ 11      | 7       |
| Deposits                           | 175,237   | 147,875 |
|                                    | ₩ 175,248 | 147,882 |

### 6. Financial assets

(1) Short-term & long-term financial assets as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>                    | 2024       |           | 2023       |           |
|---|------------|-----------|------------|-----------|
|   | Short-term | Long-term | Short-term | Long-term |
| Financial assets at fair value through profit or loss | ₩ 13,086   | 5,624     | 9,000      | 11,386    |
| Financial assets at fair value through OCI            | -          | 9,101     | -          | 9,094     |
| Financial assets at amortized cost                    | 58,657     | 4,686     | 16,325     | 3,846     |
|   | ₩ 71,743   | 19,411    | 25,325     | 24,326    |

## 6. Financial assets (Continued)

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

| <i>(in millions of Korean won)</i> | 2024            | 2023          |
|------------------------------------|-----------------|---------------|
| Short-term                         |                 |               |
| Financial investments              | ₩ 8,086         | 4,000         |
| Win-win fund                       | 5,000           | 5,000         |
|                                    | <u>13,086</u>   | <u>9,000</u>  |
| Long-term                          |                 |               |
| Hybrid securities                  | -               | 4,808         |
| Funds and other investments        | 3,367           | 4,321         |
| Venture Fund                       | 2,257           | 2,257         |
|                                    | <u>5,624</u>    | <u>11,386</u> |
|                                    | <u>₩ 18,710</u> | <u>20,386</u> |

(3) Financial assets at fair value through OCI as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i> | 2024           | 2023         |
|------------------------------------|----------------|--------------|
| Long-term                          |                |              |
| Marketable securities              | ₩ 9,087        | 9,081        |
| Non-marketable securities          | 13             | 13           |
|                                    | <u>₩ 9,100</u> | <u>9,094</u> |

(4) Financial assets at amortized cost as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i> | 2024            | 2023          |
|------------------------------------|-----------------|---------------|
| Short-term                         |                 |               |
| Term deposits                      | ₩ 42,563        | 16,323        |
| Deposits for checking accounts     | 15,002          | 2             |
| Other deposits                     | 1,092           | -             |
|                                    | <u>58,657</u>   | <u>16,325</u> |
| Long-term                          |                 |               |
| Term deposits                      | 2,013           | -             |
| Deposits for checking accounts     | 3               | 3             |
| Long-term loans                    | 2,670           | 3,843         |
|                                    | <u>4,686</u>    | <u>3,846</u>  |
|                                    | <u>₩ 63,343</u> | <u>20,171</u> |

(5) Financial assets with restrictions for use as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i> | Financial institution    | 2024    | 2023  | Description                     |
|------------------------------------|--------------------------|---------|-------|---------------------------------|
| Short-term deposits                | Industrial Bank of Korea | ₩ 5,000 | 5,000 | Shared growth cooperative loans |
|                                    | Shinhan Bank             | 2       | 2     | Deposits for checking accounts  |
| Long-term deposits                 | Shinhan Bank             | 3       | 3     | Deposits for checking accounts  |

## 7. Accounts and notes receivable and prepaid expenses

(1) Accounts and notes receivable and prepaid expenses are presented as net of allowances for impairment. Gross amount and related allowances as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i> | 2024            | 2023          |
|------------------------------------|-----------------|---------------|
| Accounts and notes receivable      | ₩ 81,003        | 83,631        |
| Prepaid expenses                   | 5,567           | 7,428         |
|                                    | <u>86,570</u>   | <u>91,059</u> |
| Allowance for doubtful accounts:   |                 |               |
| Accounts and notes receivable      | (366)           | (376)         |
| Prepaid expenses                   | (14)            | (26)          |
|                                    | <u>(380)</u>    | <u>(402)</u>  |
| Book value:                        |                 |               |
| Accounts and notes receivable      | 80,637          | 83,255        |
| Prepaid expenses                   | 5,553           | 7,402         |
|                                    | <u>₩ 86,190</u> | <u>90,657</u> |

(2) Changes in allowance for doubtful accounts for the years ended December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i> | 2024         | 2023       |
|------------------------------------|--------------|------------|
| As at January 1,                   | ₩ 402        | 906        |
| Bad debt expense                   | 31           | -          |
| Bad debt reversal                  | (22)         | (66)       |
| Write-off                          | (31)         | (438)      |
| As of December 31,                 | <u>₩ 380</u> | <u>402</u> |

(3) As of December 31, 2024 and 2023, the aging analysis of accounts and notes receivable is as follows:

|              | 2024                          |                                 | 2023                          |                                 |
|--------------|-------------------------------|---------------------------------|-------------------------------|---------------------------------|
|              | Accounts and notes receivable | Allowance for doubtful accounts | Accounts and notes receivable | Allowance for doubtful accounts |
| < 180 days   | ₩ 80,534                      | (124)                           | 83,227                        | (138)                           |
| 181~365 days | 109                           | (24)                            | 106                           | (52)                            |
| > 365 days   | 360                           | (218)                           | 298                           | (186)                           |
|              | <u>₩ 81,003</u>               | <u>(366)</u>                    | <u>83,631</u>                 | <u>(376)</u>                    |

## 8. Inventories

Inventories as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i> | 2024             | 2023           |
|------------------------------------|------------------|----------------|
| Merchandise                        | ₩ 27,996         | 20,810         |
| Finished goods                     | 36,573           | 42,676         |
| Work-in-process                    | 7,385            | 3,195          |
| Raw materials                      | 39,108           | 49,923         |
| Materials in-transit               | 23,969           | 9,879          |
|                                    | <u>₩ 135,031</u> | <u>126,483</u> |



## 9. Property, plant and equipment

Changes in the book value of property, plant and equipment for the years ended December 31, 2024 and 2023 are as follows:

(in millions of Korean won)

|   | 2024     |                          |                             |                            |                          |           |
|---|----------|--------------------------|-----------------------------|----------------------------|--------------------------|-----------|
|   | Land     | Buildings and structures | Machinery and vehicles (*1) | Tools, furniture and other | Construction-in-progress | Total     |
| Acquisition cost:                       |          |                          |                             |                            |                          |           |
| As of January 1                         | ₩ 71,288 | 120,339                  | 362,913                     | 131,931                    | 66,088                   | 752,559   |
| Additions                               | 54       | 1,208                    | 5,421                       | 10,580                     | 71,985                   | 89,248    |
| Disposals                               | -        | (1,353)                  | (22,293)                    | (8,483)                    | (268)                    | (32,397)  |
| Other(*2)                               | (8,574)  | 7,631                    | 28,316                      | 1,780                      | (38,080)                 | (8,927)   |
| As of December 31                       | 62,768   | 127,825                  | 374,357                     | 135,808                    | 99,725                   | 800,483   |
| Accumulated depreciation and impairment |          |                          |                             |                            |                          |           |
| As of January 1                         | -        | (56,713)                 | (245,552)                   | (97,252)                   | -                        | (399,517) |
| Additions                               | -        | 1,100                    | 18,779                      | 7,595                      | -                        | 27,474    |
| Disposals                               | -        | (2,631)                  | (21,835)                    | (11,215)                   | -                        | (35,681)  |
| Other(*2)                               | -        | -                        | (19)                        | (49)                       | -                        | (68)      |
| As of December 31                       | -        | (58,244)                 | (248,627)                   | (100,921)                  | -                        | (407,792) |
| Net book value:                         |          |                          |                             |                            |                          |           |
| As of January 1                         | ₩ 71,288 | 63,626                   | 117,361                     | 34,679                     | 66,088                   | 353,042   |
| As of December 31                       | 62,768   | 69,581                   | 125,730                     | 34,887                     | 99,725                   | 392,691   |

(\*1) Amounts are net of government grants.

(\*2) The amounts of replacement from Construction-in-progress to assets and other accounts, and the effects of foreign exchange differences are included in Others.

|   | 2023     |                          |                             |                            |                          |           |
|---|----------|--------------------------|-----------------------------|----------------------------|--------------------------|-----------|
|   | Land     | Buildings and structures | Machinery and vehicles (*1) | Tools, furniture and other | Construction-in-progress | Total     |
| Acquisition cost:                       |          |                          |                             |                            |                          |           |
| As of January 1                         | ₩ 70,952 | 106,790                  | 365,168                     | 121,336                    | 9,623                    | 673,869   |
| Additions                               | 355      | 570                      | 3,676                       | 10,544                     | 77,790                   | 92,935    |
| Disposals                               | (19)     | (839)                    | (10,995)                    | (2,034)                    | -                        | (13,887)  |
| Other(*2)                               | -        | 13,818                   | 5,064                       | 2,085                      | (21,325)                 | (358)     |
| As of December 31                       | 71,288   | 120,339                  | 362,913                     | 131,931                    | 66,088                   | 752,559   |
| Accumulated depreciation and impairment |          |                          |                             |                            |                          |           |
| As of January 1                         | -        | (54,687)                 | (232,605)                   | (87,851)                   | -                        | (375,143) |
| Disposals                               | -        | 332                      | 9,467                       | 1,859                      | -                        | 11,658    |
| Depreciation                            | -        | (2,358)                  | (22,416)                    | (11,256)                   | -                        | (36,030)  |
| Others (*2)                             | -        | -                        | 2                           | (4)                        | -                        | (2)       |
| As of December 31                       | -        | (56,713)                 | (245,552)                   | (97,252)                   | -                        | (399,517) |
| Net book value:                         |          |                          |                             |                            |                          |           |
| As of January 1                         | ₩ 70,952 | 52,103                   | 132,563                     | 33,485                     | 9,623                    | 298,726   |
| As of December 31                       | 71,288   | 63,626                   | 117,361                     | 34,679                     | 66,088                   | 353,042   |

(\*1) Amounts are net of government grants.

(\*2) The amounts of replacement from Construction-in-progress to assets and the effects of foreign exchange differences are included in Others.

## 10. Investment Property

Changes in the book value of investment property for the year ended December 31, 2024 and 2023 are as follows:

(in millions of Korean won)

|                                     | 2024    |          |        |
|-------------------------------------|---------|----------|--------|
|                                     | Land    | Building | Total  |
| Acquisition cost:                   |         |          |        |
| Balance at beginning of year        | ₩ -     | 2,262    | 2,262  |
| Others                              | 8,589   | -        | 8,589  |
| Balance at end of year              | 8,589   | 2,262    | 10,851 |
| Accumulated depreciation:           |         |          |        |
| Balance at beginning of year        | -       | (94)     | (94)   |
| Depreciation                        | -       | (45)     | (45)   |
| Balance at end of year              | -       | (139)    | (139)  |
| Book value                          |         |          |        |
| Net book value at beginning of year | -       | 2,168    | 2,168  |
| Net book value at end of year       | ₩ 8,589 | 2,123    | 10,712 |

|                                     | 2023     |       |
|-------------------------------------|----------|-------|
|                                     | Building | Total |
| Acquisition cost:                   |          |       |
| Balance at beginning of year        | ₩ 2,262  | 2,262 |
| Balance at end of year              |          | 2,262 |
| Accumulated depreciation:           |          |       |
| Balance at beginning of year        |          | (49)  |
| Depreciation                        |          | (45)  |
| Balance at end of year              |          | (94)  |
| Net book value at Beginning of year |          | 2,213 |
| Net book value at end of year       | ₩        | 2,168 |

The following are the amounts recognized in rental income:

(in millions of Korean won)

|                     | 2024 | 2023 |
|---------------------|------|------|
| Maintenance expense | ₩ 45 | 45   |

The fair value of the investment property has not significant difference from the book value as of December 31, 2024 and 2023.

## 11. Government grants

The Group received government subsidies totaling ₩ 362 million during the current period and ₩ 363 million before the current period for the purchase of machinery related to Food and Rural Affairs' greenhouse gas reduction technology demonstration project sponsored by the Ministry of Agriculture. These government subsidies are presented as deductions from the machinery. The amortized value of the asset is ₩88 million and ₩68 million, respectively, in the current and prior terms, and the Government grants of ₩40 million and ₩28 million were offset from the same amount, respectively. As a result, the cumulative amount of the depreciation cost and offsetting amount of the asset increased from ₩169 million at the end of the previous term to ₩209 million at the end of the current term.

The Group reflects the government subsidies received in connection with the Korea Agricultural and Fisheries Food Distribution Corporation's project to support export logistics costs as an item to deduct export logistics costs.

## 12. Intangible assets

Changes in the book value of intangible assets for the years ended December 31, 2024 and 2023 are as follows:

(in millions of Korean won)

|                   | 2024                       |                                      |                       |                       |          |          |
|-------------------|----------------------------|--------------------------------------|-----------------------|-----------------------|----------|----------|
|                   | Industrial property rights | Software and Other intangible assets | Facility usage rights | Customer Relationship | Goodwill | Total    |
| Balance at Jan.1  | ₩ 12,881                   | 3,164                                | 1,477                 | 3,710                 | 26,726   | 47,958   |
| Additions         | 436                        | 158                                  | 602                   | -                     | -        | 1,196    |
| Disposals         | -                          | -                                    | (463)                 | -                     | -        | (463)    |
| Amortization      | (6,975)                    | (949)                                | -                     | (2,120)               | -        | (10,044) |
| Others(*)         | -                          | (127)                                | 330                   | -                     | -        | 203      |
| Balance at Dec.31 | ₩ 6,342                    | 2,246                                | 1,946                 | 1,590                 | 26,726   | 38,850   |

(\*) The amounts of replacement from Construction-in-progress to assets are included in Others.

|                   | 2023                       |                                      |                       |                       |          |          |
|-------------------|----------------------------|--------------------------------------|-----------------------|-----------------------|----------|----------|
|                   | Industrial property rights | Software and Other intangible assets | Facility usage rights | Customer Relationship | Goodwill | Total    |
| Balance at Jan.1  | ₩ 19,296                   | 3,898                                | 1,477                 | 5,830                 | 26,726   | 57,227   |
| Additions         | 543                        | 307                                  | -                     | -                     | -        | 850      |
| Amortization      | (6,974)                    | (1,041)                              | -                     | (2,120)               | -        | (10,135) |
| Others(*)         | 16                         | -                                    | -                     | -                     | -        | 16       |
| Balance at Dec.31 | ₩ 12,881                   | 3,164                                | 1,477                 | 3,710                 | 26,726   | 47,958   |

(\*) The amounts of replacement from Construction-in-progress to assets are included in Others.

### 13. Guarantee deposits

Details of guarantee deposits that are measured at amortized cost using the effective interest method as of December 31, 2024 and 2023 are as follows:

| (in millions of Korean won)   | 2024                    |               | 2023                    |               |
|-------------------------------|-------------------------|---------------|-------------------------|---------------|
|                               | Effective interest rate | Book value    | Effective interest rate | Book value    |
| Short-term guarantee deposits | -                       | 3,259         | -                       | 1,494         |
| Long-term guarantee deposits  | 1.99% ~ 5.45%           | ₩ 16,640      | 1.66% ~ 5.45%           | ₩ 16,530      |
|                               |                         | <u>19,899</u> |                         | <u>18,024</u> |

### 14. Pledged assets

Details of assets pledged for the Group's borrowings as of December 31, 2024 are as follows:

| (in millions of Korean won) | Pledged assets             | Book value | Borrowing | Pledged amount |
|-----------------------------|----------------------------|------------|-----------|----------------|
| Korea Development Bank      | Land, buildings            | ₩ 18,389   | 30,000    | 21,000         |
| Shinhan Bank                | Land, buildings, machinery | 40,928     | -         | 9,600          |
|                             | Land, buildings, machinery | 40,928     | 5,000     | 18,000         |
| Woori Bank                  | Land, buildings            | 33,257     | -         | 12,000         |

### 15. Other current liabilities

(1) Other current liabilities as of December 31, 2024 and 2023 are as follows:

| (in millions of Korean won)      | 2024           |            | 2023         |            |
|----------------------------------|----------------|------------|--------------|------------|
|                                  | Short-term     | Long-term  | Short-term   | Long-term  |
| Advances received                | ₩ 2,649        | -          | 1,493        | -          |
| Withholdings                     | 2,316          | -          | 1,735        | -          |
| Deposits received for guarantees | 3              | -          | 3            | -          |
| Provision for restoration cost   | 367            | 786        | 334          | 610        |
|                                  | <u>₩ 5,335</u> | <u>786</u> | <u>3,565</u> | <u>610</u> |

(2) Changes in the provision for restoration cost for the years ended December 31, 2024 is as follows:

| (in millions of Korean won) | 2024         |             |              |
|-----------------------------|--------------|-------------|--------------|
|                             | Current      | Non-current | Total        |
| Balance at Jan.1            | ₩ 334        | 610         | 944          |
| Increase                    | -            | 328         | 328          |
| Decrease                    | (119)        | -           | (119)        |
| Transfers                   | 152          | (152)       | -            |
| Balance at Dec.31           | <u>₩ 367</u> | <u>786</u>  | <u>1,153</u> |

## 16. Borrowings

(1) Short-term borrowings as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i> |                        |                |                 |              |          |
|------------------------------------|------------------------|----------------|-----------------|--------------|----------|
| 2024                               |                        |                |                 |              |          |
|                                    | Borrower               | Effective date | Expiration date | Interest (%) | Amount   |
| Working capital borrowings         | Korea Development Bank | 2024.9.27      | 2025.9.27       | 3.83         | ₩ 30,000 |
| Working capital borrowings         | Shinhan Bank           | 2024.9.27      | 2025.3.27       | 4.21         | 20,000   |
| Commercial paper                   |                        | 2024.4.9       | 2025.4.8        | 3.96         | 5,000    |
|                                    |                        |                |                 |              | ₩ 55,000 |
| 2023                               |                        |                |                 |              |          |
|                                    | Borrower               | Effective date | Expiration date | Interest (%) | Amount   |
| Commercial paper                   | Shinhan Bank           | 2023.4.12      | 2024.4.9        | 4.16         | ₩ 5,000  |

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

| <i>(in millions of Korean won)</i> |               |                |                 |               |          |
|------------------------------------|---------------|----------------|-----------------|---------------|----------|
| 2024                               |               |                |                 |               |          |
|                                    | Borrower      | Effective date | Expiration date | Interest (%)  | Amount   |
| Policy borrowings                  | Nonghyup Bank | 2023.5.4       | 2025.5.4        | 2.00          | ₩ 4,370  |
| Policy borrowings                  | Nonghyup Bank | 2024.3.25      | 2026.3.25       | 2.00          | 2,500    |
| As of December 31, 2024            |               |                |                 |               | 6,870    |
| Current portion                    |               |                |                 |               | (4,370)  |
| Long-term borrowings               |               |                |                 |               | ₩ 2,500  |
| 2023                               |               |                |                 |               |          |
|                                    | Borrower      | Effective date | Expiration date | Interest (%)  | Amount   |
| Policy borrowings                  | Nonghyup Bank | 2023.5.4       | 2025.5.4        | 2.00          | ₩ 4,370  |
| Facility borrowings                | Shinhan Bank  | 2023.11.15     | 2028.11.15      | MOR 1Y + 0.69 | 7,000    |
|                                    |               |                |                 |               | ₩ 11,370 |

## 17. Employee benefits

(1) The amounts recognized as expense for employee salaries for the years ended December 31, 2024, and 2023 are as follows:

| <i>(in millions of Korean won)</i>       |           |         |
|--|-----------|---------|
|  | 2024      | 2023    |
| Salary                                   | ₩ 145,197 | 152,426 |
| Employee benefits expense                | 34,662    | 33,062  |
| Expenses for defined benefit obligations | 10,002    | 8,700   |
| Expenses for defined contribution plans  | 1,671     | 2,510   |
|  | ₩ 191,532 | 196,698 |

(2) Defined benefit liabilities as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>               |          |          |
|--|----------|----------|
|  | 2024     | 2023     |
| Present value of the defined benefit obligations | ₩ 88,665 | 84,534   |
| Fair value of plan assets                        | (80,585) | (77,401) |
| Net defined benefit liabilities                  | ₩ 8,080  | 7,133    |

## 17. Employee benefits (Continued)

(3) Changes in the defined benefit obligation for the years ended December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>                                | 2024     | 2023     |
|---|----------|----------|
| As of January 1   | ₩ 84,534 | 74,757   |
| Current service cost  | 9,201    | 8,282    |
| Interest expense  | 3,706    | 3,888    |
| Remeasurement gains (losses):                                     |          |          |
| Actuarial changes arising from changes in demographic assumptions | (5)      | 15       |
| Actuarial changes arising from changes in financial assumptions   | 2,340    | 4,235    |
| Experience adjustments  | 1,227    | 3,544    |
| Past service cost   | 172      | -        |
| New and transfer  | 392      | 295      |
| Benefits paid   | (12,902) | (10,482) |
| As of December 31   | ₩ 88,665 | 84,534   |

(4) Changes in the fair value of plan assets for the years ended December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i> | 2024     | 2023    |
|------------------------------------|----------|---------|
| As of January 1                    | ₩ 77,401 | 70,824  |
| Expected return on plan assets     | 3,469    | 3,765   |
| Remeasurement losses in OCI:       |          |         |
| Remeasurement loss                 | (151)    | (521)   |
| Contributions by employer          | 6,000    | 10,000  |
| Benefits paid                      | (6,134)  | (6,667) |
| As of December 31                  | ₩ 80,585 | 77,401  |

(5) The components of defined benefit costs recognized in profit or loss for the years ended December 31, 2024 and 2023 relating to defined benefit plans are as follows:

| <i>(in millions of Korean won)</i> | 2024     | 2023  |
|------------------------------------|----------|-------|
| Current service cost               | ₩ 9,201  | 8,282 |
| Net interest cost                  | 237      | 123   |
| New and transfer                   | 392      | 295   |
| Past service cost                  | 172      | -     |
|                                    | ₩ 10,002 | 8,700 |

(6) The amount recognized as expense of defined contribution plans for the years ended December 31, 2024 and 2023 are ₩ 1,671 million and ₩ 2,510 million, respectively.

The fair values of the major categories of the plan assets as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>  | 2024     | 2023   |
|-------------------------------------|----------|--------|
| Short-term trading financial assets | ₩ 3,177  | 4,710  |
| Other financial assets              | 77,408   | 72,691 |
|                                     | ₩ 80,585 | 77,401 |

(7) The principal actuarial assumptions as of December 31, 2024 and 2023 are as follows:

|                           | 2024       | 2023       |
|---------------------------|------------|------------|
| Discount rate             | 3.99~4.23% | 4.38~4.76% |
| Future salary growth rate | 4.57~4.65% | 4.59~4.64% |

## 17. Employee benefits (Continued)

(8) The sensitivity analysis of the defined benefit obligations as of December 31, 2024 and 2023 to changes in the weighted principal assumptions is as follows:

(in millions of Korean won)

|  | 2024        |             |
|--|-------------|-------------|
|  | 1% increase | 1% decrease |
| Effect of changes in the discount rate         | ₩ (4,690)   | 5,264       |
| Effect of changes in future salary growth rate | 5,287       | (4,797)     |

  

|  | 2023        |             |
|--|-------------|-------------|
|  | 1% increase | 1% decrease |
| Effect of changes in the discount rate         | ₩ (4,563)   | 5,115       |
| Effect of changes in future salary growth rate | 5,162       | (4,688)     |

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit liabilities as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The weighted average duration of the defined benefit obligation as of December 31, 2024 and December 31, 2023 was between 5.332 and 5.829 years, and between 5.877 and 5.996 years, respectively.

## 18. Leases

(1) The Group has lease contracts for various items of land, plant and vehicles used in its operations. Leases of land and plant generally have lease terms between 1 and 40 years, while vehicles generally have lease terms between 1 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group also has certain leases of machinery with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

(2) Set out below are the carrying amounts of right-of-use assets and lease liabilities recognized and the movements for the years ended December 31, 2024 and 2023.

(in millions of Korean won)

|                              | 2024                |          |        |          | Lease liabilities |
|------------------------------|---------------------|----------|--------|----------|-------------------|
|                              | Right-of-use assets |          |        |          |                   |
|                              | Land and plant      | Vehicles | Others | Total    |                   |
| As of January 1, 2024        | ₩ 24,977            | 5,515    | 227    | 30,719   | 31,262            |
| Additions                    | 18,387              | 3,306    | 1,515  | 23,208   | 22,409            |
| Depreciation expense         | (13,501)            | (2,758)  | (654)  | (16,913) | -                 |
| Interest expense             | -                   | -        | -      | -        | 1,921             |
| Payments                     | -                   | -        | -      | -        | (17,370)          |
| Decrease                     | (486)               | (876)    | (7)    | (1,369)  | (1,406)           |
| As of December 31, 2024      | ₩ 29,377            | 5,187    | 1,081  | 35,645   | 36,816            |
| Short-term lease liabilities |                     |          |        |          | (14,841)          |
| Long-term lease liabilities  |                     |          |        |          | ₩ 21,975          |

## 18. Leases (Continued)

|                              | 2023                |          |        |          | Lease liabilities |
|------------------------------|---------------------|----------|--------|----------|-------------------|
|                              | Right-of-use assets |          |        |          |                   |
|                              | Land and plant      | Vehicles | Others | Total    |                   |
| As of January 1, 2023        | ₩ 21,626            | 5,302    | 290    | 27,218   | 27,249            |
| Additions                    | 15,939              | 2,909    | 675    | 19,523   | 17,833            |
| Depreciation expense         | (12,315)            | (2,605)  | (715)  | (15,635) | -                 |
| Interest expense             | -                   | -        | -      | -        | 1,434             |
| Payments                     | -                   | -        | -      | -        | (14,840)          |
| Decrease (*)                 | (273)               | (91)     | (23)   | (387)    | (414)             |
| As of December 31, 2023      | ₩ 24,977            | 5,515    | 227    | 30,719   | 31,262            |
| Short-term lease liabilities |                     |          |        |          | (10,251)          |
| Long-term lease liabilities  |                     |          |        |          | 21,011            |

(\*) The amount due to the termination of the lease contract is included.

(3) The amounts of right-of-use assets and lease liabilities recognized in profit or loss for the years ended December 31, 2024 and 2023 are as follows:

| (in millions of Korean won)   | 2024    | 2023  |
|---|---------|-------|
| Interest expense on lease liabilities   | ₩ 1,921 | 1,434 |
| Variable lease payments not included in the measurement of lease liabilities                                    | 7,398   | 6,052 |
| Expenses related to lease of low-value assets and short-term leases applying recognition exemptions regulations | 1,221   | 1,386 |

(4) The maturity analysis of lease liabilities as of December 31, 2024 and 2023 are as follows:

| (in millions of Korean won)             | 2024     | 2023     |
|---|----------|----------|
| Less than 1 year                        | ₩ 15,184 | 10,392   |
| ~ 5 years                               | 20,241   | 21,861   |
| After 5 years                           | 5,278    | 2,082    |
| Total amount                            | 40,703   | 34,335   |
| Discounted amount                       | 36,816   | 31,262   |
| Non-current to current reclassification | (14,841) | (10,251) |
| Long-term lease liabilities             | ₩ 21,975 | 21,011   |

(5) Cash outflows from leases for the years ended December 31, 2024 and 2023 are as follows:

| (in millions of Korean won)   | 2024     | 2023   |
|---|----------|--------|
| Total cash outflows from leases (including leases of low-value assets, variable leases, etc.) | ₩ 25,175 | 22,278 |



## 19. Issued capital and capital surplus

(1) The Company issued capital as of December 31, 2024 and 2023 are as follows:

| <i>(Korean won, except number of shares)</i> | 2024             | 2023           |
|--|------------------|----------------|
| Number of shares authorized(in shares)       | 24,000,000       | 24,000,000     |
| Value per share                              | ₩ 5,000          | 5,000          |
| Number of shares issued(in shares)           | 9,851,241        | 9,851,241      |
| Common stock                                 | ₩ 49,756,205,000 | 49,756,205,000 |

Differences arising from the Company's issued capital and aggregate of the par value of ordinary shares issued amounting to ₩ 500 million represents 100,000 ordinary shares reacquired as treasury stock and subsequently retired.

(2) Capital surplus as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i> | 2024     | 2023   |
|------------------------------------|----------|--------|
| Additional paid-in capital         | ₩ 27,910 | 27,910 |
| Gain on disposal of treasury stock | 2,386    | 2,386  |
| Revaluation surplus                | 34,473   | 34,473 |
|                                    | ₩ 64,769 | 64,769 |

## 20. Other components of equity

Other components of equity as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i> | 2024     | 2023   |
|------------------------------------|----------|--------|
| Treasury stock                     | ₩ 22,482 | 22,482 |

## 21. Accumulated other comprehensive income

(1) Accumulated other comprehensive income as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>                                      | 2024             | 2023           |
|---|------------------|----------------|
| Changes in the fair value of financial assets at fair value through OCI | ₩ (5,887)        | (5,892)        |
| Gain on foreign currency translations of foreign operations             | 4,374            | 1,499          |
|   | <u>₩ (1,513)</u> | <u>(4,393)</u> |

(2) Changes in the fair value of financial assets at fair value through OCI and fair value of available-for-sale financial assets as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i> | 2024             | 2023           |
|------------------------------------|------------------|----------------|
| Before tax                         | ₩ (7,656)        | (7,662)        |
| Accumulated tax effect             | 1,769            | 1,770          |
|                                    | <u>₩ (5,887)</u> | <u>(5,892)</u> |

## 22. Reserves

(1) Reserves as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i> | 2024             | 2023           |
|------------------------------------|------------------|----------------|
| Legal reserve                      | ₩ 26,315         | 24,015         |
| Voluntary reserves                 | 501,186          | 461,186        |
|                                    | <u>₩ 527,501</u> | <u>485,201</u> |

(2) Legal reserve

In accordance with the Korean Commercial Code, an amount equal to at least 10% of cash dividends is required to be appropriated as a legal reserve until the reserve equals 50% of issued capital. The legal reserve may not be utilized for cash dividends but may only be used to offset a deficit, if any, or be transferred to issued capital by the resolution of the shareholders' meeting.

(3) Voluntary reserves as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>           | 2024             | 2023           |
|--|------------------|----------------|
| Reserve for business rationalization         | ₩ 96,505         | 96,505         |
| Reserve for improvement of capital structure | 58,681           | 18,681         |
| Reserve for overseas market development      | 147,000          | 147,000        |
| Reserve for facility investment              | 199,000          | 199,000        |
|  | <u>₩ 501,186</u> | <u>461,186</u> |

### 23. Retained earnings

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

| <i>(in millions of Korean won)</i>                           | 2024             | 2023          |
|--|------------------|---------------|
| Balance at beginning of year                                 | ₩ 68,747         | 23,639        |
| Appropriation to legal reserve                               | (2,300)          | (1,400)       |
| Appropriation to reserve for overseas market development     | -                | (10,000)      |
| Appropriation to reserve for facility investment             | -                | (10,000)      |
| Appropriation to reserve for financial structure improvement | (40,000)         | -             |
| Dividends  | (22,989)         | (13,263)      |
| Net profit for the year                                      | 103,227          | 86,219        |
| Re-measurement losses on defined benefit plans (after tax)   | (2,872)          | (6,448)       |
| Balance at end of year                                       | <u>₩ 103,813</u> | <u>68,747</u> |

(2) Dividends

The following dividends were declared and paid by the Company during 2024 and 2023.:

| <i>(In millions of Korean won)</i>                            | 2024     | 2023   |
|---|----------|--------|
| ₩ 2,600 won per qualifying ordinary share (2023: ₩ 1,500 won) | ₩ 22,989 | 13,263 |

(3) Statement of appropriation of retained earnings as of December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>                               | 2024            | 2023         |
|--|-----------------|--------------|
| I. Retained Earnings Before Appropriations                       | ₩ 98,855        | 68,947       |
| Carried Over From Prior Years                                    | 3,658           | 1,401        |
| Net income   | 97,461          | 72,036       |
| Re-measurements of the defined benefit liabilities               | (2,264)         | (4,490)      |
| II. Appropriations of Retained Earnings                          | (72,178)        | (65,289)     |
| Legal reverse  | 3,000           | 2,300        |
| Transfer from voluntary reverses                                 | 40,000          | 40,000       |
| Dividends (per qualifying ordinary share(rate)                   |                 |              |
| Ordinary share : Current year ₩ 3,300 won(66%)                   | 29,178          | 22,989       |
| Prior year ₩ 2,600 won(52%))                                     |                 |              |
| III. Unappropriated Retained Earnings To Be Carried Over Forward | <u>₩ 26,677</u> | <u>3,658</u> |

## 24. Expenses classified by nature of expense

(1) Expenses classified by nature of expense for the years ended December 31, 2024 and 2023 are as follows:

(in millions of Korean won)

|                               | 2024                                |               |           |
|-------------------------------|-------------------------------------|---------------|-----------|
|                               | Selling and administrative expenses | Cost of sales | Total     |
| Movement in inventories       | ₩ -                                 | (122,938)     | (122,938) |
| Purchase of inventories       | -                                   | 845,167       | 845,167   |
| Employee benefits expense     | 100,978                             | 90,554        | 191,532   |
| Depreciation and amortization | 34,490                              | 28,193        | 62,683    |
| Other expenses                | 202,090                             | 153,231       | 355,321   |
|                               | ₩ 337,558                           | 994,207       | 1,331,765 |

  

|                               | 2023                                |               |           |
|-------------------------------|-------------------------------------|---------------|-----------|
|                               | Selling and administrative expenses | Cost of sales | Total     |
| Movement in inventories       | ₩ -                                 | (124,809)     | (124,809) |
| Purchase of inventories       | -                                   | 839,386       | 839,386   |
| Employee benefits expense     | 109,005                             | 87,693        | 196,698   |
| Depreciation and amortization | 32,315                              | 29,531        | 61,846    |
| Other expenses                | 187,618                             | 121,333       | 308,951   |
|                               | ₩ 328,938                           | 953,134       | 1,282,072 |

(2) Details of selling and administrative expenses for the years ended December 31, 2024 and 2023 are summarized as follows:

(in millions of Korean won)

|                                     | 2024      | 2023    |
|-------------------------------------|-----------|---------|
| Wages and salaries                  | ₩ 75,976  | 85,613  |
| Post-employment benefit             | 6,366     | 6,569   |
| Employee welfare                    | 18,636    | 16,822  |
| Travel expenses                     | 4,665     | 4,350   |
| Taxes and dues                      | 3,615     | 3,990   |
| Service fee                         | 16,496    | 13,729  |
| Rental expenses                     | 6,361     | 7,081   |
| Depreciation                        | 11,602    | 13,904  |
| Amortization                        | 10,044    | 10,135  |
| Research and development            | 6,624     | 6,341   |
| Advertisement                       | 50,432    | 49,746  |
| Sales commission                    | 57,786    | 49,378  |
| Bad debt expense(reversal)          | 7         | (66)    |
| Transportation                      | 38,485    | 35,432  |
| Depreciation on right-of-use assets | 12,844    | 8,275   |
| Other                               | 17,619    | 17,639  |
|                                     | ₩ 337,558 | 328,938 |

## 25. Finance income and finance costs

(1) Finance income and finance costs are summarized for the years ended December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>   | 2024      | 2023    |
|--|-----------|---------|
| Finance income:  |           |         |
| Interest income  | ₩ 6,215   | 4,579   |
| Dividend income  | 242       | 247     |
| Gain on foreign currency transactions  | 2,432     | 1,827   |
| Gain on foreign currency translation   | 492       | 8       |
| Gain on valuation of financial assets at fair value through profit or loss   | 102       | 236     |
| Gain on disposition of financial assets at fair value through profit or loss | 76        | 196     |
|  | ₩ 9,559   | 7,093   |
| Finance costs:   |           |         |
| Interest expense   | (2,990)   | (1,712) |
| Loss on foreign currency transactions  | (1,306)   | (2,055) |
| Loss on foreign currency translation   | (26)      | (139)   |
| Loss on valuation of financial assets at fair value through profit or loss   | (954)     | (851)   |
|  | ₩ (5,276) | (4,757) |
|  | ₩ 4,283   | 2,336   |

(2) Interest income for the years ended December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i> | 2024    | 2023  |
|------------------------------------|---------|-------|
| Deposits in financial institutions | ₩ 3,109 | 2,534 |
| Short-term financial instruments   | 2,271   | 1,262 |
| Long-term financial instruments    | 200     | 209   |
| Others                             | 635     | 574   |
|                                    | ₩ 6,215 | 4,579 |

## 26. Non-operating income and expenses

(1) Non-operating income for the years ended December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>                | 2024           | 2023         |
|---|----------------|--------------|
| Gain on disposal of property, plant and equipment | ₩ 790          | 173          |
| Rental income                                     | 263            | 197          |
| Miscellaneous income                              | 2,876          | 6,602        |
|   | <u>₩ 3,929</u> | <u>6,972</u> |

(2) Non-operating expenses for the years ended December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>                | 2024           | 2023          |
|---|----------------|---------------|
| Donations   | ₩ 1,477        | 3,675         |
| Loss on disposal of property, plant and equipment | 3,952          | 1,857         |
| Loss on disposal of intangible assets             | 62             | -             |
| Miscellaneous loss                                | 500            | 5,065         |
|   | <u>₩ 5,991</u> | <u>10,597</u> |

## 27. Income tax

(1) The major components of income tax expense for the years ended December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>                    | 2024            | 2023          |
|---|-----------------|---------------|
| Current income tax                                    | ₩ 29,839        | 28,240        |
| Adjustment in respect to prior years                  | (1,127)         | 63            |
| Origination and reversal of temporary differences     | 719             | (5,638)       |
| Income taxes recognized in other comprehensive income | 839             | 2,073         |
| Income tax expense                                    | <u>₩ 30,270</u> | <u>24,738</u> |

(2) Income taxes recognized directly in other comprehensive income for the years ended December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>                               | 2024         | 2023         |
|--|--------------|--------------|
| Current income tax:  |              |              |
| Remeasurements losses on defined benefit plans                   | ₩ 841        | 1,866        |
| Deferred tax:  |              |              |
| Gains on valuation of financial assets at fair value through OCI | (2)          | 207          |
| Income taxes recognized directly in other comprehensive income   | <u>₩ 839</u> | <u>2,073</u> |

## 27. Income tax (Continued)

(3) A reconciliation of provision for income taxes applicable to income before income taxes at the Korea statutory tax rate to provision for income taxes at the effective tax rate for the years ended December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>     | 2024      | 2023    |
|--|-----------|---------|
| Profit before income taxes             | ₩ 133,497 | 110,956 |
| Taxes at the statutory income tax rate | 30,891    | 25,959  |
| Adjustments:                           |           |         |
| Tax effects of permanent differences   | 319       | 189     |
| Tax credits                            | (477)     | (1,544) |
| Adjustments in respect to prior years  | (1,127)   | 63      |
| Other                                  | 664       | 71      |
| Income tax expense                     | ₩ 30,270  | 24,738  |
| Effective income tax rate              | 22.7%     | 22.3%   |

(4) As of December 31, 2024 and 2023, tax effects of temporary differences are calculated by expected tax rate of the fiscal year when the temporary differences are expected to be reversed.

(5) Significant changes in cumulative temporary differences and deferred tax assets and liabilities for the years ended December 31, 2024 and 2023 are as follows:

*(in millions of Korean won)*

|  | 2024      |                                 |                                  |             |
|--|-----------|---------------------------------|----------------------------------|-------------|
|  | January 1 | Recognized<br>in profit or loss | Recognized<br>directly in equity | December 31 |
| Financial assets at fair value through OCI | ₩ (604)   | 3                               | (2)                              | (603)       |
| Accrued expenses                           | 3,121     | (2,551)                         | -                                | 570         |
| Defined benefit obligations                | 3,098     | (753)                           | 161                              | 2,506       |
| Other employee benefits                    | 3,140     | (45)                            | 680                              | 3,775       |
| Intangible assets                          | (3,476)   | 1,996                           | -                                | (1,480)     |
| Accumulated depreciation                   | 1,402     | (416)                           | -                                | 986         |
| Allowance for temporary depreciation       | (358)     | 59                              | -                                | (299)       |
| Other                                      | 990       | 149                             | -                                | 1,139       |
|  | ₩ 7,313   | (1,558)                         | 839                              | 6,594       |

  

|  | 2023      |                                 |                                  |             |
|--|-----------|---------------------------------|----------------------------------|-------------|
|  | January 1 | Recognized<br>in profit or loss | Recognized<br>directly in equity | December 31 |
| Financial assets at fair value through OCI | ₩ (822)   | 11                              | 207                              | (604)       |
| Accrued expenses                           | 46        | 3,075                           | -                                | 3,121       |
| Defined benefit obligations                | 2,862     | (281)                           | 517                              | 3,098       |
| Other employee benefits                    | 2,743     | (952)                           | 1,349                            | 3,140       |
| Intangible assets                          | (5,449)   | 1,973                           | -                                | (3,476)     |
| Accumulated depreciation                   | 1,872     | (470)                           | -                                | 1,402       |
| Allowance for temporary depreciation       | (419)     | 61                              | -                                | (358)       |
| Other                                      | 842       | 148                             | -                                | 990         |
|  | ₩ 1,675   | 3,565                           | 2,073                            | 7,313       |

## 28. Earnings per share

(1) The Group's basic earnings per share for the years ended December 31, 2024 and 2023 are computed as follows:

| <i>(in Korean won, except number of shares)</i>                                | 2024              | 2023           |
|--|-------------------|----------------|
| Net profit attributable to ordinary equity holders of the parent:              |                   |                |
| Continuing operations  | ₩ 103,226,927,609 | 86,218,494,465 |
| Weighted-average number of shares of ordinary stock outstanding (in shares)(*) | 8,841,801         | 8,841,801      |
| Basic earnings per share:  |                   |                |
| Net profit for the year attributable to ordinary equity holders                | ₩ 11,675          | 9,751          |

(\*) Weighted-average number of shares of ordinary stock outstanding is calculated as follows:

| <i>(number of shares)</i>                                       | 2024        | 2023        |
|---|-------------|-------------|
| Beginning weighted-average number of shares of ordinary stock   | 9,851,241   | 9,851,241   |
| Treasury stock  | (1,009,440) | (1,009,440) |
| Weighted-average number of shares of ordinary stock outstanding | 8,841,801   | 8,841,801   |

(2) There is no difference between basic earnings per share and diluted earnings per share as there are no potential dilutive instruments as of the year ended December 31, 2024 and 2023.

## 29. Related party transactions

(1) Related parties as of December 31, 2024 and 2023 are as follows:

| Classification      | Name of related parties |
|---------------------|-------------------------|
| Other related party | Jette Co., Ltd.         |
| Other related party | Self-Storage Co., Ltd.  |

(2) Transactions with with the two companies for the years ended December 31, 2024 and 2023 are as follows:

*(in millions of Korean won)*

| Classification      | 2024                   |                                  |  |
|---------------------|------------------------|----------------------------------|--|
|                     | Company                | Rental revenue and other revenue | Transportation expense and other expense |
| Other related party | Jette Co., Ltd.        | ₩ 2,121                          | 126,454                                  |
| Other related party | Self-Storage Co., Ltd. | -                                | 45                                       |
|                     |                        | ₩ 2,121                          | 126,499                                  |
| Classification      | 2023                   |                                  |  |
|                     | Company                | Rental revenue and other revenue | Transportation expense and other expense |
| Other related party | Jette Co., Ltd.        | ₩ 224                            | 100,507                                  |
| Other related party | Self-Storage Co., Ltd. | -                                | 45                                       |
|                     |                        | ₩ 224                            | 100,552                                  |



## 29. Related party transactions (Continued)

(3) Balances of receivables and payables resulted from transactions among the Group and its related party as of December 31, 2024 and 2023 are as follows:

(in millions of Korean won)

| Classification      | Company         | Accounts                      | 2024     | 2023   |
|---------------------|-----------------|-------------------------------|----------|--------|
| Other related party | Jette Co., Ltd. | Receivables:                  |          |        |
|                     |                 | Accounts and notes receivable | ₩ 59     | 65     |
|                     |                 | Other accounts receivable     | 73       | 104    |
|                     |                 | Accrued income                | 13       | 13     |
|                     |                 | Loans(*)                      | 3,192    | 3,184  |
|                     |                 | Guarantee deposits(*)         | 2,847    | 2,250  |
|                     |                 |                               | ₩ 6,184  | 5,616  |
|                     |                 | Payables:                     |          |        |
|                     |                 | Accounts payable              | 759      | 1,175  |
|                     |                 | Other accounts payable        | 9,323    | 8,711  |
|                     |                 | Lease liabilities(*)          | 14,124   | 7,731  |
|                     |                 |                               | ₩ 24,206 | 17,617 |

(\*) Included short-term amounts.

(4) Related party financial transactions for the years ended December 31, 2024 and 2023 are as follows:

(in millions of Korean won)

| Classification      | Company         | 2024  |           |                 |
|---------------------|-----------------|-------|-----------|-----------------|
|                     |                 | Loans | Repayment | Interest income |
| Other related party | Jette Co., Ltd. | ₩ -   | 99        | 156             |

  

| Classification      | Company         | 2023    |           |
|---------------------|-----------------|---------|-----------|
|                     |                 | Loans   | Repayment |
| Other related party | Jette Co., Ltd. | ₩ 3,550 | -         |

(5) Key management personnel compensations in total and for each of the following categories for the years ended December 31, 2024 and 2023 are as follows:

(in millions of Korean won)

|   | 2024    | 2023  |
|---|---------|-------|
| Annual salaries                                 | ₩ 6,561 | 6,019 |
| Provision for retirement and severance benefits | 618     | 752   |
|   | ₩ 7,179 | 6,771 |

### 30. Supplementary consolidated cash flow information

(1) Cash flows from operating activities prepared using the indirect method for the years ended December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>  | 2024      | 2023     |
|---|-----------|----------|
| Net income for the year   | ₩ 103,227 | 86,218   |
| Non-cash adjustments to reconcile net income (loss) to net cash flows provided by operating activities: |           |          |
| Severance and retirement benefits   | 10,002    | 8,700    |
| Depreciation  | 35,681    | 36,031   |
| Depreciation on right-of-use assets   | 16,913    | 15,635   |
| Amortization  | 10,044    | 10,135   |
| Amortization Expenses on Investment in Properties   | 45        | 45       |
| Bad debt expense  | 7         | (66)     |
| Interest income   | (6,215)   | (4,579)  |
| Dividend income   | (242)     | (247)    |
| Gain on foreign currency translation  | (492)     | (8)      |
| Interest expense  | 2,990     | 1,712    |
| Loss on foreign currency translation  | 26        | 139      |
| Gain on disposal of property, plant and equipment   | (790)     | (173)    |
| Loss on disposal of property, plant and equipment   | 3,952     | 1,857    |
| Loss on disposal of intangible assets   | 62        | -        |
| Gain on disposal of financial assets at fair value through profit                                       | (76)      | (196)    |
| Loss on valuation of financial assets at fair value through loss  | 954       | 851      |
| Gain on valuation of financial assets at fair value through profit                                      | (102)     | (236)    |
| Income tax expense  | 30,270    | 24,738   |
| Miscellaneous revenues  | (106)     | (16)     |
| Miscellaneous expenses  | -         | 2,209    |
| Commission paid   | 107       | -        |
|   | 103,030   | 96,531   |
| Working capital adjustments:  |           |          |
| Accounts and notes receivable   | 8,981     | 1,408    |
| Other accounts receivable   | (717)     | 945      |
| Accrued revenues  | 2         | -        |
| Advance payments  | 134       | (64)     |
| Prepaid expenses  | 1,953     | 1,651    |
| Inventories   | (7,392)   | (548)    |
| Long-term advance payments  | (35)      | (16)     |
| Long-term prepaid expenses  | (11)      | 135      |
| Accounts and notes payable  | (8,687)   | (5,795)  |
| Other accounts payable  | (4,977)   | (5,998)  |
| Accrued expenses  | (8,928)   | 13,087   |
| Other current liabilities   | 2,423     | (1,839)  |
| Payments of Retirement Allowance  | (6,768)   | (3,815)  |
| Contributions by employer   | (6,000)   | (10,000) |
| Long-term guarantee deposits received   | 68        | 52       |
| Long-term accrued expenses  | 2,047     | 887      |
|   | (27,907)  | (9,910)  |

### 30. Supplementary consolidated cash flow information (Continued)

|   | 2024      | 2023     |
|---|-----------|----------|
| Income taxes paid                               | (31,215)  | (16,117) |
| Net cash flows provided by operating activities | ₩ 147,135 | 156,722  |

(2) Cash and cash equivalents on the consolidated statements of cash flows consist entirely of cash and cash equivalents on the consolidated statements of financial position.

(3) For the years ended December 31, 2024 and 2023, significant transactions not involving cash flows are as follows:

*(in millions of Korean won)*

|  | 2024     | 2023   |
|--|----------|--------|
| Transfers to machinery from construction-in-progress                     | ₩ 37,936 | 20,986 |
| Transfers to Investment property from Property, plant and equipment      | 8,589    | -      |
| Other accounts payable from acquisition of Property, plant and equipment | 8,946    | 8,249  |
| Other accounts payable from acquisition of intangible assets             | 37       | 10     |
| Other accounts receivables from disposal of property and equipment       | 60       | 17     |

### 31. Financial risk management objectives and policies

The Group's principal financial liabilities, consist of accounts and notes payable and other accounts payable. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. Also the Group has various financial assets including accounts and notes receivable, cash and short-term deposits that arise directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's management reviews risk management process of each risk and whether it follows the Group's policies as follows. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

#### 31.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuates because of changes in market prices. Market comprises three types of risk: interest rate risk, currency risk and other price risk.

The sensitivity analyses in the following sections relate to the position as of December 31, 2024 and 2023.

##### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There is no significant effect on cash flows or the fair value of financial liabilities from the interest rate fluctuation.

##### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As the Group carries few monetary assets and liabilities denominated in foreign currency as of December 31, 2024, the effect of exchange rate fluctuation is not material.

### 31. Financial risk management objectives and policies (Continued)

#### 31.1 Market risk (Continued)

##### Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument fluctuate because of changes in market price other than interest rate risk or foreign currency risk.

The Group's listed equity securities are susceptible to market price risk arising from the fluctuation in the price of the securities. The following table demonstrates a sensitivity analysis of a reasonably possible change in the price of listed equity securities on the financial statements of the Group as of December 31, 2024 and 2023:

(in millions of Korean won)

|                                       | 2024         |              |
|---------------------------------------|--------------|--------------|
|                                       | 5%p increase | 5%p decrease |
| Other comprehensive income before tax | ₩ 454        | (454)        |
| Income tax                            | (105)        | 105          |
| Other comprehensive income after tax  | ₩ 349        | (349)        |
|                                       | 2023         |              |
|                                       | 5%p increase | 5%p decrease |
| Other comprehensive income before tax | ₩ 454        | (454)        |
| Income tax                            | (105)        | 105          |
| Other comprehensive income after tax  | ₩ 349        | (349)        |

#### 31.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss of the Group. The Group is exposed to credit risk from its operating activities and from its financing activities.

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss of the Group. Credit risk is not only the credit risk of the counterparty but also credit risks associated with the Group's other assets which consist of cash, short-term deposits and long-term loans arise from default of counterparties. The Group deposits its surplus funds in Bank and other financial institutions whose credit ratings are high, therefore credit risk related to financial institutions is considered limited. For regular customers, evaluate their credit based on their financial condition, past experience, and other factors.

(1) The maximum exposure to credit risk as of December 31, 2024 and 2023 are as follows :

(in millions of Korean won)

|                                    | 2024      | 2023    |
|------------------------------------|-----------|---------|
| Cash equivalents                   | ₩ 175,237 | 147,875 |
| Short-term finance assets          | 71,743    | 25,325  |
| Accounts and notes receivable, net | 80,637    | 83,255  |
| Other accounts receivable          | 2,094     | 1,187   |
| Accrued income                     | 755       | 896     |
| Long-term finance assets           | 8,053     | 12,975  |
| Guarantee deposits (*)             | 19,899    | 18,024  |
|                                    | ₩ 358,418 | 289,537 |

(\*) Included short-term guarantee deposits.

(2) Impairment losses on accounts receivable and prepaid expenses recognized in profit or loss were as follows:

(in millions of Korean won)

|                     | 2024 | 2023 |
|---------------------|------|------|
| Accounts receivable | ₩ 21 | (47) |
| prepaid expenses    | (12) | (19) |

### 31. Financial risk management objectives and policies (Continued)

#### 31.2 Credit risk (Continued)

The Group evaluates impairment on accounts and notes receivable and other accounts receivable at every reporting date individually and collectively.

#### 31.3 Liquidity risk

Liquidity risk refers to the risk that the Group may default on the contractual obligations that become due.

The Group manages its risk to a shortage of funds using a recurring liquidity planning tool. The Group matches the financial liabilities with the financial assets taking into account the maturity dates and cash flow from operating activities of those financial assets. The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

(in millions of Korean won)

|                                       | 2024             |              |                   |         |
|---------------------------------------|------------------|--------------|-------------------|---------|
|                                       | Less than 1 year | 1 to 5 years | More than 5 years | Total   |
| Accounts and notes payable            | ₩ 70,482         | -            | -                 | 70,482  |
| Other accounts payable                | 38,483           | -            | -                 | 38,483  |
| Accrued expenses (*1)                 | 768              | -            | -                 | 768     |
| Short-term borrowings                 | 3                | -            | -                 | 3       |
| Dividends payable                     | 56,101           | -            | -                 | 56,101  |
| Long-term borrowings (*2)             | 4,450            | 2,512        | -                 | 6,962   |
| Long-term guarantee deposits received | -                | 7,618        | -                 | 7,618   |
| Lease liabilities (*2)                | 15,184           | 20,241       | 5,278             | 40,703  |
|                                       | ₩ 185,471        | 30,371       | 5,278             | 221,120 |

(\*1) Excluded accrued expenses for salaries and bonuses.

(\*2) Included short-term amounts.

|                                       | 2023             |              |                   |         |
|---------------------------------------|------------------|--------------|-------------------|---------|
|                                       | Less than 1 year | 1 to 5 years | More than 5 years | Total   |
| Accounts and notes payable            | ₩ 73,626         | -            | -                 | 73,626  |
| Other accounts payable                | 42,752           | -            | -                 | 42,752  |
| Accrued expenses (*1)                 | 1,135            | -            | -                 | 1,135   |
| Short-term borrowings                 | 5,063            | -            | -                 | 5,063   |
| Dividends payable                     | 3                | -            | -                 | 3       |
| Long-term borrowings                  | 338              | 12,311       | -                 | 12,649  |
| Long-term guarantee deposits received | -                | 7,550        | -                 | 7,550   |
| Lease liabilities (*2)                | 10,392           | 21,861       | 2,082             | 34,335  |
|                                       | ₩ 133,309        | 41,722       | 2,082             | 177,113 |

(\*1) Excluded accrued expenses for salaries and bonuses.

(\*2) Included short-term amounts.

Cash flow on the above financial liabilities by maturities represent nominal and undiscounted amounts.

### 31. Financial risk management objectives and policies (Continued)

#### 31.4 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain the sound capital structure, the Group may acquire treasury shares or adjust the dividend payment to shareholders, etc. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2024 and 2023.

The Group monitors a gearing ratio, which is net debt divided by equity. Net debt refers to interest bearing loans and bonds, less cash and cash equivalents.

Gearing ratio as at the reporting date is computed as follows:

| <i>(in millions of Korean won)</i> | 2024      | 2023      |
|------------------------------------|-----------|-----------|
| Net debt:                          |           |           |
| Borrowings                         | ₩ 61,870  | 16,370    |
| Less:                              |           |           |
| Cash and cash equivalent           | 175,248   | 147,882   |
| Net debt                           | (113,378) | (131,512) |
| Equity                             | ₩ 721,844 | 641,598   |
| Debt-to-equity ratio (*)           | -         | -         |

(\*) The debt-to-equity ratio is not calculated because the net debt at the end of the reporting period is negative.

#### Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities is as follows :

| <i>(in millions of Korean won)</i> | Jan. 1, 2024 | Cahs flows | Changes in non-cash flows |                      |                     |          | Dec. 31,<br>2024 |
|------------------------------------|--------------|------------|---------------------------|----------------------|---------------------|----------|------------------|
|                                    |              |            | Lease<br>acquisition      | Lease<br>termination | Interest<br>expense | Dividend |                  |
| Lease liabilities (*1)             | ₩ 31,262     | (17,370)   | 22,409                    | (1,406)              | 1,921               | -        | 36,816           |
| Short-term borrowings              | 5,000        | 50,000     | -                         | -                    | -                   | -        | 55,000           |
| Long-term borrowings<br>(*2)       | 11,370       | (4,500)    | -                         | -                    | -                   | -        | 6,870            |
| Dividends payable                  | 3            | (22,988)   | -                         | -                    | -                   | 22,988   | 3                |

(\*1) Included short-term lease liabilities.

(\*2) Included current portion of long-term borrowings.

| <i>(in millions of Korean won)</i> | Jan. 1, 2023 | Cahs flows | Changes in non-cash flows |                      |                     |          | Dec. 31,<br>2023 |
|------------------------------------|--------------|------------|---------------------------|----------------------|---------------------|----------|------------------|
|                                    |              |            | Lease<br>acquisition      | Lease<br>termination | Interest<br>expense | Dividend |                  |
| Lease liabilities (*)              | ₩ 27,249     | (14,840)   | 17,833                    | (414)                | 1,434               | -        | 31,262           |
| Short-term borrowings              | -            | 5,000      | -                         | -                    | -                   | -        | 5,000            |
| Long-term borrowings               | -            | 11,370     | -                         | -                    | -                   | -        | 11,370           |
| Dividends payable                  | 3            | (13,262)   | -                         | -                    | -                   | 13,262   | 3                |

(\*) Included short-term lease liabilities.

## 32. Fair value

The difference between book values and fair values of financial instruments by categories are not significant as of December 31, 2024 and 2023 and the book values and fair values of other financial instruments are identical.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Methods and assumptions used for fair value estimates are as follows:

- As cash, short-term deposits, accounts and notes receivable, other current assets, accounts and notes payable and other current liabilities are short-term, their fair value approximate book value.
- Fair value of long-term financial assets (except equity securities and debt instruments), guarantee deposits, and other long-term liabilities are computed for disclosure. Cash flow of interest or principal payments are discounted to their present value using market rates to calculate their fair values.
- The fair value of long-term financial assets (equity securities and debt instruments) is based on quoted prices in an active market. The unlisted available-for-sale equity instruments that do not have a market price in an active market and whose fair value cannot be reliably measured are measured at cost. The fair value assessment requires management to make assumptions about input variables of the valuation model such as expected cash flows, discount rates, credit risk, and volatility. The probabilities for various estimates within a certain range can be reasonably evaluated and used in management's estimates of the fair value of unlisted equity securities.

### Fair value measurement

#### Hierarchy and measurement method of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is estimating the price that would be received to sell an asset or pair to transfer a liability in an orderly transaction between market participants at the measurement date, considering current market's situation. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Level 1: Fair values of financial assets and liabilities measured at quoted (unadjusted) market prices in active markets are classified as level 1.

Level 2: When assets or liabilities are measured through valuation techniques, if significant all inputs to the valuation techniques are observable in market, the asset or liability is classified as level 2.

Level 3: When assets or liabilities are measured through valuation techniques, if one or more inputs to the valuation techniques are un-observable in market, the asset or liability is classified as level 3.

As of December 31, 2024 and 2023, the Group held the following assets and liabilities carried at fair value on the statement of financial position:

(in millions of Korean won)

|   | 2024           |               |              |               |
|---|----------------|---------------|--------------|---------------|
|   | Level 1        | Level 2       | Level 3      | Total         |
| Financial assets at fair value through profit or loss | ₩ -            | 13,085        | 3,367        | 16,452        |
| Financial assets at fair value through OCI            | 9,087          | -             | -            | 9,087         |
|   | <u>₩ 9,087</u> | <u>13,085</u> | <u>3,367</u> | <u>25,539</u> |
|   | 2023           |               |              |               |
|   | Level 1        | Level 2       | Level 3      | Total         |
| Financial assets at fair value through profit or loss | ₩ -            | 13,808        | 4,321        | 18,129        |
| Financial assets at fair value through OCI            | 9,081          | -             | -            | 9,081         |
|   | <u>₩ 9,081</u> | <u>13,808</u> | <u>4,321</u> | <u>27,210</u> |

### 32. Fair value (Continued)

The valuation techniques and inputs used to estimate the fair value of financial instruments classified as Level 2 and 3 as follows:

| <i>(in millions of Korean won)</i>                    | Level | Fair value | Valuation techniques | Inputs        |
|---|-------|------------|----------------------|---------------|
| Financial assets at fair value through profit or loss |       |            |                      |               |
| Short-term financial instruments                      | 2 ₩   | 13,085     | Market to market     | -             |
| Funds and other investments                           | 3     | 3,367      | DCF                  | Discount rate |

Details of financial assets by categories for the years ended December 31, 2024 and 2023 are as follows:

| <i>(in millions of Korean won)</i>    | 2024  |  |                                    |   |                |
|---------------------------------------|---|--|------------------------------------|---|----------------|
|                                       | Financial assets at fair value through profit or loss | Financial assets at fair value through OCI | Financial assets at amortized cost | Financial liabilities at amortized cost | Total          |
| Financial assets:                     |   |  |                                    |   |                |
| Cash and cash equivalents             | ₩ -   | -  | 175,248                            | -                                       | 175,248        |
| Short-term financial assets           | 13,086  | -  | 58,657                             | -                                       | 71,743         |
| Accounts and notes receivable         | -   | -  | 80,637                             | -                                       | 80,637         |
| Other accounts receivable             | -   | -  | 2,094                              | -                                       | 2,094          |
| Accrued income                        | -   | -  | 755                                | -                                       | 755            |
| Long-term financial assets            | 5,624   | 9,100                                      | 4,686                              | -                                       | 19,410         |
| Guarantee deposits (*1)               | -   | -  | 19,899                             | -                                       | 19,899         |
|                                       | <u>₩ 18,710</u>                                       | <u>9,100</u>                               | <u>341,976</u>                     | <u>-</u>                                | <u>369,786</u> |
| Financial liabilities:                |   |  |                                    |   |                |
| Accounts and notes payable            | -   | -  | -                                  | 70,482                                  | 70,482         |
| Other accounts payable                | -   | -  | -                                  | 38,483                                  | 38,483         |
| Accrued expenses (*2)                 | -   | -  | -                                  | 768                                     | 768            |
| Dividends payable                     | -   | -  | -                                  | 3                                       | 3              |
| Short-term borrowings                 | -   | -  | -                                  | 55,000                                  | 55,000         |
| Long-term borrowings (*1)             | -   | -  | -                                  | 6,870                                   | 6,870          |
| Long-term guarantee deposits received | -   | -  | -                                  | 7,618                                   | 7,618          |
| Lease liabilities (*1)                | -   | -  | -                                  | 36,816                                  | 36,816         |
|                                       | <u>₩ -</u>  | <u>-</u>                                   | <u>-</u>                           | <u>216,040</u>                          | <u>216,040</u> |

(\*1) Included short-term guarantee deposits, current portion of long-term borrowings, and short-term lease liabilities.

(\*2) Excluded accrued expenses for salaries and bonuses.



### 32. Fair value (Continued)

(in millions of Korean won)

|  | 2023   |   |  |   |                |
|--|--|---|--|---|----------------|
|  | Financial<br>assets at fair<br>value through<br>profit or loss | Financial<br>assets at fair<br>value through<br>OCI | Financial<br>assets at<br>amortized cost | Financial<br>liabilities at<br>amortized cost | Total          |
| Financial assets:                        |  |   |  |   |                |
| Cash and cash<br>equivalents             | ₩ -  | -   | 147,882                                  | -   | 147,882        |
| Short-term financial<br>assets           | 9,000  | -   | 16,325                                   | -   | 25,325         |
| Accounts and notes<br>receivable         | -  | -   | 83,255                                   | -   | 83,255         |
| Other accounts<br>receivable             | -  | -   | 1,187                                    | -   | 1,187          |
| Accrued income                           | -  | -   | 896                                      | -   | 896            |
| Long-term financial<br>assets            | 11,386   | 9,094   | 3,846                                    | -   | 24,326         |
| Guarantee deposits (*1)                  | -  | -   | 18,024                                   | -   | 18,024         |
|  | <u>₩ 20,386</u>  | <u>9,094</u>  | <u>271,415</u>                           | <u>-</u>                                      | <u>300,895</u> |
| Financial liabilities:                   |  |   |  |   |                |
| Accounts and notes<br>payable            | -  | -   | -  | 73,626  | 73,626         |
| Other accounts payable                   | -  | -   | -  | 42,752  | 42,752         |
| Accrued expenses (*2)                    | -  | -   | -  | 1,135   | 1,135          |
| Dividends payable                        | -  | -   | -  | 3   | 3              |
| Short-term borrowings                    | -  | -   | -  | 5,000   | 5,000          |
| Long-term borrowings                     | -  | -   | -  | 11,370  | 11,370         |
| Long-term guarantee<br>deposits received | -  | -   | -  | 7,550   | 7,550          |
| Lease liabilities (*1)                   | -  | -   | -  | 31,263  | 31,263         |
|  | <u>₩ -</u>   | <u>-</u>  | <u>-</u>                                 | <u>172,699</u>                                | <u>172,699</u> |

(\*1) Included short-term guarantee deposits and short-term lease liabilities.

(\*2) Excluded accrued expenses for salaries and bonuses.

### 32. Fair value (Continued)

Details of gains and losses arising from financial instruments by categories for the years ended December 31, 2024 and 2023 are as follows :

| <i>(in millions of Korean won)</i>   | 2024    | 2023    |
|--|---------|---------|
| Financial assets at fair value through profit or loss:                       |         |         |
| Interest income  | ₩ 380   | 422     |
| Gain on valuation of financial assets at fair value through profit or loss   | 102     | 236     |
| Loss on valuation of financial assets at fair value through profit or loss   | (954)   | (851)   |
| Gain on disposition of financial assets at fair value through profit or loss | 76      | 196     |
| Financial assets at fair value through OCI:                                  |         |         |
| Other comprehensive income   | 6       | (720)   |
| Dividend income  | 242     | 247     |
| Financial assets at amortized cost:  |         |         |
| Interest income on deposits in financial institutions                        | 5,199   | 3,583   |
| Interest income on guarantee deposits  | 636     | 574     |
| Foreign exchange difference on foreign demand deposits                       | 275     | (102)   |
| Foreign exchange difference in accounts receivable                           | 1,303   | 77      |
| Bad debt expenses of accounts and notes receivable                           | (7)     | 66      |
| Financial liabilities at amortized cost:                                     |         |         |
| Interest expenses on lease liabilities                                       | (1,921) | (1,434) |
| Interest expenses on other financial liabilities                             | (1,069) | (278)   |
| Foreign exchange difference on foreign debt                                  | 14      | (334)   |

### 33. Commitments and Contingencies

- (1) As of December 31, 2024, the Group provided a promissory note with a face value of ₩ 3,631 million to Korea Dairy Committee as a performance guarantee for the supply of raw materials to the Group.
- (2) Technology Transfer Agreement  
The Group has entered into technology transfer agreements with Sodimasa S.A.S in France. Under these agreements, Sodimasa S.A.S provides all technical information to enable the Group to manufacture, use, and sell the products covered by the technology transfer agreement under the most favorable conditions for the Group. In return, the Group is obligated to pay Sodimasa S.A.S a certain percentage of the net sales amount of the products covered by the technology transfer agreement as technology transfer fees during the contract period starting from the year commercial production of the technology transfer products commences. The technology transfer fees incurred for the years ended December 31, 2024 and 2023, respectively, amounted to ₩ 2,723 million and ₩ 2,692 million, respectively, and were recognized as technology research expenses in selling and administrative expenses.

### 33. Commitments and Contingencies (Continued)

#### (3) Other Agreements

① The significant agreements with financial institutions as of December 31, 2024 is as follows:  
(In millions of Korean won,

| <i>in thousands of U.S. dollars)</i>                                | Financial institution   | Currency | 2024   |           |
|---|-------------------------|----------|--------|-----------|
|   |                         |          | Limit  | Execution |
| Trade notes receivable discounting facilities                       | Shinhan Bank            | KRW      | 10,000 | -         |
| Bank overdraft  | Shinhan Bank            | KRW      | 7,000  | -         |
| Commercial Paper Guarantees   | Shinhan Bank            | KRW      | 5,000  | 5,000     |
| Agreement for an import L/C   | Shinhan Bank and others | USD      | 21,000 | 3,502     |
| General loan  | Shinhan Bank and others | KRW      | 28,700 | 20,000    |
| Policy loan   | Nonghyup Bank           | KRW      | 6,870  | 6,870     |
| Working Capital Loan  | Korea Development Bank  | KRW      | 30,000 | 30,000    |
| Electronic method of loan facilities secured by accounts receivable | Shinchan Bank           | KRW      | 1,000  | -         |
| Reverse Purchase Loan   | Hana Bank               | KRW      | 3,000  | 818       |
|   |                         | KRW      | 91,570 | 62,688    |
|   |                         | USD      | 21,000 | 3,502     |

#### ② Supplier Finance Arrangement

The Group participates in supplier finance arrangements, whereby suppliers transfer trade receivables, originally recognized by the Group, to financial institutions and receive early payment. Under these arrangements, financial institutions settle the Group's payables, which are repaid by the Group at a later date. The purpose of these arrangements is to enhance payment efficiency and provide suppliers with earlier settlement than the Group's standard payment terms for trade and other payables.

The Group has not derecognized the original liabilities, as the arrangements do not result in legal release or substantial modification of the original obligations.

From the Group's perspective, the payment terms are not significantly extended compared to those of non-participating suppliers, while suppliers benefit from early settlement. In addition, the Group does not incur additional interest costs under these arrangements. As the nature and function of the financial liabilities are similar to those of trade and other payables not subject to the arrangement, the Group included the related amounts in trade and other payables.

All liabilities under the arrangements are classified as current at the reporting date.

(in millions of Korean won)

|  | 2024     |
|--|----------|
| Carrying amount of financial liabilities under supplier finance arrangements | ₩ 22,218 |

Payments to financial institutions are classified as cash flows from operating activities, as they relate to the purchase of goods or services in the ordinary course of business. Amounts paid by financial institutions to suppliers are considered non-cash transactions, amounting to KRW 1,959 million for the year.

#### (4) Guarantees Received

The Group has arrangements with Seoul Guarantee Insurance Company for contract performance guarantee totaling ₩ 1,648 million.

#### (5) The investment agreement for the financial assets of the Group as of December 31, 2024, is as follows:

| <i>(in millions of Korean won)</i> | Total commitment amount |       | Invested amount |
|------------------------------------|-------------------------|-------|-----------------|
|                                    | ₩                       |       |                 |
| Binggrae Agrifood Venture Fund     | ₩                       | 2,257 | 2,257           |

### **33. Commitments and Contingencies (Continued)**

- (6) As of December 31, 2024, the Group is involved in two pending lawsuits (litigation amounts: ₩ 939 million), and the outcome of the litigation and its impact cannot be predicted. The management of the Group believes that the outcomes of these lawsuits will not have a significant impact on the consolidated financial position of the Group.

### **34. Approval of the Consolidated Financial Statements**

These consolidated financial statements were approved by the Board of Directors on January 24, 2025, and may be modified and approved at the Annual General Shareholders' Meetings to be held on March 20, 2025.