

BINGGRAE CO., LTD. AND ITS SUBSIDIARIES

Consolidated Financial Statements

December 31, 2025 and 2024

(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
Bingrae Co.,Ltd.

Opinion

We have audited the consolidated financial statements of Bingrae Co.,Ltd. and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, including material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025 and 2024, 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 audits in accordance with Korean Standards on Auditing (KSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in 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 the 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, 2025. 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 distributors, directly operated branch offices, new distribution vendors, special sales(direct sales), online vendors, 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 internal and external parties, 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 satisfied 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 operating effectiveness of internal control related to revenue recognition

We evaluated the design, implementation, and operating of the company's key internal controls related to 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 supporting 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 Samjory Accounting Corp.

Seoul, Korea
March 3, 2026

This report is effective as of March 3, 2026, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the 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, 2025 and 2024

<i>(in millions of Korean won)</i>	Notes	2025	2024
Assets			
Current assets			
Cash and cash equivalents	5,31,32	₩ 134,367	175,248
Short-term financial assets	6,29,31,32	142,197	71,743
Accounts and notes receivable	7,29,31,32	71,161	80,637
Inventories	8	162,519	135,031
Other accounts receivable	29,31,32	1,957	2,094
Accrued income	29,31,32	1,357	755
Short-term guarantee deposits	13,29,31,32	895	3,259
Short term advance payments		169	108
Short-term prepaid expenses	7	4,821	5,553
Current Income Tax Assets		253	-
Other current assets		16	8
		519,712	474,436
Non-current assets			
Long-term financial assets	6,29,31,32	19,932	19,411
Property, plant and equipment	9,11,14	406,264	392,691
Investment property	10	10,667	10,711
Intangible assets	12	32,000	38,850
Right-of-use assets	18	48,180	35,645
Long-term guarantee deposits	13,29,31,32	19,038	16,640
Long-term advance payments		1,343	1,596
Long-term prepaid expenses		135	271
Deferred tax assets	27	11,483	8,910
Net defined benefit assets	17	-	3,914
		549,042	528,639
Total assets		₩ 1,068,754	1,003,075
Liabilities			
Current liabilities			
Accounts and notes payable	29,31,32,33	₩ 74,367	70,482
Other accounts payable	29,31,32,33	53,026	38,483
Short-term accrued expenses	31,32	16,052	18,063
Short-term borrowings	16,31,32	896	55,000
Income taxes payable	27	14,582	17,534
Current portion of long-term borrowings	16,31,32	2,500	4,370
Dividends payable	31,32	4	3
Short-term lease liabilities	18,29,31,32	15,143	14,841
Other current liabilities	15	8,975	5,336
		185,545	224,112

Bingrae Co., Ltd. and its Subsidiaries
Consolidated Statements of Financial Position, Continued
As of December 31, 2025 and 2024

<i>(in millions of Korean won)</i>	Notes	2025	2024
Non-current liabilities			
Long-term borrowings	16,31,32,33	₩ -	2,500
Bonds	16,31,32,33	69,804	-
Net defined benefit liabilities	17	10,620	11,992
Long-term guarantee deposits received	31,32	7,491	7,618
Long-term accrued expenses		14,290	9,931
Long-term lease liabilities	18,29,31,32	36,018	21,975
Other non-current liabilities	15	808	786
Deferred tax liabilities	27	416	2,317
		139,447	57,119
Total liabilities		₩ 324,992	281,231
Equity			
Issued capital	1,19	₩ 49,756	49,756
Share premium	19	64,769	64,769
Other components of equity	20	(15,900)	(22,482)
Accumulated other comprehensive income	21,31	304	(1,513)
Reserves	22	570,501	527,501
Retained earnings	23	74,332	103,813
Equity attributable to owners of the parent		743,762	721,844
Non-controlling interests		-	-
Total equity		743,762	721,844
Total liabilities and equity		₩ 1,068,754	1,003,075

See accompanying notes to the consolidated financial statements.

Bingrae Co., Ltd. and its Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2025 and 2024

<i>(in millions of Korean won)</i>	Notes	2025	2024
Sales	4,29	₩ 1,489,587	1,463,041
Cost of sales	24,29	(1,055,775)	(994,207)
Gross profit		433,812	468,834
Selling and administrative expenses	24,29	(345,455)	(337,558)
Operating income		88,357	131,276
Non-operating income (expenses):			
Finance income	25,32	8,655	9,559
Finance costs	25,32	(8,365)	(5,276)
Other income	26	1,793	3,929
Other expenses	26	(7,836)	(5,991)
		(5,753)	2,221
Net income before income taxes		82,604	133,497
Income tax expense	27	(27,039)	(30,270)
Net income for the year		₩ 55,565	103,227
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of tax:			
Gains on valuation of financial assets at fair value through OCI	32	₩ 2,267	5
Remeasurement losses on defined benefit plans	17	(6,286)	(2,873)
Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax:			
Foreign currency translation differences for foreign operations		(450)	2,876
Total comprehensive income, net of tax		₩ 51,096	103,235
Net profit for the year attributable to:			
Equity holders of the parent	28	₩ 55,565	103,227
Non-controlling interests		-	-
Total comprehensive income attributable to:			
Equity attributable to owners of the parent company		₩ 51,096	103,235
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		₩ 6,284	11,675
Diluted earnings for the year attributable to ordinary equity holders of the parent		6,284	11,675

See accompanying notes to the consolidated financial statement.

Bingrae Co., Ltd. and its Subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2025 and 2024

(in millions of Korean won)

	Equity attributable to owners of the parent company							Total equity
	Issued capital	Share premium	Other components of equity	Accumulated other Comprehensive income	Reserves	Retained earnings	Non-controlling interests	
As of January 1, 2024	₩ 49,756	64,769	(22,482)	(4,393)	485,201	68,747	-	641,598
Net income	-	-	-	-	-	103,227	-	103,227
Gain 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
Total comprehensive income for the year	-	-	-	2,880	-	100,354	-	103,234
Dividends	-	-	-	-	-	(22,988)	-	(22,988)
Transfer to reserves	-	-	-	-	42,300	(42,300)	-	-
Transactions with owners of the Group, recognized directly in equity	-	-	-	-	42,300	(65,288)	-	(22,988)
As of December 31, 2024	₩ 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 Changes in Equity, Continued
For the Years Ended December 31, 2025 and 2024

(in millions of Korean won)

	Equity attributable to owners of the parent company							Non-controlling interests	Total equity
	Issued capital	Share premium	Other components of equity	Accumulated other Comprehensive income	Reserves	Retained earnings			
As of January 1, 2025	₩ 49,756	64,769	(22,482)	(1,513)	527,501	103,813	-	721,844	
Net income	-	-	-	-	-	55,565	-	55,565	
Gain on valuation of financial assets at fair value through OCI	-	-	-	2,267	-	-	-	2,267	
Re-measurement losses on defined benefit plans	-	-	-	-	-	(6,286)	-	(6,286)	
Loss from translation of foreign operations	-	-	-	(450)	-	-	-	(450)	
Total comprehensive income for the year	-	-	-	1,817	-	49,279	-	51,096	
Dividends	-	-	-	-	-	(29,178)	-	(29,178)	
Transfer to reserves	-	-	-	-	43,000	(43,000)	-	-	
Retirement of treasury shares	-	-	6,582	-	-	(6,582)	-	-	
Transactions with owners of the Group, recognized directly in equity	-	-	6,582	-	43,000	(78,760)	-	(29,178)	
As of December 31, 2025	₩ 49,756	64,769	(15,900)	304	570,501	74,332	-	743,762	

See accompanying notes to the consolidated financial statements.

Bingrae Co., Ltd. and its Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

<i>(in millions of Korean won)</i>	Notes	2025	2024
Operating activities	30		
Net income		₩ 55,565	103,227
Non-cash adjustments to reconcile net income to net cash flows provided by operating activities		103,847	103,029
Working capital adjustments		(11,750)	(27,907)
Income tax paid		(33,346)	(31,214)
Net cash flows provided by operating activities		114,316	147,135
Investing activities			
Interest received		5,007	5,829
Dividends received		277	242
Increase in short-term financial assets		134,705	132,142
Decrease in short-term financial assets		(205,263)	(178,004)
Decrease in long-term financial assets		-	5,084
Increase in loans		(285)	(165)
Decrease in loans		1,386	254
Proceeds from disposal of property, plant and equipment		661	1,718
Acquisition of property, plant and equipment		(51,142)	(88,551)
Proceeds from disposal of intangible assets		305	400
Acquisition of intangible assets		(1,484)	(1,169)
Decrease in guarantee deposits		4,472	2,033
Increase in guarantee deposits		(4,549)	(3,807)
Net cash flows used in investing activities		(115,910)	(123,994)
Financing activities			
Interest paid		(1,708)	(1,018)
Payment of dividends		(29,177)	(22,988)
Payment of lease liabilities		(19,325)	(17,371)
Increase short-term borrowings		13,775	50,000
Decrease short-term borrowings		(67,879)	-
Decrease Current portion of long-term borrowings		(4,370)	-
Increase long-term borrowings		-	2,500
Decrease long-term borrowings		-	(7,000)
Proceeds from Issuance of Bonds		69,788	-
Net cash flows provided by (used in) financing activities		(38,896)	4,123
Net increase (decrease) in cash and cash equivalents		(40,490)	27,264
Net increase (decrease) in cash and cash equivalents denominated in foreign currencies arising from foreign exchange differences		(391)	102
Cash and cash equivalents at beginning of year		175,248	147,882
Cash and cash equivalents at end of year		₩ 134,367	175,248

See accompanying notes to the consolidated financial statements.

Binggrae Co., Ltd. and its subsidiaries
Notes to the Consolidated Financial Statements
As of December 31, 2025 and 2024
For the Years Ended December 31, 2025 and 2024

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	37.89%
Treasury stock	713,902	7.47%
Others	5,221,274	54.64%
	<u>9,555,703</u>	<u>100.00%</u>

1.2 Consolidated subsidiaries

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

Name of subsidiary	Location	Year end	2025		2024		Principal business activity
			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
BC F&B Australia Pty Ltd.	Australia	December 31	100%	-	-	-	Food distribution

Summarized financial information of subsidiaries as of and for the years ended December 31, 2025 and 2024 included in consolidation are as follows (In millions of Korean won):

Name of subsidiary	2025						
	Total assets	Total liabilities	Total equity	Revenue	Profit for the year	Total comprehensive income	
Haitai Ice Cream. Co., Ltd.	₩ 168,006	39,987	128,019	187,602	13,219	12,312	
BC F&B Shanghai Co., Ltd.	8,866	996	7,870	34,638	2,033	2,125	
BC F&B USA Corp.	23,189	8,481	14,708	96,967	3,990	3,700	
BC F&B Vietnam Co., Ltd.	6,020	1,593	4,427	12,987	128	(116)	
BC F&B Australia Pty Ltd.	955	-	955	-	(6)	(23)	

1. General information (Continued)

1.2 Consolidated subsidiaries (Continued)

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

2. Basis of presentation and summary of significant accounting policies

2.1 Basis of Preparation

The consolidated financial statements of the Company and its subsidiaries (the "Group") have been prepared in accordance with the Korean International Financial Reporting Standards ("Korean IFRS") as adopted under the Act on External Audit of Stock Companies.

Except for financial instruments and other items for which specific accounting policies require measurement at fair value, the consolidated financial statements have been prepared on a historical cost basis.

The consolidated financial statements are presented in Korean won (KRW), and unless otherwise stated, all amounts are expressed in millions of 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:

	Notes
Disclosure for valuation methods, significant estimates and assumptions	3,17,32
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:

	<u>Estimated Useful lives</u>
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:

	<u>Estimated Useful lives</u>
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, 2025.

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.

- Adds requirements for assessing whether two currencies are exchangeable.
- Adds requirements for estimating the spot exchange rate to be applied when an entity concludes that the two currencies are not exchangeable based on the exchangeability assessment.

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

2.3 Summary of material Accounting Policies (Continued)

(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, 2025 reporting periods and have not been early adopted by the Company.

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. Material accounting judgments, estimates and assumptions

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

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

	<u>Notes</u>
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, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	2025	2024
Category of refrigerated products (milk and milk beverages, etc.)	₩ 588,268	615,459
Category of frozen and other products (ice cream etc.)	901,319	847,582
	<u>₩ 1,489,587</u>	<u>1,463,041</u>
Timing of revenue recognition		
Goods transferred at a point in time	1,489,587	1,463,041
	<u>₩ 1,489,587</u>	<u>1,463,041</u>

5. Cash and cash equivalents

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

<i>(in millions of Korean won)</i>	2025	2024
Cash on hand	₩ 9	11
Deposits	134,358	175,237
	<u>₩ 134,367</u>	<u>175,248</u>

6. Financial assets

(1) Short-term & long-term financial assets as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	2025		2024	
	Short-term	Long-term	Short-term	Long-term
Financial assets at fair value through profit or loss	₩ 15,043	4,247	13,086	5,624
Financial assets at fair value through OCI	-	11,973	-	9,101
Financial assets at amortized cost	127,154	3,712	58,657	4,686
	<u>₩ 142,197</u>	<u>19,932</u>	<u>71,743</u>	<u>19,411</u>

(2) Financial assets at fair value through profit or loss as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	2025	2024
Short-term		
Financial investments	₩ 10,043	8,086
Win-win fund	5,000	5,000
	<u>15,043</u>	<u>13,086</u>
Long-term		
Funds and other investments	1,990	3,367
Venture Fund	2,257	2,257
	<u>4,247</u>	<u>5,624</u>
	<u>₩ 19,290</u>	<u>18,710</u>

(3) Financial assets at fair value through OCI as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	2025	2024
Long-term		
Marketable securities	₩ 11,960	9,087
Non-marketable securities	13	13
	<u>₩ 11,973</u>	<u>9,100</u>

6. Financial assets (Continued)

(4) Financial assets at amortized cost as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	2025	2024
Short-term		
Time deposits	₩ 119,060	42,563
Deposits for checking accounts	7,002	15,002
Other deposits	1,092	1,092
	127,154	58,657
Long-term		
Time deposits	2,048	2,013
Deposits for checking accounts	3	3
Long-term loans	1,661	2,670
	3,712	4,686
	₩ 130,866	63,343

(5) Financial assets with restrictions for use as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	Financial institution	2025	2024	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, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	2025	2024
Accounts and notes receivable	₩ 73,714	81,003
Prepaid expenses	4,849	5,567
	78,563	86,570
Allowance for doubtful accounts:		
Accounts and notes receivable	(2,553)	(366)
Prepaid expenses	(28)	(14)
	(2,581)	(380)
Book value:		
Accounts and notes receivable	71,161	80,637
Prepaid expenses	4,821	5,553
	₩ 75,982	86,190

7. Accounts and notes receivable and prepaid expenses (Continued)

(2) Changes in allowance for doubtful accounts for the years ended December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	2025	2024
As at January 1,	₩ 380	402
Bad debt expense	2,324	31
Bad debt reversal	(55)	(22)
Write-off	(68)	(31)
As of December 31,	₩ 2,581	380

(3) As of December 31, 2025 and 2024, the aging analysis of accounts and notes receivable is as follows:

	2025		2024	
	Accounts and notes receivable	Allowance for doubtful accounts	Accounts and notes receivable	Allowance for doubtful accounts
< 180 days	₩ 70,992	(19)	80,534	(124)
181~365 days	48	(14)	109	(24)
> 365 days	2,674	(2,520)	360	(218)
	₩ 73,714	(2,553)	81,003	(366)

8. Inventories

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

<i>(in millions of Korean won)</i>	2025	2024
Merchandise	₩ 32,045	27,996
Finished goods	46,522	36,573
Work-in-process	7,090	7,385
Raw materials	55,044	39,108
Materials in-transit	21,818	23,969
	₩ 162,519	135,031

9. Property, plant and equipment

Changes in the book value of property, plant and equipment for the years ended December 31, 2025 and 2024 are as follows:

(in millions of Korean won)

	2025					
	Land	Buildings and structures	Machinery and vehicles (*1)	Tools, furniture and other	Construction-in-progress	Total
Acquisition cost:						
As of January 1	₩ 62,768	127,825	374,357	135,808	99,725	800,483
Additions	501	873	4,244	4,584	40,843	51,045
Disposals	-	(69)	(6,902)	(6,174)	(148)	(13,293)
Other(*2)	88,853	4,365	18,853	6,377	(118,495)	(47)
As of December 31	152,122	132,994	390,552	140,595	21,925	838,188
Accumulated depreciation and impairment						
As of January 1	-	(58,244)	(248,627)	(100,921)	-	(407,792)
Additions	-	61	5,561	6,046	-	11,668
Disposals	-	(2,831)	(21,334)	(11,662)	-	(35,827)
Other(*2)	-	-	15	12	-	27
As of December 31	-	(61,014)	(264,385)	(106,525)	-	(431,924)
Net book value:						
As of January 1	₩ 62,768	69,581	125,730	34,887	99,725	392,691
As of December 31	152,122	71,980	126,167	34,070	21,925	406,264

(*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.

	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)
Disposals	-	1,100	18,779	7,595	-	27,474
Depreciation	-	(2,631)	(21,835)	(11,215)	-	(35,681)
Others (*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 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, 2025 and 2024 are as follows:

(in millions of Korean won)

	2025		
	Land	Building	Total
Acquisition cost:			
Balance at beginning of year	₩ 8,589	2,262	10,851
Balance at end of year	8,589	2,262	10,851
Accumulated depreciation:			
Balance at beginning of year	-	(139)	(139)
Depreciation	-	(45)	(45)
Balance at end of year	-	(184)	(184)
Book value			
Net book value at beginning of year	8,589	2,123	10,712
Net book value at end of year	₩ 8,589	2,078	10,667

	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

(*) The other changes represent transfers from property, plant and equipment to investment property.

The following are the amounts recognized in rental income:

(in millions of Korean won)

	2025	2024
Maintenance expense	₩ 45	45

The fair value of the investment property as of December 31, 2025 is as follows.

(in millions of Korean won)

	2025	
	Book value	Fair value
Land and Building	₩ 10,667	12,113

It is measured based on the appraised value that reflects the officially assessed land value, standard market value, or the most recently available comparable transaction prices of the investment property.

11. Government grants

The Group received government subsidies totaling ₩198 million during the current period and ₩726 million before the current period for the purchase of machinery related to the Ministry of Agriculture, Food and Rural Affairs' greenhouse gas reduction technology demonstration project. These government subsidies are presented as deductions from the machinery. The amortized value of the asset is ₩131 million and ₩88 million, respectively, in the current and prior periods, and the government grants of ₩62 million and ₩40 million were offset from the same amounts, respectively. As a result, the cumulative amount of the depreciation cost and the offsetting amount of the asset increased from ₩209 million at the end of the previous period to ₩271 million at the end of the current period.

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, 2025 and 2024 are as follows:

(in millions of Korean won)

	2025					
	Industrial property rights	Software and Other intangible assets	Facility usage rights	Customer Relationship	Goodwill	Total
Balance at Jan.1	₩ 6,342	2,246	1,946	1,590	26,726	38,850
Additions	338	585	523	-	-	1,446
Disposals	-	-	(373)	-	-	(373)
Amortization	(5,350)	(983)	-	(1,590)	-	(7,923)
Balance at Dec.31	₩ 1,330	1,848	2,096	-	26,726	32,000

	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.

13. Guarantee deposits

Details of guarantee deposits that are measured at amortized cost using the effective interest method as of December 31, 2025 and 2024 are as follows:

(in millions of Korean won)

	2025		2024	
	Effective interest rate	Book value	Effective interest rate	Book value
Short-term guarantee deposits	1.99% ~ 2.73%	895	2.67% ~ 3.66%	3,259
Long-term guarantee deposits	2.23% ~ 5.45%	₩ 19,038	1.99% ~ 5.45%	₩ 16,640
		₩ 19,933		₩ 19,899

14. Pledged assets

Details of assets pledged for the Group's borrowings as of December 31, 2025 are as follows:

(in millions of Korean won)

	Pledged assets		Book value	Borrowing	Pledged amount
Korea Development Bank	Namyangju Plant	Land, buildings	₩ 17,916	-	21,000
Shinhan Bank	Gyeongsan Plant	Land, buildings, machinery	38,507	-	9,600
		Land, buildings, machinery	38,507	-	18,000
Woori Bank	Gyeongsan Plant	Land, buildings	32,808	-	12,000

15. Other current liabilities

(1) Other current liabilities as of December 31, 2025 and 2024 are as follows:

(in millions of Korean won)

	2025		2024	
	Short-term	Long-term	Short-term	Long-term
Advances received	₩ 4,593	-	2,649	-
Withholdings	4,086	-	2,316	-
Deposits received for guarantees	3	-	3	-
Provision for restoration cost	293	808	367	786
	₩ 8,975	808	5,335	786

(2) Changes in the provision for restoration cost for the years ended December 31, 2025 and 2024 are as follows:

(in millions of Korean won)

	2025		
	Current	Non-current	Total
Balance at Jan.1	₩ 367	786	1,153
Increase	-	252	252
Decrease	(304)	-	(304)
Transfers	230	(230)	-
Balance at Dec.31	₩ 293	808	1,101

(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	₩ 367	786	1,153

16. Borrowings

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

		2025				Amount
		Borrower	Effective date	Expiration date	Interest (%)	
Reverse Purchase Loan	Hana Bank	2025.12.31	2026.01.10	FT + 1.80	₩ 896	
					<u>₩ 896</u>	
		2024				Amount
		Borrower	Effective date	Expiration date	Interest (%)	
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	
					<u>₩ 55,000</u>	

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

		2025				Amount
		Borrower	Effective date	Expiration date	Interest (%)	
Policy borrowings	Nonghyup Bank	2024.3.25	2026.3.25	2.00	₩ 2,500	
As of December 31, 2025					2,500	
Current portion					(2,500)	
Long-term borrowings					<u>₩ -</u>	
		2024				Amount
		Borrower	Effective date	Expiration date	Interest (%)	
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					<u>₩ 2,500</u>	

(3) The details of the bonds issued by the consolidated entity as of December 31, 2025 is as follows.

		2025				Amount
		Bond Subscriber	Effective date	Expiration date	Interest (%)	
35th series unsecured public bonds	KB Securities	2025.09.26	2028.09.26	2.85	70,000	
As of December 31, 2025					70,000	
Discount on Bonds Payable					(196)	
Book Value					<u>₩ 69,804</u>	

17. Employee benefits

(1) The amounts recognized as expense for employee salaries for the years ended December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	2025	2024
Salary	₩ 160,753	145,197
Employee benefits expense	40,735	34,662
Expenses for defined benefit obligations	10,975	10,002
Expenses for defined contribution plans	2,763	1,671
	<u>₩ 215,226</u>	<u>191,532</u>

(2) Defined benefit liabilities as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	2025	2024
Present value of the defined benefit obligations	₩ 94,606	88,665
Fair value of plan assets	(83,986)	(80,585)
Net defined benefit liabilities	<u>₩ 10,620</u>	<u>8,080</u>

(3) Changes in the defined benefit obligation for the years ended December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	2025	2024
As of January 1	₩ 88,665	84,534
Current service cost	9,289	9,201
Interest expense	3,478	3,706
Remeasurement gains (losses):		
Actuarial changes arising from changes in demographic assumptions	65	(5)
Actuarial changes arising from changes in financial assumptions	(1,337)	2,340
Experience adjustments	9,482	1,227
Past service cost	803	172
New and transfer	605	392
Benefits paid	(16,444)	(12,902)
As of December 31	<u>₩ 94,606</u>	<u>88,665</u>

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

<i>(in millions of Korean won)</i>	2025	2024
As of January 1	₩ 80,585	77,401
Expected return on plan assets	3,200	3,469
Remeasurement losses in OCI:		
Remeasurement loss	(48)	(151)
Contributions by employer	8,000	6,000
Benefits paid	(7,751)	(6,134)
As of December 31	<u>₩ 83,986</u>	<u>80,585</u>

17. Employee benefits (Continued)

(5) The components of defined benefit costs recognized in profit or loss for the years ended December 31, 2025 and 2024 relating to defined benefit plans are as follows:

<i>(in millions of Korean won)</i>	2025	2024
Current service cost	₩ 9,289	9,201
Net interest cost	278	237
New and transfer	605	392
Past service cost	803	172
	<u>₩ 10,975</u>	<u>10,002</u>

(6) The amount recognized as expense of defined contribution plans for the years ended December 31, 2025 and 2024 are ₩ 2,763 million and ₩ 1,671 million, respectively.

The fair values of the major categories of the plan assets as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	2025	2024
Short-term trading financial assets	₩ 3,324	3,177
Other financial assets	80,662	77,408
	<u>₩ 83,986</u>	<u>80,585</u>

(7) The principal actuarial assumptions as of December 31, 2025 and 2024 are as follows:

	2025	2024
Discount rate	4.30 ~ 4.59%	3.99 ~ 4.23%
Future salary growth rate	4.50 ~ 5.43%	4.57 ~ 4.65%

(8) The sensitivity analysis of the defined benefit obligations as of December 31, 2025 and 2024 to changes in the weighted principal assumptions is as follows:

<i>(in millions of Korean won)</i>	2025	
	1%p increase	1%p decrease
Effect of changes in the discount rate	₩ (5,289)	5,956
Effect of changes in future salary growth rate	5,997	(5,422)
	2024	
	1%p increase	1%p decrease
Effect of changes in the discount rate	₩ (4,690)	5,264
Effect of changes in future salary growth rate	5,287	(4,797)

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, 2025 and December 31, 2024 was between 6.1 and 6.8 years, and between 5.3 and 5.8 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, 2025 and 2024.

(in millions of Korean won)

	2025				
	Right-of-use assets				Lease liabilities
	Land and plant	Vehicles	Others	Total	
As of January 1, 2025	₩ 29,377	5,187	1,081	35,645	36,816
Additions	29,810	2,714	2,345	34,869	33,994
Depreciation expense	(16,227)	(2,623)	(1,160)	(20,010)	-
Interest expense	-	-	-	-	1,943
Payments	-	-	-	-	(19,325)
Decrease	(1,285)	(867)	(158)	(2,310)	(2,254)
Other(*)	(14)	-	-	(14)	(13)
As of December 31, 2025	₩ 41,661	4,411	2,108	48,180	51,161
Short-term lease liabilities					(15,143)
Long-term lease liabilities					₩ 36,018

(*)The amounts of the effects of foreign exchange differences are included in Others.

	2024				
	Right-of-use assets				Lease liabilities
	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

(3) The amounts of right-of-use assets and lease liabilities recognized in profit or loss for the years ended December 31, 2025 and 2024 are as follows:

(in millions of Korean won)

	2025	2024
Interest expense on lease liabilities	₩ 1,943	1,921
Variable lease payments not included in the measurement of lease liabilities	7,601	7,398
Expenses related to lease of low-value assets and short-term leases applying recognition exemptions regulations	603	1,221

18. Leases (Continued)

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

<i>(in millions of Korean won)</i>	2025	2024
Less than 1 year	₩ 15,633	15,184
~ 5 years	36,506	20,241
After 5 years	3,972	5,278
Total amount	<u>56,111</u>	<u>40,703</u>
Discounted amount	<u>51,161</u>	<u>36,816</u>
Non-current to current reclassification	<u>(15,143)</u>	<u>(14,841)</u>
Long-term lease liabilities	<u>₩ 36,018</u>	<u>21,975</u>

(5) Cash outflows from leases for the years ended December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	2025	2024
Total cash outflows from leases (including leases of low-value assets, variable leases, etc.)	₩ 27,529	25,175

19. Issued capital and capital surplus

(1) The Company issued capital as of December 31, 2025 and 2024 are as follows:

<i>(Korean won, except number of shares)</i>	2025	2024
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)	9,555,703	9,851,241
Common stock	<u>₩ 49,756,205,000</u>	<u>49,756,205,000</u>

During the current year, the parent company retired 295,538 shares of its issued stock, and an additional 100,000 shares were retired in prior periods. As a result, a difference of ₩ 1,978 million arose between the parent company's paid-in capital and the aggregate par value of the issued shares.

(2) Capital surplus as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	2025	2024
Additional paid-in capital	₩ 27,910	27,910
Gain on disposal of treasury stock	2,386	2,386
Revaluation surplus	34,473	34,473
	<u>₩ 64,769</u>	<u>64,769</u>

20. Other components of equity

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

<i>(in millions of Korean won)</i>	2025	2024
Treasury stock	₩ 15,900	22,482

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

<i>(in millions of Korean won)</i>	2025	2024
Beginning balance	₩ 22,482	22,482
Retirement	(6,582)	-
Ending balance	<u>₩ 15,900</u>	<u>22,482</u>

21. Accumulated other comprehensive income

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

<i>(in millions of Korean won)</i>	2025	2024
Changes in the fair value of financial assets at fair value through OCI	₩ (3,620)	(5,887)
Gain on foreign currency translations of foreign operations	3,924	4,374
	₩ 304	(1,513)

(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, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	2025	2024
Before tax	₩ (4,776)	(7,656)
Accumulated tax effect	1,156	1,769
	₩ (3,620)	(5,887)

22. Reserves

(1) Reserves as of December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	2025	2024
Legal reserve	₩ 29,315	26,315
Voluntary reserves	541,186	501,186
	₩ 570,501	527,501

(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, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	2025	2024
Reserve for business rationalization	₩ 96,505	96,505
Reserve for improvement of capital structure	98,681	58,681
Reserve for overseas market development	147,000	147,000
Reserve for facility investment	199,000	199,000
	₩ 541,186	501,186

24. Expenses classified by nature of expense

(1) Expenses classified by nature of expense for the years ended December 31, 2025 and 2024 are as follows:

(in millions of Korean won)

	2025		
	Selling and administrative expenses	Cost of sales	Total
Movement in inventories	₩ -	(165,676)	(165,676)
Purchase of inventories	-	938,830	938,830
Employee benefits expense	109,400	105,826	215,226
Depreciation and amortization	33,468	30,337	63,805
Other expenses	202,587	146,458	349,045
	₩ 345,455	1,055,775	1,401,230

	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

(2) Details of selling and administrative expenses for the years ended December 31, 2025 and 2024 are summarized as follows:

(in millions of Korean won)

	2025	2024
Wages and salaries	₩ 78,043	75,976
Post-employment benefit	8,247	6,366
Employee welfare	23,110	18,636
Travel expenses	4,798	4,665
Taxes and dues	6,930	3,615
Service fee	16,523	16,496
Rental expenses	5,159	6,361
Depreciation	11,808	11,602
Amortization	7,923	10,044
Research and development	5,946	6,624
Advertisement	38,669	50,432
Sales commission	62,440	57,786
Bad debt expense(reversal)	2,264	7
Transportation	41,161	38,485
Depreciation on right-of-use assets	13,737	12,844
Other	18,697	17,619
	₩ 345,455	337,558

25. Finance income and finance costs

(1) Finance income and finance costs are summarized for the years ended December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	2025	2024
Finance income:		
Interest income	₩ 6,095	6,215
Dividend income	277	242
Gain on foreign currency transactions	2,233	2,432
Gain on foreign currency translation	50	492
Gain on valuation of financial assets at fair value through profit or loss	-	102
Gain on disposition of financial assets at fair value through profit or loss	-	76
	₩ 8,655	9,559
Finance costs:		
Interest expense	(3,711)	(2,990)
Loss on foreign currency transactions	(2,892)	(1,306)
Loss on foreign currency translation	(385)	(26)
Loss on valuation of financial assets at fair value through profit or loss	(1,377)	(954)
	₩ (8,365)	(5,276)
	₩ 290	4,283

(2) Interest income for the years ended December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	2025	2024
Deposits in financial institutions	₩ 2,112	3,109
Short-term financial instruments	3,227	2,271
Long-term financial instruments	67	200
Others	689	635
	₩ 6,095	6,215

26. Non-operating income and expenses

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

<i>(in millions of Korean won)</i>	2025	2024
Gain on disposal of property, plant and equipment	₩ 367	790
Rental income	263	263
Miscellaneous income	1,163	2,876
	<u>₩ 1,793</u>	<u>3,929</u>

(2) Non-operating expenses for the years ended December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	2025	2024
Donations	₩ 2,067	1,477
Loss on disposal of property, plant and equipment	1,186	3,952
Loss on disposal of intangible assets	68	62
Miscellaneous loss	4,515	500
	<u>₩ 7,836</u>	<u>5,991</u>

27. Income tax

(1) The major components of income tax expense for the years ended December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	2025	2024
Current income tax	₩ 24,360	29,839
Adjustment in respect to prior years	5,784	(1,127)
Origination and reversal of temporary differences	(4,473)	719
Income taxes recognized in other comprehensive income	1,368	839
Income tax expense	<u>₩ 27,039</u>	<u>30,270</u>

(2) Income taxes recognized directly in other comprehensive income for the years ended December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	2025	2024
Current income tax:		
Remeasurements losses on defined benefit plans	₩ 1,973	841
Deferred tax:		
Gains on valuation of financial assets at fair value through OCI	(605)	(2)
Income taxes recognized directly in other comprehensive income	<u>₩ 1,368</u>	<u>839</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, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	2025	2024
Profit before income taxes	₩ 82,605	133,497
Taxes at the statutory income tax rate	20,558	30,891
Adjustments:		
Tax effects of permanent differences	1,528	319
Tax credits	(1,391)	(477)
Adjustments in respect to prior years	5,784	(1,127)
Other	560	664
Income tax expense	₩ 27,039	30,270
Effective income tax rate	32.7%	22.7%

(4) As of December 31, 2025 and 2024, 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) Changes in deferred tax assets and liabilities for the years ended December 31, 2025 and 2024 are as follows:

(in millions of Korean won)

	2025			
	January 1	Recognized in profit or loss	Recognized directly in equity	December 31
Financial assets at fair value through OCI	₩ (603)	(120)	(605)	(1,328)
Accrued expenses	570	(233)	-	337
Defined benefit obligations	2,506	(428)	256	2,334
Other long-term employee benefits	3,775	(896)	1,717	4,596
Intangible assets	(1,480)	1,480	-	-
Accumulated depreciation	986	113	-	1,099
Allowance for temporary depreciation	(299)	47	-	(252)
Goodwill	219	1,477	-	1,696
Allowance for doubtful accounts	-	395	-	395
Other	920	1,270	-	2,190
	₩ 6,594	3,105	1,368	11,067

	2024			
	January 1	Recognized in profit or loss	Recognized 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 long-term 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

27. Income tax (Continued)

(6) The Group is subject to the global minimum tax under the Pillar Two rules. Under the transitional relief, jurisdictions with fiscal years ending before December 31, 2026 are treated as having a Pillar Two tax liability of zero if they meet the transitional relief conditions. All jurisdictions in which the Group operates are assessed to qualify for the transitional relief, as the estimated effective tax rates for the current year are 15% or higher. Accordingly, no Pillar Two top-up tax has arisen for the current year.

However, the determination of whether the transitional relief applies, as well as the estimated effective tax rates of certain constituent entities, may change due to factors such as audit or regulatory requirements and adjustments necessary for the calculation of global minimum tax income.

28. Earnings per share

(1) The Group's basic earnings per share for the years ended December 31, 2025 and 2024 are computed as follows:

<i>(in Korean won, except number of shares)</i>	2025	2024
Net profit attributable to ordinary equity holders of the parent:		
Continuing operations	₩ 55,565,434,852	103,226,927,609
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	<u>₩ 6,284</u>	<u>11,675</u>

(*) There were no changes in the number of outstanding ordinary shares during the current and prior periods; therefore, the weighted-average number of ordinary shares excludes 8,841,801 treasury shares.

(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, 2025 and 2024.

29. Related party transactions

(1) Related parties as of December 31, 2025 and 2024 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, 2025 and 2024 are as follows:

(in millions of Korean won)

Classification	Company	2025	
		Rental revenue and other revenue	Transportation expense and other expense
Other related party	Jette Co., Ltd.	₩ 1,058	133,419
	Self-Storage Co., Ltd.	-	46
		₩ 1,058	133,465
Classification	Company	2024	
		Rental revenue and other revenue	Transportation expense and other expense
Other related party	Jette Co., Ltd.	₩ 2,121	126,454
	Self-Storage Co., Ltd.	-	45
		₩ 2,121	126,499

(3) Balances of receivables and payables resulted from transactions among the Group and its related party as of December 31, 2025 and 2024 are as follows:

(in millions of Korean won)

Classification	Company	Accounts	2025	2024
Other related party	Jette Co., Ltd.	Receivables:		
		Accounts and notes receivable	₩ 2	59
		Other accounts receivable	64	73
		Accrued income	8	13
		Loans(*)	2,101	3,192
		Guarantee deposits(*)	4,228	2,847
			₩ 6,403	6,184
		Payables:		
		Accounts payable	892	759
		Other accounts payable	9,555	9,323
		Lease liabilities(*)	28,310	14,124
			₩ 38,757	24,206

(*) Included short-term amounts.

29. Related party transactions (Continued)

(4) Related party financial transactions for the years ended December 31, 2025 and 2024 are as follows:

(in millions of Korean won)

Classification	Company	2025		
		Loans	Repayment	Interest income
Other related party	Jette Co., Ltd.	₩ -	1,183	124

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

(5) Key management personnel compensations in total and for each of the following categories for the years ended December 31, 2025 and 2024 are as follows:

(in millions of Korean won)

	2025	2024
Annual salaries	₩ 8,088	6,561
Provision for retirement and severance benefits	1,085	618
Other Long-term Employee Benefits	22	14
	₩ 9,195	7,193

30. Supplementary consolidated cash flow information

(1) Cash flows from operating activities prepared using the indirect method for the years ended December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	2025	2024
Net income for the year	₩ 55,565	103,227
Non-cash adjustments to reconcile net income (loss) to net cash flows provided by operating activities:		
Severance and retirement benefits	10,975	10,002
Depreciation	35,827	35,681
Depreciation on right-of-use assets	20,010	16,913
Amortization	7,923	10,044
Depreciation on Investment Property	45	45
Bad debt expense	2,264	7
Interest income	(6,095)	(6,215)
Dividend income	(277)	(242)
Gain on foreign currency translation	(50)	(492)
Interest expense	3,711	2,990
Loss on foreign currency translation	385	26
Gain on disposal of property, plant and equipment	(367)	(790)
Loss on disposal of property, plant and equipment	1,186	3,952
Loss on disposal of intangible assets	68	62
Gain on disposal of financial assets at fair value through profit	-	(76)
Loss on valuation of financial assets at fair value through loss	1,377	954
Gain on valuation of financial assets at fair value through profit	-	(102)
Income tax expense	27,039	30,270
Miscellaneous revenues	(174)	(106)
Commission paid	-	107
	<u>103,847</u>	<u>103,030</u>
Working capital adjustments:		
Accounts and notes receivable	11,836	8,981
Other accounts receivable	160	(717)
Accrued revenues	-	2
Advance payments	(61)	134
Prepaid expenses	500	1,953
Inventories	(26,490)	(7,392)
Long-term advance payments	253	(35)
Long-term prepaid expenses	(1)	(11)
Accounts and notes payable	(2,136)	(8,687)
Other accounts payable	14,712	(4,977)
Accrued expenses	(3,537)	(8,928)
Lease Deposits	206	-
Other current liabilities	2,915	2,423
Payments of Retirement Allowance	(7,843)	(6,768)
Contributions by employer	(8,000)	(6,000)
Long-term guarantee deposits received	(127)	68
Long-term accrued expenses	5,863	2,047
	<u>(11,750)</u>	<u>(27,907)</u>

30. Supplementary consolidated cash flow information (Continued)

	2025	2024
Income taxes paid	(33,346)	(31,215)
Net cash flows provided by operating activities	₩ 114,316	147,135

(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, 2025 and 2024, material transactions not involving cash flows are as follows:

(in millions of Korean won)

	2025	2024
Transfers to machinery from construction-in-progress	₩ 117,147	37,936
Transfers to Investment property from Property, plant and equipment	-	8,589
Other accounts payable from acquisition of Property, plant and equipment	2,814	2,911
Other accounts payable from acquisition of intangible assets	-	38
Other accounts receivables from disposal of property and equipment	27	4
Reclassification of Long-term Borrowings to Current Liabilities	2,500	4,370
Retirement of treasury shares	6,582	-

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, 2025 and 2024.

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, 2025 and 2024:

(in millions of Korean won)

	2025	
	5%p increase	5%p decrease
Other comprehensive income before tax	₩ 598	(598)
Income tax	(145)	145
Other comprehensive income after tax	₩ 453	(453)

	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)

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, 2025 and 2024 are as follows :

(in millions of Korean won)

	2025	2024
Cash equivalents	₩ 134,358	175,237
Short-term finance assets	142,197	71,743
Accounts and notes receivable, net	71,161	80,637
Other accounts receivable	1,957	2,094
Accrued income	1,357	755
Long-term finance assets	5,702	8,053
Guarantee deposits (*)	19,933	19,899
	₩ 376,665	358,418

(*) 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)

	2025	2024
Accounts receivable	₩ 2,256	21
prepaid expenses	13	(12)

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)

	2025			
	Less than 1 year	1 to 5 years	More than 5 years	Total
Accounts and notes payable	₩ 74,367	-	-	74,367
Other accounts payable	53,026	-	-	53,026
Accrued expenses (*1)	3,069	-	-	3,069
Short-term borrowings	4	-	-	4
Dividends payable	896	-	-	896
Long-term borrowings (*2)	2,512	-	-	2,512
Bonds	1,995	73,491	-	75,486
Long-term guarantee deposits received	-	7,491	-	7,491
Lease liabilities (*2)	15,633	36,506	3,972	56,111
	₩ 151,502	117,488	3,972	272,962

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

(*2) Included short-term amounts.

	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	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.

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, 2025 and 2024.

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>	2025	2024
Net debt:		
Borrowings	₩ 3,396	61,870
Bonds	69,804	-
Less:		
Cash and cash equivalent	134,367	175,248
Net debt	(61,167)	(113,378)
Equity	₩ 743,762	721,844
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.

31.5 Changes in liabilities arising from financing activities

Changes in liabilities arising from financing activities is as follows:

(in millions of Korean won)

	Jan. 1, 2025	Cash flows	Changes in non-cash flows					Dec. 31, 2025
			Lease acquisition	Lease termination	Interest expense	Dividend	Discount on Bonds Payable and Others(*3)	
Lease liabilities (*1)	₩ 36,816	(19,325)	33,994	(2,254)	1,943	-	(13)	51,161
Short-term borrowings	55,000	(54,104)	-	-	-	-	-	896
Long-term borrowings (*2)	6,870	(4,370)	-	-	-	-	-	2,500
Bonds	-	69,788	-	-	-	-	16	69,804
Dividends payable	3	(29,177)	-	-	-	29,178	-	4

(*1) Included short-term lease liabilities.

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

(*3) The other changes in lease liabilities represent the foreign exchange differences arising from the translation of right of use assets and lease liabilities of foreign subsidiaries.

	Jan. 1, 2024	Cash flows	Changes in non-cash flows					Dec. 31, 2024
			Lease acquisition	Lease termination	Interest 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(*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.

32. Fair value

The difference between book values and fair values of financial instruments by categories are not significant as of December 31, 2025 and 2024 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 beneficiary certificates) was determined based on quoted market prices in active markets. For unlisted equity securities for which quoted prices in active markets are not available, fair value was estimated using a discounted cash flow method. Fair value measurements require management to make assumptions regarding the inputs to the valuation models, including expected cash flows, discount rates, credit risk, and volatility. The probabilities associated with a range of possible estimates can be reasonably assessed and utilized in management's estimation 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, 2025 and 2024, the Group held the following assets and liabilities carried at fair value on the statement of financial position:

(in millions of Korean won)

	2025			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	₩ -	15,043	1,990	17,033
Financial assets at fair value through OCI	11,960	-	-	11,960
	₩ 11,960	15,043	1,990	28,993

	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
	₩ 9,087	13,085	3,367	25,539

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 ₩	15,043	Market to market	-
Funds and other investments	3	1,990	DCF	Discount rate

Details of financial assets by categories for the years ended December 31, 2025 and 2024 are as follows:

<i>(in millions of Korean won)</i>	2025				
	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	₩ -	-	134,367	-	134,367
Short-term financial assets	15,043	-	127,154	-	142,197
Accounts and notes receivable	-	-	71,161	-	71,161
Other accounts receivable	-	-	1,957	-	1,957
Accrued income	-	-	1,357	-	1,357
Long-term financial assets	4,247	11,973	3,712	-	19,932
Guarantee deposits (*1)	-	-	19,933	-	19,933
	<u>₩ 19,290</u>	<u>11,973</u>	<u>359,641</u>	<u>-</u>	<u>390,904</u>
Financial liabilities:					
Accounts and notes payable	-	-	-	74,367	74,367
Other accounts payable	-	-	-	53,026	53,026
Accrued expenses (*2)	-	-	-	3,069	3,069
Dividends payable	-	-	-	4	4
Short-term borrowings	-	-	-	896	896
Long-term borrowings (*1)	-	-	-	2,500	2,500
Bonds	-	-	-	69,804	69,804
Long-term guarantee deposits received	-	-	-	7,491	7,491
Lease liabilities (*1)	-	-	-	51,161	51,161
	<u>₩ -</u>	<u>-</u>	<u>-</u>	<u>262,318</u>	<u>262,318</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)

	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 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, 2025 and 2024 are as follows :

<i>(in millions of Korean won)</i>	2025	2024
Financial assets at fair value through profit or loss:		
Interest income	₩ 258	380
Gain on valuation of financial assets at fair value through profit or loss	-	102
Loss on valuation of financial assets at fair value through profit or loss	(1,377)	(954)
Gain on disposition of financial assets at fair value through profit or loss	-	76
Financial assets at fair value through OCI:		
Other comprehensive income	2,267	6
Dividend income	277	242
Financial assets at amortized cost:		
Interest income on deposits in financial institutions	5,149	5,199
Interest income on guarantee deposits	688	636
Foreign exchange difference on foreign demand deposits	(159)	275
Foreign exchange difference in accounts receivable	(921)	1,303
Bad debt expenses of accounts and notes receivable	(2,251)	(19)
Financial liabilities at amortized cost:		
Interest expenses on lease liabilities	(1,943)	(1,921)
Interest expenses on other financial liabilities	(1,768)	(1,069)
Foreign exchange difference on foreign debt	86	14

33. Commitments and Contingencies

- (1) As of December 31, 2025, the Group provided a promissory note with a face value of ₩ 3,279 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, 2025 and 2024, respectively, amounted to ₩ 2,591 million and ₩ 2,723 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, 2025 is as follows:

<i>(In millions of Korean won, in thousands of U.S. dollars)</i>	Financial institution	Currency	2025	
			Limit	Execution
Trade notes receivable discounting facilities	Shinhan Bank	KRW	10,000	-
Bank overdraft	Shinhan Bank	KRW	7,000	-
Agreement for an import L/C	Shinhan Bank and others	USD	24,500	2,489
General loan	Shinhan Bank and others	KRW	8,700	-
Policy loan	Nonghyup Bank	KRW	2,500	2,500
Electronic method of loan facilities secured by accounts receivable	Shinhan Bank	KRW	1,000	-
Reverse Purchase Loan	Hana Bank	KRW	3,000	896
		KRW	32,200	3,396
	Total	USD	24,500	2,489

- ② As of the end of the current reporting period, the loan agreement relating to the 35th unsecured public corporate bonds includes covenants that impose certain obligations and restrictions on the issuer. These covenants include, among others, (i) maintenance of a consolidated debt to equity ratio of not more than 200%, (ii) restrictions on guarantees and the creation of security interests, whereby the aggregate amount of indebtedness for which guarantees are provided or security interests are created shall not exceed 200% of consolidated equity, (iii) restrictions on disposals of assets, whereby the aggregate amount of asset disposals shall be less than 50% of total consolidated assets, and (iv) restrictions on changes in the issuer's governance structure. A breach of any of the above covenants may result in the bonds becoming immediately due and payable.

33. Commitments and Contingencies (Continued)

③ 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 arising from the supplier financing arrangements have been classified as current at the reporting date.

<i>(in millions of Korean won)</i>	2025	2024
Carrying amount of financial liabilities under supplier finance arrangements	₩ 24,258	22,218
Carrying amount of the portion already settled by the finance provider under the supplier finance arrangements	2,459	1,959
Range of payment due dates:		
Financial liabilities under supplier finance arrangements	90 days after the invoice date	90 days after the invoice date
Comparable trade payables not subject to supplier finance arrangements	1~60 days after the invoice date	1~60 days after the invoice date

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 29,656 million for the current year and KRW 32,637 million for the prior year.

(4) Guarantees Received

The Group has arrangements with Seoul Guarantee Insurance Company for contract performance guarantee totaling ₩ 1,590 million.

(5) The investment agreement for the financial assets of the Group as of December 31, 2025, is as follows:

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

(6) As of December 31, 2025, the Group is involved in a pending lawsuits (litigation amounts: ₩ 735 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 23, 2026, and may be modified and approved at the Board of Directors to be held on March 4, 2026.