MONALISA CO., LTD

Financial Statements
December 31, 2025 and 2024

(With Independent Auditors' 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
MONALISA CO., LTD

Opinion

We have audited the financial statements of MONALISA CO., LTD ("the Company"), which comprise the statements of financial position as of December 31, 2025, and 2024, the 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 financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and its financial performance and its 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 Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the 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 a matter that, in our professional judgment, was of most significance in our audit of the financial statements as of and for the year ended December 31, 2025. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Appropriateness of the revenue cut-off of the finished goods, merchandise, and semi-finished goods.

The Company generates sales of finished goods and merchandise by selling toilet paper, sanitary paper, and others. The Company generates sales of semi-finished goods by selling fabric. The timing of revenue recognition for the finished goods, merchandise and semi-finished goods vary depending on customers and contractual terms and there may be two or more performance obligations depending on the contractual terms. As the Company is a KOSPI-listed company with multiple shareholders, revenue represents a key performance indicator resulting in a high inherent risk that revenue could be recognized before the conditions for revenue recognition criteria are satisfied.

We identified the appropriateness of the revenue cut-off of the finished goods, merchandise and semi-finished goods as a key audit matter, considering the inherent risk of revenue, the significance of finished goods, merchandise and semi-finished goods sales and the risk of misstatement of revenue arising from various contractual terms.

The following are audit procedures we performed to address this key audit matter.

- Understanding the Company's revenue recognition processes and testing the design and the operating effectiveness of internal controls related to the revenue cut off of finished goods, merchandise and semi-finished goods
- Inspecting sampled contracts to assess the appropriateness of control transfer timing according to revenue recognition criteria
- Inspecting the relevant documents for sampled sales transactions that occurred close to year-end to assess the appropriateness of revenue recognition
- Inspecting the relevant documents for sampled cancelled sales transactions that occurred after year-end to assess the appropriateness of revenue recognition

Other Matter

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

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

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

In preparing the financial statements, management is responsible for assessing the Company′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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company′s financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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 Sang Min Nam.

KPMG Samjong Accounting Corp.

Seoul, Korea
March 13, 2026

This report is effective as of March 13, 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 financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

MONALISA CO., LTD
Statements of Financial Position
December 31, 2025 and 2024

(In Korean won)	Notes		2025		2024
Assets					
Current Assets					
Cash and cash equivalents	4,5,6,29	₩	12,558,654,265	₩	15,939,868,774
Trade receivables	5,6,7,26,29		12,054,938,866		12,869,418,763
Other receivables	5,6,7,26,29		497,279,113		492,131,271
Inventories	8		14,506,458,393		14,400,918,897
Other assets	9		265,808,029		176,850,233
Current tax assets			98,620,247		431,751,633
			39,981,758,913		44,310,939,571
Non-current assets					
Other receivables	5,6,7,26,29		4,806,199,749		4,806,415,522
Investments in associate	10		1,695,602,702		1,865,919,136
Property, plant and equipment	11		53,286,012,350		45,169,266,671
Right-of-use assets	12		632,176,775		817,841,605
Intangible assets	13		157,401,263		197,902,415
			60,577,392,839		52,857,345,349
Total assets		₩	100,559,151,752	₩	97,168,284,920
Liabilities					
Current liabilities					
Trade payables	5,6,26,29	₩	1,803,959,619	₩	5,537,796,098
Other payables	5,6,14,26,29		4,446,836,958		4,026,498,190
Current derivative liabilities	5,6,25,29		1,292,199,633		2,068,519,480
Other liabilities	9		3,367,171,199		3,411,285,437
Lease liabilities	5,6,12,29		350,132,074		392,639,981
			11,260,299,483		15,436,739,186
Non-current liabilities					
Other payables	5,6,14,29		7,547,170		7,547,170
Lease liabilities	5,6,14,29		339,116,488		483,162,013
Deferred tax liabilities	22		1,525,744,662		544,920,327
			1,872,408,320		1,035,629,510
Total liabilities			13,132,707,803		16,472,368,696
Equity					
Share capital	16		18,885,627,500		18,885,627,500
Other paid-in capital	16		3,437,386,562		3,437,386,562
Retained earnings	16		56,350,738,498		54,853,325,564
Accumulated other comprehensive income	16		8,752,691,389		3,519,576,598
Total equity			87,426,443,949		80,695,916,224
Total liabilities and equity		₩	100,559,151,752	₩	97,168,284,920

See accompanying notes to financial statements.

MONALISA CO., LTD
Statements of Comprehensive Income
Years ended December 31, 2025 and 2024

(In Korean won)	Notes		2025		2024
Revenue	17,26,27	₩	124,021,215,334	₩	126,337,593,913
Cost of sales	8,18,26		(98,011,358,605)		(99,088,622,244)
Gross profit			26,009,856,729		27,248,971,669
Selling and administrative expenses	6,18,19		(25,692,682,175)		(26,265,771,631)
Operating profit			317,174,554		983,200,038
Other non-operating income	6,20		653,660,954		86,930,002
Other non-operating expenses	6,20		(500,778,598)		(883,617,414)
Finance income	6,21		569,843,305		996,937,246
Finance costs	6,21		(41,238,892)		(52,476,414)
Losses of associates accounted for using equity method	10		(35,115,934)		(50,709,347)
Profit before income taxes			963,545,389		1,080,264,111
Income tax benefit	22		533,867,545		159,109,765
Profit for the year		₩	1,497,412,934	₩	1,239,373,876
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Revaluation surplus of land			5,233,114,791		-
			5,233,114,791		-
Total comprehensive income for the year		₩	6,730,527,725	₩	1,239,373,876
Earnings per share					
Basic and diluted earnings per share	23	₩	41	₩	34

See accompanying notes to financial statements

MONALISA CO., LTD
Statement of Changes in Equity
Years ended December 31, 2025 and 2024

(In Korean won)

	Notes		Share capital	Other paid-in capital	Accumulated other comprehensive income	Retained Earnings	Total
Balance as January 1, 2024		₩	18,885,627,500	3,437,386,562	3,520,811,979	55,440,755,057	81,284,581,098
Total comprehensive income:							
Profit for the year			-	-	-	1,239,373,876	1,239,373,876
Share of other comprehensive income of associate	16		-	-	(1,235,381)	1,235,381	-
Annual dividends paid	16		-	-	-	(1,828,038,750)	(1,828,038,750)
Balance as December 31, 2024		₩	18,885,627,500	3,437,386,562	3,519,576,598	54,853,325,564	80,695,916,224
Balance as January 1, 2025		₩	18,885,627,500	3,437,386,562	3,519,576,598	54,853,325,564	80,695,916,224
Total comprehensive income:							
Profit for the year			-	-	-	1,497,412,934	1,497,412,934
Revaluation surplus of land	16		-	-	5,233,114,791	-	5,233,114,791
Balance as December 31, 2025		₩	18,885,627,500	3,437,386,562	8,752,691,389	56,350,738,498	87,426,443,949

See accompanying notes to financial statements.

MONALISA CO., LTD
Notes to the Cash Flows
December 31, 2025 and 2024

(In Korean won)

	Notes	2025	2024
Cash flows from operating activities			
Cash generated from operations	24	₩ 1,762,090,206	₩ 6,547,928,761
Interest received		563,417,651	1,055,565,928
Interest paid		(41,238,892)	(52,476,414)
Refund (Payment) of Income Taxes		309,275,257	(3,286,232,467)
Net cash provided by operating activities		2,593,544,222	4,264,785,808
Cash flows from investing activities			
Decrease in short-term financial instruments		-	2,000,000,000
Decrease in other receivables		10,000,000	40,520,000
Proceeds from disposal of property, plant and equipment		42,116,280	4,682,112
Increase in other receivables		(3,286,300)	(69,547,700)
Acquisitions for property, plant and equipment		(5,493,921,669)	(7,697,003,530)
Acquisitions for intangible assets		(3,905,690)	(2,326,706)
Acquisitions for right-of-use assets		-	(2,259,800)
Net cash provided by (used in) investing activities		(5,448,997,379)	(5,725,935,624)
Cash inflow from financing activities			
Payment of dividends		-	(1,828,038,750)
Repayments of lease liabilities		(524,458,540)	(489,420,606)
Net cash used in financing activities		(524,458,540)	(2,317,459,356)
Net decrease in cash and cash equivalents		(3,379,911,697)	(3,778,609,172)
Cash and cash equivalents at the beginning of the year		15,939,868,774	19,711,773,102
Effects of exchange rate changes on cash and cash equivalents in foreign currency		(1,302,812)	6,704,844
Cash and cash equivalents at the end of the year		₩ 12,558,654,265	₩ 15,939,868,774

See accompanying notes to financial statements.

1. General Information

MONALISA CO., LTD (the Company) engages in manufacturing and selling toilet paper and sanitary products. The Company listed its shares on the Korea Exchange on October 14, 1988.

As of December 31, 2025, the Company's major shareholders are as follows:

(in number of shares)

	Number of shares	Percentage of ownership (%)
MSS Holdings Co., Ltd.	18,645,995	50.99
Treasury shares	10,480	0.03
Non-registered Executive	10,000	0.03
Others	17,904,780	48.95
	36,571,255	100.00

2. Basis of Preparation

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

2.1 Basis of Preparation

The Company maintains its accounting records in Korean won and the Company prepared its financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (K-IFRS), which are accounting standards established by adopting the International Accounting Standards of the International Accounting Standards Committee stipulated in Article 5, Paragraph 1, Item 1 of the Act on External Audit of Stock Companies, etc. The accompanying financial statements have been condensed, restructured and translated into English from the Korean language financial statements.
The financial statements of the Company have been prepared in accordance with K-IFRS. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board (IASB) that have been adopted by the Republic of Korea.
The financial statements have been prepared on a historical cost basis, except for the following:

- Derivative instruments measured at fair value
- Certain property, plant and equipment measured at fair value
- Financial instruments measured at fair value through profit or loss

The preparation of financial statements requires the use of material accounting estimates. Management also needs to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are material to the financial statements are disclosed in Note 3.

2.1.1 New and Amended Standards and Interpretations Adopted by the Company

The Company has adopted the following new and amended standards and interpretations for the accounting period beginning January 1, 2025.

(1) K-IFRS No. 1021, "Effects of Changes in Foreign Exchange Rates" – Lack of Convertibility

The exchangeability of currencies is assessed, and if they are not exchangeable with other currencies, the spot exchange rate is estimated and the relevant information is disclosed. The amendments to the related standards do not have a material impact on the financial statements..

2.1.2 Standards and Interpretations Not Yet Adopted by the Company

The following standards and interpretations have been issued or amended but are not yet effective, and therefore have not been applied by the Company.

(a) Amendments to K-IFRS No. 1109 "Financial Instruments" and K-IFRS No. 1107 "Financial Instruments: Disclosures"

K-IFRS No. 1109 “Financial Instruments” and K-IFRS No. 1107 “Financial Instruments: Disclosures” have been amended to address practical questions and incorporate new requirements. These amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted. The key amendments are as follows. The Company is currently assessing the impact of these amendments on its financial statements:

Clarification of the requirements related to the assessment of contractual cash flow characteristics when cash flows consist solely of principal and interest.

Additional disclosure requirements for changes in fair value and realized gains or losses by type of investment in equity instruments measured at fair value through other comprehensive income (FVOCI).

Clarification of the term “power contracts dependent on nature” and the types of contracts included within the scope of the amendment.

Confirmation that nature-dependent power purchase and sale contracts are subject to the evaluation of the own-use exception, and specification of the own-use exception for nature-dependent power purchase contracts.

Clarification that certain nature-dependent power contracts can be designated as hedging instruments for anticipated power transactions.

(b) K-IFRS No. 1118 "Presentation and Disclosure of Financial Statements"

K-IFRS No. 1118 replaces K-IFRS No. 1001 and introduces requirements to provide more useful information to users of financial statements for analyzing and comparing the performance of an entity, with a focus on the income statement. These amendments are effective for annual periods beginning on or after January 1, 2027, with early adoption permitted. The Company is currently assessing the impact of these amendments on its financial statements.

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2.2 Material Accounting Policies

The material accounting policies and calculation methods applied in the preparation of financial statements are the same as those applied in the preparation of previous financial statements, except for changes in the application of the new and amended standards described in Note 2.1.1 and changes in the application of the accounting standards described in paragraphs below.

2.3 Financial Assets

(a) Classification

The Company classifies its financial assets in the following measurement categories:

- Financial assets measured at fair value through profit or loss
- Financial assets measured at fair value through other comprehensive income, and
- Financial assets measured at amortized cost

The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Company reclassifies debt investments when, and only when its business model for managing those assets changes.

For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. Changes in fair value of non-designated equity investment are recognized in profit or loss.

(b) Measurement

At initial recognition, the Company 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 that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

A. Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments into one of the following three measurement categories:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'finance income' using the effective interest rate method.

- Fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'finance income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'other non-operating income or expenses' and impairment losses are presented in 'other non-operating expenses'.

- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of comprehensive income within 'other non-operating income or expenses' in the year in which it arises.

B. Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments, which held for long-term investment or strategic purpose, in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividend income from such investments continue to be recognized in profit or loss as 'finance income' when the right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in 'other non-operating income and expenses' in the statement of comprehensive income as applicable. Impairment loss (reversal of impairment loss) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

(c) Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and lease receivables, the Company applies the simplified approach, which requires expected lifetime credit losses to be recognized from initial recognition of the receivables.

(d) Recognition and Derecognition

Regular way purchases and sales of financial assets are recognized or derecognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

If a transfer does not result in derecognition because the Company has retained substantially all the risks and rewards of ownership of the transferred asset such as the right of recourse in the event of a default by the debtor, the Company continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The Company classified the financial liability as "borrowings" in the statement of financial position.

(e) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.4 Derivative Instruments

Derivatives are initially recognized at fair value on the date when a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss within 'other non-operating income (expenses)' based on the nature of transactions.

2.5 Trade Receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. Trade receivables are subsequently measured at amortized cost using the effective interest method, less loss allowance.

2.6 Inventories

Cost is determined using the moving weighted average method, except for goods-in-transits. Acquisition cost of inventories consists of the purchase price, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

2.7 Property, Plant and Equipment

After recognition as an asset, property, plant and equipment except for land, shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses. Revaluations are performed with sufficient regularity to ensure that the carrying amount of the assets does not differ materially from their fair value at the end of the reporting period.Depreciation of all property, plant and equipment, except for land, is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

	Useful lives
Buildings	10 - 60 years
Structures	10 - 50
Machinery	5 - 40
Vehicles	5
Tools and equipment	5 - 20
Others	2 - 5

2.8. Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants related to assets are presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset, and government grants related to income are deferred and later deducted from the related expense.

2.9 Intangible Assets

Intangible assets with finite useful lives that are acquired separately are carried at cost, less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

	Useful lives
Industrial property rights	5 years
Software	5

2.10 Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of reporting period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities, unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2.11 Financial Liabilities

Classification and measurement

The Company's financial liabilities at fair value through profit or loss are financial instruments held for trading. A financial liability is held for trading if it is incurred principally for the purpose of repurchasing in the near term. A derivative that is not a designated as hedging instruments and an embedded derivative that is separated are also classified as held for trading.

The Company classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and present as 'trade payables', 'other payables', and 'borrowings' in the statement of financial position.

2.12 Employee Benefits

(a) Post-employment benefits

The Company operates defined contribution plan for all employees. Defined contribution plans are recognized as an expense when employees have rendered service entitling them to the contributions.

(b) Long-term employee benefits

The Company provide long-term employee benefits that are entitled to employees with service period for ten years and twenty five years above. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. The Company recognizes net interest on long-term employee benefits and remeasurements as profit or loss for the year. These liabilities are valued annually by an independent qualified actuary.

2.13 Revenue Recognition

(a) A performance obligation satisfied at a point in time

Revenue on sales of goods is recognized when the products have been delivered to the customer, and the customer has accepted the goods. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and the customer has accepted the goods.

(b) Variable consideration

The Company offers price discounting such as coupons to the customers, which may cause variable consideration. The Company estimates the variable consideration by using the expected value method, which the Company expects to better predict the amount of consideration to which the Company is entitled. The Company recognizes revenue with transaction price including variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized through price discounting will not occur.

(c) Consideration payable to a customer

The Company directly pays customers considerations for the use of the customer's distribution center and for advertising services performed by the customer. Payment of consideration is accounted for as a reduction of the transaction price unless consideration payable to a customer resulted from distinct goods or services received from the customer.

2.14 Leases

(a) Lessor

Lease income from operating leases where the Company is a lessor is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

(b) Lessee

The Company leases various offices, warehouses, retail stores, equipment and cars. Lease contracts are typically made for fixed periods of 3 to 8 years, but may have extension options as described in below.

Contracts may contain both lease and non-lease components. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The Company determines the lease term as the non-cancellable period of a lease, together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. When the lessee and the lessor each has the right to terminate the lease without permission from the other party, the Company should consider a termination penalty in determining the period for which the contract is enforceable.

Measurement of lease liability also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and

- makes adjustments specific to the lease, for example term, country, currency and security.

If a readily observable amortizing loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Company uses that rate as a starting point to determine the incremental borrowing rate.

Payments associated with short-term leases of equipment and vehicles and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT-equipment and small items of office furniture.

(c) Extension option

Extension option is included in a number of property and equipment leases across the Company. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension option held is exercisable only by the Company and not by the respective lessor.

2.15 Approval of Issuance of the Financial Statements

The financial statements were approved for issue by the Board of Directors on January 16, 2026 and are subject to change with the approval of shareholders at their Annual General Meeting.

3. Material Accounting Estimates and Assumptions

K-IFRS require the use of estimates and assumptions based on management's best judgment in preparing financial statements, regarding the application of accounting policies and matters affecting the reported amounts of assets, liabilities, revenues, and expenses at the end of the reporting period. If estimates and assumptions based on management's best judgment at the end of the reporting period differ from actual circumstances, these estimates and actual results may differ.

3.1 Income taxes

The Company’s taxable income generated from these operations are subject to income taxes based on tax laws and interpretations of tax authorities in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain.

If certain portion of the taxable income is not used for investments or increase in wages or dividends for a certain period, the Company is liable to pay additional income tax calculated based on the tax laws. Accordingly, the measurement of current and deferred income tax is affected by the tax effects for such period. As the Company’s income tax is dependent on the investments, increase in wages and dividends, there is an uncertainty measuring the final tax effects.

3.2 Fair value

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period (Notes 5).

3.3 Impairment of financial assets

The provisions for impairment for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

3.4 Valuation of inventories

Inventories are assessed at the lower of acquisition cost and net realizable value. The net realizable value is determined based on estimates of expected selling prices and incidental expenses and others. In addition, obsolete inventories are assessed by estimating net realizable value. These estimates are based on market conditions, past experience and others.

3.5 Leases

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

4. Cash and Cash Equivalents

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

(in Korean won)		2025		2024
Demand deposits	₩	1,896,527,996	₩	1,127,911,189
RP		2,662,126,269		3,811,957,585
Time deposits		8,000,000,000		11,000,000,000
	₩	12,558,654,265	₩	15,939,868,774

5. Fair Value of Financial Instruments

This Note provides an update on the judgements and estimates made by the Company in determining the fair values of the financial instruments since the last annual financial report. There are no significant changes in the business and economic environment affecting the fair value of the Company's financial assets and liabilities for the year ended December 31, 2025.

5.1 Fair Value of Financial Instruments by Category

Carrying amount and fair value of financial instruments by category as of December 31, 2025 and 2024, are as follows:

(in Korean won)	2025		2024	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Financial assets				
Cash and cash equivalents	₩ 12,558,654,265	₩ [1]	₩ 15,939,868,774	₩ [1]
Short-term trade receivables	12,054,938,866	[1]	12,869,418,763	[1]
Other receivables	5,303,478,862	[1]	5,298,546,793	[1]
	29,917,071,993		34,107,834,330	
Financial liabilities				
Trade payables	₩ 1,803,959,619	₩ [1]	₩ 5,537,796,098	₩ [1]
Other payables	4,454,384,128	[1]	4,034,045,360	[1]
Derivative liabilities	1,292,199,633	1,292,199,633	2,068,519,480	2,068,519,480
Lease liabilities	689,248,562	[2]	875,801,994	[2]
	8,239,791,942		12,516,162,932	

[1]The carrying amount is a reasonable approximation to the fair value and is therefore excluded from the fair value disclosure.

[2] Lease liabilities are excluded from the fair value disclosures in accordance with K-IFRS 1107 'Financial Instruments: Disclosure'.

5.2 Fair Value Hierarchy

Items that are measured at fair value are categorized by the fair value hierarchy levels, and the defined levels are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date (Level 1).
- All inputs other than quoted prices included in level 1 that are observable (either directly that is, prices, or indirectly that is, derived from prices) for the asset or liability (Level 2).
- Unobservable inputs for the asset or liability (Level 3).

The fair value measurement of the land to which the revaluation model and of derivative liabilities with a binomial model is applied is classified as level 3 in the fair value hierarchy, and there were no transfers between the levels of the fair value hierarchy for the years ended December 31, 2025 and 2024.

5.3 Valuation Techniques and the Inputs

Valuation techniques used to measure fair value of derivative liabilities and unobservable inputs that are significant to measure the fair value are as follows:

Valuation techniques	Significant unobservable inputs	Relationship between unobservable inputs and fair value measurements
A binomial model	The Price of an underlying asset Volatility and discount rates	The estimated fair value increases (decreases) according to. - When the price of the underlying asset increases(decreases) - When stock price volatility increases (decreases) - When the discount rate decreases (increases)

The valuation techniques used to measure the fair value of land and the significant unobservable inputs used in the fair value measurement are as follows.

Valuation techniques	Significant unobservable inputs	Relationship between unobservable inputs and fair value measurements
Official Land Price-Based Valuation Method	Time Adjustment (Land Price Fluctuation Rate)	Fair value increases (decreases) when the land price fluctuation rate increases (decreases).
	Regional Factors	Fair value increases (decreases) when regional factors increase (decrease).
	Individual Factors (e.g., Lot Conditions)	Fair value increases (decreases) when adjustments for lot conditions increase (decrease).
	Other Factor Adjustments	Fair value increases (decreases) when adjustments related to land price level increase (decrease).

6. Financial Instruments by Category

6.1 Carrying Amounts of Financial Instruments by Category

Carrying amounts of financial assets and liabilities by category as of December 31, 2025 and 2024, are as follows:

(in Korean won)	2025		
	Financial assets at fair value through profit or loss	**Financial assets at amortized cost**	**Total**
Current financial assets			
Cash and cash equivalents	₩ -	₩ 12,558,654,265	₩ 12,558,654,265
Trade receivables	-	12,054,938,866	12,054,938,866
Other receivables	-	497,279,113	497,279,113
	-	25,110,872,244	25,110,872,244
Non-current financial assets			
Other receivables	-	4,806,199,749	4,806,199,749
	₩ -	₩ 29,917,071,993	₩ 29,917,071,993

(in Korean won)	2024		
	Financial assets at fair value through profit or loss	**Financial assets at amortized cost**	**Total**
Current financial assets			
Cash and cash equivalents	₩ -	₩ 15,939,868,774	₩ 15,939,868,774
Trade receivables	-	12,869,418,763	12,869,418,763
Other receivables	-	492,131,271	492,131,271
	-	29,301,418,808	29,301,418,808
Non-current financial assets			
Other receivables	-	4,806,415,522	4,806,415,522
	₩ -	₩ 34,107,834,330	₩ 34,107,834,330

(in Korean won)

	2025			
	Financial liabilities at fair value through profit or loss	**Financial liabilities at amortized cost**	**Other financial liabilities**	**Total**
Current financial liabilities				
Trade payables	₩ -	₩ 1,803,959,619	₩ -	₩ 1,803,959,619
Other payables	-	4,446,836,958	-	4,446,836,958
Derivative liabilities[1]	1,292,199,633	-	-	1,292,199,633
Lease liabilities	-	-	350,132,074	350,132,074
	₩ 1,292,199,633	₩ 6,250,796,577	₩ 350,132,074	₩ 7,893,128,284
Non-current financial liabilities	-			
Other payables	-	7,547,170	-	7,547,170
Lease liabilities	-	-	339,116,488	339,116,488
	-	7,547,170	339,116,488	346,663,658
	₩ 1,292,199,633	₩ 6,258,343,747	₩ 689,248,562	₩ 8,239,791,942

[1] Derivative liabilities recognized according to shareholder agreements related to investment stock in associate (Note 25).

(in Korean won)

	2024			
	Financial liabilities at fair value through profit or loss	**Financial liabilities at amortized cost**	**Other financial liabilities**	**Total**
Current financial liabilities				
Trade payables	₩ -	₩ 5,537,796,098	₩ -	₩ 5,537,796,098
Other payables	-	4,026,498,190	-	4,026,498,190
Derivativeliabilities[1]	2,068,519,480	-	-	2,068,519,480
Lease liabilities	-	-	392,639,981	392,639,981
	₩ 2,068,519,480	₩ 9,564,294,288	₩ 392,639,981	₩ 12,025,453,749
Non-current financial liabilities				
Other payables	-	7,547,170	-	7,547,170
Lease liabilities	-	-	483,162,013	483,162,013
	-	7,547,170	483,162,013	490,709,183
	₩ 2,068,519,480	₩ 9,571,841,458	₩ 875,801,994	₩ 12,516,162,932

[1] Derivative liabilities recognized according to shareholder agreements related to investment stock in associate (Note 25).

6.2 Net Gains or Losses by Category of Financial Instruments

Net gains or losses on each category of financial instruments for the years ended December 31, 2025 and 2024, are as follows:

(in Korean won)		**2025**		**2024**
Financial assets at amortized cost				
Interest income	₩	569,843,305	₩	996,937,246
Foreign exchange gain(losses), net		(1,870,714)		5,502,798
Reversal of provision for impairment (impairment losses)		10,397,406		(95,250,553)
Other financial liabilities (lease liabilities)				
Interest expenses		(41,238,892)		(52,476,414)
Financial liabilities at fair value through profit or loss				
Gain (Loss) on Valuation of Derivatives		641,119,347		(741,787,972)
	₩	1,178,250,452	₩	112,925,105

7. Trade and Other Receivables

7.1 Composition of Trade Receivables and Other Receivables

Trade and other receivables as of December 31, 2025 and 2024, are as follows:

(in Korean won)		**2025**		**2024**
Current				
Trade receivables	₩	12,183,086,184	₩	13,098,332,745
Provision for impairment		(128,147,318)		(228,913,982)
Non-trade receivables		20,321,211		14,454,293
Accrued income		11,957,902		12,676,978
Deposits		465,000,000		465,000,000
		12,552,217,979		13,361,550,034
Non-current				
Deposits		306,199,749		306,415,522
Loan		4,500,000,000		4,500,000,000
		4,806,199,749		4,806,415,522
	₩	17,358,417,728	₩	18,167,965,556

7.2 Aging Analysis of Trade Receivables

The aging analysis of trade receivables as of December 31, 2025 and 2024, is as follows:

(in Korean won)	2025	2024
Receivables not past due	₩ 11,768,050,387	₩ 12,433,906,429
Receivables past due		
Up to 6 months	122,534,624	350,006,200
6 months to 1 year	61,417,989	56,079,845
Over 1 year	231,083,184	258,340,271
	415,035,797	664,426,316
	₩ 12,183,086,184	₩ 13,098,332,745

7.3 Changes in Allowance for Doubtful Accounts

Movements in the provision for impairment for the years ended December 31, 2025 and 2024, are as follows:

(in Korean won)	Trade receivables	
	2025	2024
Beginning balance	₩ 228,913,982	₩ 133,663,429
Increase (reversal)	(10,397,406)	95,250,553
Write-off and others	(90,369,258)	-
Ending balance	₩ 128,147,318	₩ 228,913,982

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 60 days, and therefore, are all classified as current. Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognized at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and, therefore, measures them subsequently at amortized cost using the effective interest method.

8. Inventories

8.1 Composition of Inventories

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

(in Korean won)	2025		
	Amount before valuation	**Valuation allowance**	**Carrying amount**
Merchandise	₩ 1,852,858,649	₩ (32,378,060)	₩ 1,820,480,589
Finished goods	3,847,080,493	(74,045,446)	3,773,035,047
Semi-finished goods	6,321,687,083	-	6,321,687,083
Raw materials	1,488,452,103	-	1,488,452,103
Sub-materials	612,504,033	-	612,504,033
Stored goods	490,299,538	-	490,299,538
	₩ 14,612,881,899	₩ (106,423,506)	₩ 14,506,458,393

(in Korean won)	2024		
	Amount before valuation	**Valuation allowance**	**Carrying amount**
Merchandise	₩ 1,687,591,802	₩ (11,349,177)	₩ 1,676,242,625
Finished goods	4,163,787,011	(112,033,532)	4,051,753,479
Semi-finished goods	5,993,473,218	-	5,993,473,218
Raw materials	1,549,868,141	-	1,549,868,141
Sub-materials	677,564,176	-	677,564,176
Stored goods	452,017,258	-	452,017,258
	₩ 14,524,301,606	₩ (123,382,709)	₩ 14,400,918,897

8.2 Inventories valuation amount recognized as expense during the year ended December 31, 2025, amounted to ₩16,959,203 (2024: reversal of ₩26,501,659).

8.3 Inventories recognized as expense during the year ended December 31, 2025, amounted to ₩98,011,358,605 (2024: ₩99,088,622,244). These were included in ‘cost of sales’.

9. Other Assets and Liabilities

9.1 Composition of Other Assets

Other assets as of December 31, 2025 and 2024, are as follows:

(in Korean won)		2025		2024
Prepayments	₩	56,099,491	₩	28,203,505
Prepaid expenses		209,708,538		148,646,728
	₩	265,808,029	₩	176,850,233

9.2 Composition of Other Liabilities

Other liabilities as of December 31, 2025 and 2024, are as follows:

(in Korean won)		2025		2024
Advances from customers	₩	293,217,534	₩	103,775,841
Withholdings		871,240,569		953,810,103
Accrued expenses[1]		2,202,713,096		2,353,699,493
	₩	3,367,171,199	₩	3,411,285,437

[1] Include unpaid benefit and others related to employees.

10. Investment in Associate

10.1 Status of Associates

Set out below are an associate of the Company as of December 31, 2025 and 2024.

Name of entity	Percentage of ownership (%)		Location
	2025	2024	
HiBetter CO.,LTD[1] (Formely: Joongwon Corporation)	3.38	3.38	Korea

[1] Although the Company holds less than 20% of HiBetter Corporation's equity shares, the Company has significant influence over HiBetter Corporation as the Company holds the right to appoint a board of directors.

10.2 Details of Investments in Associates Accounted for Using the Equity Method

Details of valuation of investment in associate that are accounted for using the equity method for the years ended December 31, 2025 and 2024, are as follows:

	2025					
(in Korean won)	**Beginning balance**	**Acquisition**	**Other decrease[1]**	**Share of profit or loss of associates**	**Share of other comprehensive income of associates**	**Ending balance**
HiBetter CO.,LTD (Formely: JOONGWON)	₩ 1,865,919,136	₩ -	₩ (135,200,500)	₩ (35,115,934)	₩ -	₩ 1,695,602,702

[1] Other decrease are due to dividends and have been offset against the related derivative liabilities in accordance with the dividend restrictions under the shareholder agreement (see Note 25).

	2024					
(in Korean won)	**Beginning balance**	**Acquisition**	**Other decrease[1]**	**Share of profit or loss of associates**	**Share of other comprehensive income of associates**	**Ending balance**
HiBetter CO.,LTD (Formely: JOONGWON)	₩ 2,221,123,435	₩ -	₩ (304,494,952)	₩ (50,709,347)	₩ -	₩ 1,865,919,136

[1 1] Other decrease are due to dividends and have been offset against the related derivative liabilities in accordance with the dividend restrictions under the shareholder agreement (see Note 25).

10.3 Details of Investments in Associates Accounted for Using the Equity Method

(in Korean won)	2025			
Associate	**Assets**	**Liabilities**	**Revenue**	**Profit for the year**
HiBetter CO.,LTD (Formerly: JOONGWON)	₩ 50,166,404,867	₩ 20,958,153,637	₩ 54,452,861,041	₩ (1,246,435,163)

(in Korean won)	2024			
Associate	**Assets**	**Liabilities**	**Revenue**	**Profit for the year**
HiBetter CO.,LTD (Formerly: JOONGWON)	₩ 56,705,573,283	₩ 22,443,697,402	₩ 47,398,905,984	₩ (301,403,268)

The above summarized financial information includes financial information for the 12-month reporting period. The tables below provide a reconciliation of the summarized financial information presented to the carrying amount of its interest in the associate.

10.4 Adjustments of Associates' Financial Information to the Carrying Amount of Investment in Associates

(in Korean won)	2025					
	Net assets at the end of the year	**Group's share in %**	**Group's share in KRW**	**Goodwill[1]**	**Othes[1]**	**Carrying amount**
HiBetter CO.,LTD(Formerly: JOONGWON)	₩ 29,208,251,230	3.38	₩ 986,229,767	₩ 623,529,014	₩ 85,843,921	₩ 1,695,602,702

(in Korean won)	2024					
	Net assets at the end of the year	**Group's share in %**	**Group's share in KRW**	**Goodwill[1]**	**Othes[1]**	**Carrying amount**
HiBetter CO.,LTD(Formerly: JOONGWON)	₩ 34,261,875,881	3.38	₩ 1,156,867,681	₩ 623,529,014	₩ 85,522,441	₩ 1,865,919,136

[1] The difference between the acquisition cost and the share of net assets was allocated as fair value adjustments of identifiable property, plant and equipment and intangible assets and goodwill through the purchase price allocation procedure.

11. Property, Plant and Equipment

11.1 Details of Property, Plant and Equipment

Details of property, plant and equipment as of December 31, 2025 and 2024, are as follows:

(in Korean won)	2025		
	Acquisition cost	Accumulated depreciation	Ending balance
Land[1]	₩ 20,216,322,800	₩ -	₩ 20,216,322,800
Buildings	16,709,726,273	(10,010,758,287)	6,698,967,986
Structures	9,932,165,645	(5,910,871,098)	4,021,294,547
Machinery	68,096,287,730	(48,106,363,652)	19,989,924,078
Vehicles	350,044,159	(342,776,142)	7,268,017
Tools and equipment	4,154,816,823	(3,469,700,467)	685,116,356
Construction in progress	203,591,020	-	203,591,020
Others	2,046,050,520	(582,522,974)	1,463,527,546
	₩ 121,709,004,970	₩ (68,422,992,620)	₩ 53,286,012,350

[1] The acquisition cost of the land includes ₩ 11,206,408 thousand, an increase in the carrying amount resulting from the revaluation.

(in Korean won)	2024		
	Acquisition cost	Accumulated depreciation	Ending balance
Land[1]	₩ 13,444,660,000	₩ -	₩ 13,444,660,000
Buildings	16,669,726,273	(9,750,315,191)	6,919,411,082
Structures	9,582,965,645	(5,675,401,654)	3,907,563,991
Machinery	60,716,511,907	(47,033,246,201)	13,683,265,706
Vehicles	350,044,159	(331,307,112)	18,737,047
Tools and equipment	3,986,750,944	(3,195,359,762)	791,391,182
Construction in progress	5,005,708,491	-	5,005,708,491
Others	1,799,460,680	(400,931,508)	1,398,529,172
	₩ 111,555,828,099	₩ (66,386,561,428)	₩ 45,169,266,671

The acquisition cost of the land includes ₩ 4,434,745 thousand, an increase in the carrying amount resulting from the revaluation.

11.2 Changes in Property, Plant and Equipment

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

(in Korean won)

	2025						
	Beginning balance	Acquisitions	Revaluation	Transfers	Disposals	Depreciation	Ending balance
Land	₩ 13,444,660,000	₩ -	₩ 6,771,662,800	₩ -	₩ -	₩ -	₩ 20,216,322,800
Buildings	6,919,411,082	-	-	40,000,000	-	(260,443,096)	6,698,967,986
Structures	3,907,563,991	-	-	485,800,000	(117,241,663)	(254,827,781)	4,021,294,547
Machinery	13,683,265,706	-	-	9,490,215,994	(155,432,323)	(3,028,125,299)	19,989,924,078
Vehicles	18,737,047	-	-	-	-	(11,469,030)	7,268,017
Tools and equipment	791,391,182	216,988,879	-	19,930,000	(47,000)	(343,146,705)	685,116,356
Construction in progress	5,005,708,491	5,233,828,523	-	(10,035,945,994)	-	-	203,591,020
Others	1,398,529,172	263,345,460	-	-	(16,755,620)	(181,591,466)	1,463,527,546
	₩ 45,169,266,671	₩ 5,714,162,862	₩ 6,771,662,800	₩ -	₩ (289,476,606)	₩ (4,079,603,377)	₩ 53,286,012,350

(in Korean won)

	2024						
	Beginning balance	Acquisitions	Revaluation	Transfers	Disposals	Depreciation	Ending balance
Land	₩ 13,444,660,000	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 13,444,660,000
Buildings	7,122,535,756	-	-	57,000,000	-	(260,124,674)	6,919,411,082
Structures	3,628,857,553	-	-	518,964,000	-	(240,257,562)	3,907,563,991
Machinery	14,756,942,486	-	-	1,768,636,463	(15,440,350)	(2,826,872,893)	13,683,265,706
Vehicles	36,485,874	-	-	-	-	(17,748,827)	18,737,047
Tools and equipment	834,226,846	385,740,966	-	-	(4,302,549)	(424,274,081)	791,391,182
Construction in progress	140,916,463	7,209,392,491	-	(2,344,600,463)	-	-	5,005,708,491
Others	1,290,483,473	173,328,636	-	-	(21,598,500)	(43,684,437)	1,398,529,172
	₩ 41,255,108,451	₩ 7,768,462,093	₩ -	₩ -	₩ (41,341,399)	₩ (3,812,962,474)	₩ 45,169,266,671

11.3 Amounts by Account Including Depreciation Expense are as Follows

Line items including depreciation in the statements of comprehensive income for the years ended December 31, 2025 and 2024, are as follows:

(in Korean won)		2025		2024
Cost of sales	₩	3,878,138,076	₩	3,535,155,751
Selling and administrative expenses		201,465,301		277,806,723
	₩	4,079,603,377	₩	3,812,962,474

11.4 Details of Property, Plant and Equipment Provided as Collateral

Details of property, plant and equipment provided as collateral

As of December 31, 2025, there are no secured amount related to property, plant and equipment.**11.5** Revaluation of Land The Company has applied the revaluation model to its land and has revalued the land using an independent appraisal agency holding a professional qualification.

The Company evaluated the land based on the official land price of standard land with similar use value located in close proximity to the subject land, comprehensively considering the rate of change in land value from the official announcement date to the base date, the location, shape, environment, conditions of use, and other valuation factors. In addition, the reasonableness of the appraisal amount was reviewed by comparing actual transaction cases of land in nearby areas.

The book amount of land using revaluation model and historical cost model as of December 31, 2025, is as follows.

(in Korean won)		Revaluation model		Cost model
Land	₩	20,216,322,800	₩	9,009,915,200

As a result of the revaluation of the land, ₩ 5,233,115 thousand (net of corporate tax effect) was recognized in other comprehensive income during the year.

12. Right-of-use Assets and Leases Liabilities

(*a) Lessee*

The details of right-of-use assets and lease liabilities are as follows.

12.1 Amounts recognized in the Statement of Financial Position

The statement of financial position shows the following amounts relating to leases:

(in Korean won)		**2025**		**2024**
Right-of-use assets				
Properties	₩	21,031,041	₩	123,004,473
Vehicles		611,145,734		694,837,132
	₩	632,176,775	₩	817,841,605

(in Korean won)		**2025**		**2024**
Lease liabilities				
Current	₩	350,132,074	₩	392,639,981
Non-current		339,116,488		483,162,013
	₩	689,248,562	₩	875,801,994

Additions to the right-of-use assets during the 2025 financial year were ₩ 378,739,568 (2024: ₩ 471,272,494).

12.2 Amounts recognized in the Statement of Comprehensive Income

The statement of comprehensive income shows the following amounts relating to leases:

(in Korean won)		**2025**		**2024**
Depreciation of right-of-use assets				
Properties	₩	217,840,755	₩	199,537,297
Vehicles		308,783,932		299,188,546
	₩	526,624,687	₩	498,725,843
Interest expense relating to lease liabilities (included in finance cost)	₩	41,238,892	₩	52,476,414
Expense relating to short-term leases (included in cost of goods sales and administrative expenses)		2,662,503,860		2,586,092,384
Expense relating to leases of low-value assets that are not short-term leases (included in administrative expenses)		17,217,004		13,456,138

The total cash outflow for leases in 2025 was ₩ 3,245,418,296 (2024: ₩ 3,143,705,342).

(*b) Lessor*

The Company did not recognize any lease income during the current period (2024: KRW 9,558,113).

13. Intangible Assets

13.1 Changes in Intangible Assets

Changes in intangible assets for the years ended December 31, 2025 and 2024, are as follows:

(in Korean won)	2025					
	Beginning balance	Acquisitions	Amortization	Ending balance	Acquisition cost	Accumulated amortization
Industrial property rights	₩ 31,299,281	₩ 3,905,690	₩ (20,963,055)	₩ 14,241,916	₩ 604,268,806	₩ (590,026,890)
Facility use rights (membership rights)	113,559,090	-	-	113,559,090	136,827,523	(23,268,433)
Software	53,044,044	-	(23,443,787)	29,600,257	183,829,273	(154,229,016)
	₩ 197,902,415	₩ 3,905,690	₩ (44,406,842)	₩ 157,401,263	₩ 924,925,602	₩ (767,524,339)

(in Korean won)	2024					
	Beginning balance	Acquisitions	Amortization	Ending balance	Acquisition cost	Accumulated amortization
Industrial property rights	₩ 98,990,235	₩ 2,326,706	₩ (70,017,660)	₩ 31,299,281	₩ 600,363,116	₩ (569,063,835)
Facility use rights (membership rights)	113,559,090	-	-	113,559,090	136,827,523	(23,268,433)
Software	81,865,934	-	(28,821,890)	53,044,044	183,829,273	(130,785,229)
	₩ 294,415,259	₩ 2,326,706	₩ (98,839,550)	₩ 197,902,415	₩ 921,019,912	₩ (723,117,497)

13.2 All amortization is classified as selling and administrative expenses.

14. Other Payables

14.1 Other Payables

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

(in Korean won)	Current				Non-current	
	Non-trade payables	Accrued expenses	Other guarantee deposit	Total	Deposits	Total
2025	₩ 417,720,567	₩ 4,026,116,391	₩ 3,000,000	₩ 4,446,836,958	₩ 7,547,170	₩ 4,454,384,128
2024	₩ 175,455,254	₩ 3,848,042,936	₩ 3,000,000	₩ 4,026,498,190	₩ 7,547,170	₩ 4,034,045,360

14.2 Supplier Finance Arrangements

The Company participates in supplier finance arrangements to streamline the payment process to suppliers and to offer early settlement terms to suppliers compared to the normal payment terms of other trade payables. The Company has not derecognized the original obligation since the arrangement does not extinguish or substantially modify the original liability. Additionally, as the nature and function of the financial liability under this arrangement remain the same as other trade payables, the related amounts are included within other payables. From the Company's perspective, this arrangement does not significantly extend the payment terms compared to the normal payment terms applied to other suppliers not participating in the supplier finance arrangement.

Additional information regarding the Company's other payables is as follows:

Category	2025	2024
Carrying amount of financial liabilities under the supplier finance arrangement	₩44,285,450	₩44,357,665
Carrying amount of the portion already received by suppliers from the finance provider [1]	₩11,831,886	₩12,287,858

[1] There were no significant non-cash changes in the carrying amount of other payables, which are part of the Company's supplier financing arrangements.

15. Post-employment Benefit Plan

The Company operates defined contribution plan for employees have rendered service entitling them to the contribution. Plan assets are operated in the form of funds independently from the Company's other assets under the control of the trustee. If an employee retired the Company before meeting the qualification to obtain vested rights of defined contribution plan, contributions payables to the employee are decreased as much as the amount that is lost.

The total expense recognized in the comprehensive income statement of ₩1,046,515,154 (2024: ₩1,044,551,198) represents the contributions the Company will pay to the defined contribution plan according to the ratio stipulated in the plan. Of the total expense, ₩757,737,901 (2024: ₩736,633,325) was included in 'cost of sales' and ₩288,777,253 (2024: ₩307,917,873) in 'administrative expenses'.

16. Share Capital

16.1 Composition of Share Capital

Share capital as of December 31, 2025 and 2024, are as follows:

(in Korean won and in number of shares)		**2025**		**2024**
Number of authorized shares		200,000,000		200,000,000
Number of shares issued		37,771,255		37,771,255
Retirement of shares		1,200,000		1,200,000
Number of outstanding shares		36,571,255		36,571,255
Par value per share	₩	500	₩	500
Share capital [1]	₩	18,885,627,500	₩	18,885,627,500

[1] As 1,200,000 ordinary shares have been written off in profit, there is a difference of ₩ 600,000,000 between the total face value of share capital and the outstanding shares.

16.2 Composition of Other Paid-in Capital

(in Korean won)		**2025**		**2024**
Share premium	₩	3,463,018,182	₩	3,463,018,182
Treasury shares		(25,631,620)		(25,631,620)
	₩	3,437,386,562	₩	3,437,386,562

16.3 Composition of Accumulated Other Comprehensive Income

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

(in Korean won)	2025	2024
Revaluation surplus[1]	₩ 8,740,997,928	₩ 3,507,883,137
Share of changes in equity method investments	11,693,461	11,693,461
	₩ 8,752,691,389	₩ 3,519,576,598

[1]This represents the increase resulting from the application of the revaluation model to land (refer to Note 11).

16.4 Composition of Retained Earnings

Retained earnings as of December 31, 2025 and 2024, are as follows:

(in Korean won)	2025	2024
Legal reserves [1]	₩ 2,579,321,109	₩ 2,579,321,109
Retained earnings before appropriation	53,771,417,389	52,274,004,455
	₩ 56,350,738,498	₩ 54,853,325,564

[1] The Commercial Code of the Republic of Korea requires the Company to appropriate for each financial period, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued share capital. The reserve is not available for cash dividends payment, but may be transferred to share capital or used to reduce accumulated deficit. When the accumulated legal reserves (the sum of capital reserves and earned profit reserves) are greater than 1.5 times the paid-in capital amount, the excess legal reserves may be distributed in accordance with a resolution of the shareholders' meeting.

16.5 Changes in Retained Earnings

Changes in retained earnings for the years ended December 31, 2025 and 2024, are as follows:

(in Korean won)	2025	2024
Beginning balance	₩ 54,853,325,564	₩ 55,440,755,057
Change of retained earnings in equity method	-	1,235,381
Dividends paid	-	(1,828,038,750)
Profit for the year	1,497,412,934	1,239,873,876
Ending balance	₩ 56,350,738,498	₩ 54,853,325,564

16.6 Statement of Appropriation of Retained Earnings

The appropriation of retained earnings for the year ended December 31, 2025, is expected to be approved at the shareholders' meeting on March 30, 2026.
The appropriation date for the year ended December 31, 2024, was March 25, 2025.

The appropriation of retained earnings for the years ended December 31, 2025 and 2024, is as follows:

(in Korean won)		2025		2024
Unappropriated retained earnings carried over from prior year	₩	52,274,004,455	₩	51,033,395,198
Profit for the year		1,497,412,934		1,239,373,876
Change of retained earnings in equity method		-		1,235,381
Retained earnings available for appropriation		53,771,417,389		52,274,004,455
Appropriation of retained earnings		(2,010,842,625)		
Earned profit reserves		182,803,875		-
Dividends (Cash dividend (%): 2025: ₩ 50 (10%), 2024: ₩ 0 (0%)		1,828,038,750		-
Unappropriated retained earnings to be carried forward	₩	51,760,574,764	₩	52,274,004,455

17. Revenue

17.1 Type of Revenue

(in Korean won)		2025		2024
Revenue from contracts with customers				
Finished goods	₩	85,450,567,729	₩	85,407,390,071
Merchandise		20,185,717,717		23,532,437,434
Semi-finished goods		17,391,769,870		16,876,209,370
Sales-other		993,160,018		511,998,925
Revenue from other sources				
Rental income		-		9,558,113
	₩	124,021,215,334	₩	126,337,593,913

17.2 Disaggregation of Revenue from Contracts with Customers

(in Korean won)		2025		2024
Sales recognized at a point in time				
Finished goods	₩	85,450,567,729	₩	85,407,390,071
Merchandise		20,185,717,717		23,532,437,434
Semi-finished goods		17,391,769,870		16,876,209,370
Sales-other		993,160,018		511,998,925
	₩	124,021,215,334	₩	126,328,035,800

18. Breakdown of Expenses by Nature

(in Korean won)		2025		2024
Changes in inventories	₩	(176,774,194)	₩	(2,215,503,925)
Raw and sub-materials costs		47,479,545,167		48,989,632,684
Purchase of merchandise		11,370,388,244		13,697,406,941
Employee benefits expenses		15,547,593,413		16,476,136,907
Depreciation		4,079,603,377		3,812,962,474
Depreciation of right-of-use assets		526,624,687		498,725,843
Amortization		44,406,842		98,839,550
Rental expenses		2,890,170,519		2,809,150,301
Commission expenses		5,092,251,619		5,164,710,022
Distribution costs		12,744,814,348		12,933,603,373
Power expenses		10,235,744,466		9,410,252,242
Fuel cost		1,474,172,499		1,470,889,633
Other		12,395,499,793		12,207,587,830
	₩	123,704,040,780	₩	125,354,393,875

19. Selling and Administrative Expenses

(in Korean won)		2025		2024
Salaries	₩	3,689,360,328	₩	4,126,362,793
Post-employment benefits		288,777,253		307,917,873
Employee benefits		353,687,304		317,058,278
Taxes and dues		530,747,023		463,779,596
Rental expenses		1,285,173,079		1,205,724,327
Distribution costs		12,744,814,348		12,933,603,373
Promotional expense		-		4,360,000
Commission expenses		4,868,385,519		4,940,605,263
Advertising expense		724,628,977		541,800,003
Impairment losses (reversal)		(10,397,406)		95,250,553
Other		1,217,505,750		1,329,309,572
	₩	25,692,682,175	₩	26,265,771,631

20. Other Non-operating Income and Expenses

(in Korean won)		**2025**		**2024**
Other non-operating income				
Gain on foreign currency transaction	₩	3,417,499	₩	1,780,385
Gain on foreign currency translation		-		6,704,844
Gain on sale of investments in associates		1,709,580		-
Gain on disposal of property, plant and equipment		641,119,347		1,765,566
Miscellaneous revenues		7,414,528		76,679,207
	₩	653,660,954	₩	86,930,002

(in Korean won)		**2025**		**2024**
Other non-operating expenses				
Loss on foreign currency transaction	₩	3,985,401	₩	2,982,431
Loss on foreign currency translation		1,302,812		-
Donations		226,069,231		83,039,832
Loss on disposal of property, plant and equipment		249,069,906		38,424,853
Derivatives valuation losses		-		741,787,972
Miscellaneous losses		20,351,248		17,382,326
	₩	500,778,598	₩	883,617,414

21. Finance Income and Costs

(in Korean won)		**2025**		**2024**
Finance income				
Interest income	₩	569,843,305	₩	996,937,246

(in Korean won)		**2025**		**2024**
Finance costs				
Interest expenses	₩	41,238,892	₩	52,476,414

22. Income Tax Expense

22.1 Major Components of Income Tax Expense

Income tax expense for the years ended December 31, 2025 and 2024, are as follows:

(in Korean won)	2025	2024
Current income taxes	₩ 23,856,129	₩ 257,170,621
Effect of changes in temporary differences (deferred tax)	1,753,768,810	(205,617,241)
Changes in deferred corporate Income tax due to tax credit carryforward	(772,944,475)	(280,730,382)
Additional Corporate Income Tax	-	70,067,237
Income tax expense charged directly to equity	(1,538,548,009)	-
Income tax expense (benefit)	₩ (533,867,545)	₩ (159,109,765)

22.2 Relationship Between Profit Before Income Tax Expense and Income Tax Expense

Reconciliation between profit before income tax and income tax expense for the years ended December 31, 2025 and 2024, is as follows:

(in Korean won)	2025	2024
Profit before income tax	₩ 963,545,389	₩ 1,080,264,111
Tax at tax rates applicable to profits	179,380,986	225,775,199
Tax effects of:		
Non-deductible expense and imcome	53,997,865	16,872,659
Tax credit carried forward	(772,944,475)	(152,888,439)
Changes in tax rates	(5,326,892)	-
Others (tax rate differences and others)	11,024,971	(248,869,184)
Income tax expense	₩ (533,867,545)	₩ (159,109,765)
Effective tax rate	[1]	[1]

[1] No effective tax rate was calculated as income tax benefits were recognized during the current and prior periods.

22.3 Changes in Deferred Tax Assets and Liabilities Before Offsetting Amounts Related to the Same Tax Authority

The movements in deferred tax assets and liabilities for the years ended December 31, 2025 and 2024, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

(in Korean won)	2025			
	Beginning balance	Profit or loss	Other comprehensive income	Ending balance
Depreciation	₩ 711,412,127	₩ 50,276,329	₩ -	₩ 761,688,456
Lease liabilities	183,042,617	(31,407,933)	-	151,634,684
Deposits provided (present value discounts)	1,626,057	(1,343,962)	-	282,095
Adjustments of deemed depreciation	64,522,232	(17,025,830)	-	47,496,402
Unsettled cost	242,150,574	(41,528,128)	-	200,622,446
Derivatives liabilities	432,320,571	(148,036,652)	-	284,283,919
Provision for impairment	20,002,681	(19,115,258)	-	887,423
Valuation allowance for inventories	25,786,986	(2,373,815)	-	23,413,171
Bad debt loss	43,461,643	2,287,455	-	45,749,098
Tax credit carried forward	280,730,382	772,944,475	-	1,053,674,857
Investment in associate	(7,045,252)	37,098,813	-	30,053,561
Deferred tax assets	1,998,010,618	601,775,494	-	2,599,786,112
Accrued income	(2,649,488)	18,750	-	(2,630,738)
Revaluation of land	(2,369,352,562)	(75,920,574)	(1,538,548,009)	(3,983,821,145)
Right-of-use assets	(170,928,895)	31,850,004	-	(139,078,891)
Deferred tax liabilities	(2,542,930,945)	(44,051,820)	(1,538,548,009)	(4,125,530,774)
	₩ (544,920,327)	₩ 557,723,674	₩ (1,538,548,009)	₩ (1,525,744,662)

(in Korean won)

	2024			
	Beginning balance	Profit or loss	Other comprehensive income	Ending balance
Depreciation	₩ 712,644,963	₩ (1,232,836)	₩ -	₩ 711,412,127
Lease liabilities	208,132,090	(25,089,473)	-	183,042,617
Deposits provided (present value discounts)	3,011,303	(1,385,246)	-	1,626,057
Adjustments of deemed depreciation	37,143,156	27,379,076	-	64,522,232
Unsettled cost	265,657,959	(23,507,385)	-	242,150,574
Derivatives liabilities	340,926,330	91,394,241	-	432,320,571
Provision for impairment	-	20,002,681	-	20,002,681
Valuation allowance for inventories	20,248,139	5,538,847	-	25,786,986
Bad debt loss	43,461,643	-		43,461,643
Tax credit carried forward	-	280,730,382	-	280,730,382
Deferred tax assets	1,631,225,583	373,830,287	-	2,005,055,870
Accrued income	(17,544,386)	14,894,898	-	(2,649,488)
Revaluation of land	(2,369,352,562)	-	-	(2,369,352,562)
Right-of-use assets	(194,313,635)	23,384,740	-	(170,928,895)
Investment in associate	(81,282,950)	74,237,698	-	(7,045,252)
Deferred tax liabilities	(2,662,493,533)	112,517,336	-	(2,549,976,197)
	₩ (1,031,267,950)	₩ 486,347,623	₩ -	₩ (544,920,327)

Realization of the future tax benefits related to deferred tax assets is dependent on many factors, including the Company's ability to generate taxable income within the period during which the temporary differences reverse, the outlook of the Korean economic environment and the overall future industry outlook. Management periodically considers these factors in reaching its conclusion.

22.4 There are no unrecognized deductible (taxable) temporary differences as deferred tax assets (liabilities) as of December 31, 2025 and 2024.

22.5 Income Tax Effects Directly Recognized in Equity

The aggregate current and deferred tax relating to items that are charged or credited directly to equity for the years ended December 31, 2025 and 2024, is as follows:

(in Korean won)

	2025		
	Changes before tax	Tax effects	Changes after tax
Other comprehensive income			
Revaluation of property, plant and equipment	₩ 6,771,662,800	₩ (1,538,548,009)	₩ 5,233,114,791

23. Earnings per Share

The Company did not issue any potential ordinary shares. Therefore, basic earnings per share is identical to diluted earnings per share. Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year excluding treasury shares.

(in Korean won and in number of shares)		**2025**		**2024**
Profit attributable to the ordinary equity holders	₩	1,497,412,934	₩	1,239,373,876
Weighted average number of ordinary shares outstanding[1]		36,560,775 shares		36,560,775 shares
Basic earnings per share	₩	41	₩	34

[1]Weighted average number of ordinary shares for the years ended December 31, 2025 and 2024, is as follows:

(in number of shares)	**2025**	**2024**
Outstanding shares	36,571,255	36,571,255
Less: weighted average number of treasury shares	(10,480)	(10,480)
Weighted average number of ordinary shares outstanding	36,560,775	36,560,775

24. Cash Generated from Operations

24.1 Cash Generated from Operations

(in Korean won)	2025	2024
Profit before income tax	₩ 963,545,389	₩ 1,080,264,111
Adjustments for:		
Interest income	(569,843,305)	(996,937,246)
Interest expenses	41,238,892	52,476,414
Foreign Currency Translation Gain (Loss)	1,302,812	(6,704,844)
Gain on Disposal of Property, Plant and Equipment	(1,709,580)	(1,765,566)
Share of profit of associates	35,115,934	50,709,347
Valuation Gain on Derivatives (Loss)	(641,119,347)	741,787,972
Depreciation	4,079,603,377	3,812,962,474
Depreciation of right-of-use assets	526,624,687	498,725,843
Amortization	44,406,842	98,839,550
Impairment losses (reversal)	(10,397,406)	95,250,553
Loss on disposal of property, plant and equipment	249,069,906	38,424,853
Valuation Loss on Inventories (Reversal)	(16,959,203)	26,501,659
Others	(2,407,946)	(9,191,253)
Changes in assets and liabilities due to operating activities:		
Decrease in trade receivables	824,877,303	60,267,942
Increase in other receivables	(5,866,918)	(5,094,349)
Increase in inventories	(88,580,293)	(2,290,306,387)
Increase in other assets	(88,957,796)	(34,730,967)
Increase (decrease) in trade payables	(3,733,836,479)	3,527,735,089
Increase in other payables	200,097,575	180,936,397
Decrease) in other liabilities	(44,114,238)	(372,222,831)
Cash generated from operations	₩ 1,762,090,206	₩ 6,547,928,761

24.2 Non-cash Transactions

(in Korean won)	2025	2024
Reclassification of construction in process to property, plant and equipment	₩ 10,035,945,994	₩ 2,344,600,463
Increase in non-trade payables due to acquisition of property, plant and equipment	220,241,193	71,458,563
Acquisition of right-of-use assets	378,739,568	471,272,494
Revaluation of property, plant and equipment (land)	6,771,662,800	-

25. Contingencies and Commitments

25.1 As of December 31, 2025, the Company is provided with performance guarantee amounting to ₩ 132,414,000 and accounts receivable credit guarantee amounting to ₩ 820,000,000 from Seoul Guarantee Insurance.

25.2 As of December 31, 2025, the Company has entered into general property insurance, fire insurance, environmental liability insurance for its property, plant and equipment and inventories by DB INSURANCE CO.,LTD and others.

25.3 As of December 31, 2025, the details of major commitments that the Company has entered into in relation to the sale of shares of 'HiBetter CO.,LTD are as follows:

Type	Contents
Tag Along Right[2]	In the case of transferring all shares owned by an investor(Ascent PE) to a third party, existing shareholders[1] have the right to ask investors to jointly sell all the shares that they own under the same condition as investors.
Drag Along Right[2]	When existing shareholders[1] has not exercised the Tag Along Right under the Article 6 and an investor intends to the shares held for sale to a prospective transferee, the investor may exercise the Tag Along Right to claim all of the shares owned by the existing shareholders.
Dividend limit[3]	Existing shareholders[1] cannot receive dividends 'HiBetter CO.,LTD until the amount recovered by investors reaches the amount calculated in accordance with Article 6.5, Paragraph (1).

[1] Existing shareholders are the Company, MSSGLOBAL and SsangYong C&B Inc.
[2,3] When exercising the Tag Along Right and the Drag Along Right, the stock trading price is calculated using a waterfall method, and the Company recognizes ₩ 1,292,199,633 as a derivative liability by evaluating the fair value of the agreement such as dividend restrictions(see note 10).

25.4 As of the end of the reporting period, four litigations arising in the normal course of the Company's business are ongoing. As of December 31, 2025, the pending litigations include one lawsuit for the return of unfair gains in which the Company was sued (litigation value: approximately KRW 230 million), two patent invalidation lawsuits related to the above unfair gains lawsuit filed by both the Company and the opposing parties (litigation value: approximately KRW 100 million), and one lawsuit for unpaid goods claims from a customer (litigation value: approximately KRW 8 million). The ultimate outcome and impact of these litigations cannot be reasonably estimated, and management does not expect them to have a material effect on the Company's financial position.

26. Related Party Transactions

26.1 Status of the Company's Ultimate Parent, Parent, and Other Related Parties

Details of the Company's ultimate parent company, Parent Company and other related parties as of December 31, 2025 and 2024, are as follows:

Type	2025	2024	Relationship
Ultimate parent company	PT APP Purinusa Ekapersada[1]	PT APP Purinusa Ekapersada[1]	The Parent Company of MSS Holdings Co., Ltd.
Parent Company	MSS Holdings Co., Ltd.	MSS Holdings Co., Ltd.	The Parent Company of the Company
Associate	'HiBetter CO.,LTD (Formerly JOONGWON)	'HiBetter CO.,LTD (Formerly JOONGWON)	[1]
Other related parties	SsangYong C&B Inc.	SsangYong C&B Inc.	A subsidiary of MSS Holdings Co., Ltd.
	MSSGLOBAL	MSSGLOBAL	A subsidiary of MSS Holdings Co., Ltd.
	MSS Pulp Co., Ltd.	MSS Pulp Co., Ltd.	A subsidiary of MSS Holdings Co., Ltd.
	MSS Logistics Co.,Ltd.	MSS Logistics Co.,Ltd.	A subsidiary of MSS Holdings Co., Ltd.
	MSS HRM CO.,LTD.	MSS HRM CO.,LTD.	A subsidiary of MSS Holdings Co., Ltd.
	Korea Grand Universal Trading LLC	Korea Grand Universal Trading LLC	[2]

[1] The Company determined that it has significant influence over the investee as it holds the right to appoint members of the board of directors of the investee.
[2] Korea Grand Universal Trading LLC is an entity over which a related party of the ultimate parent company exercises control.

26.2 Transactions with Related Parties, Including Sales and Purchases

Sales and purchases with related parties for the years ended December 31, 2025 and 2024, are as follows:

(in Korean won)

		2025			
Type	**Name of entity**	**Sales of goods**	**Other income**	**Purchase of goods**	**Other expense**
Other related parties	SsangYong C&B Inc.	₩ 1,678,083,640	₩ 241,203,760	₩ 1,468,216,300	₩ 3,661,000
	MSSGLOBAL	1,609,091	433,557,911	5,628,186,076	2,480,168,210
	MSS Pulp Co., Ltd.	1,227,272	-	34,867,349,217	446,819,190
	MSS Logistics Co.,Ltd.	4,172,728	-	-	8,506,360,617
	MSS HRM CO.,LTD.	2,945,455	-	-	574,695,721
	Korea Grand Universal Trading LLC	1,366,304,027	437,789,367	9,791,525	-
		₩ 3,054,342,213	₩ 1,112,551,038	₩ 41,973,543,118	₩ 12,011,704,738

(in Korean won)

		2024			
Type	**Name of entity**	**Sales of goods**	**Other income**	**Purchase of goods**	**Other expense**
Other related parties	SsangYong C&B Inc.	₩ 2,192,823,060	₩ 190,792,213	₩ 3,428,201,480	₩ 11,737,700
	MSSGLOBAL	1,554,545	432,972,895	5,582,075,859	2,499,811,560
	MSS Pulp Co., Ltd.	409,091	-	37,545,355,322	432,398,800
	MSS Logistics Co.,Ltd.	4,118,182	-	-	8,834,593,568
	MSS HRM CO.,LTD.	4,211,819	4,896,000	-	675,184,765
		₩ 2,203,116,697	₩ 628,661,108	₩ 46,555,632,661	₩ 12,453,726,393

26.3 Major Balances of Receivables and Payables with Related Parties

Outstanding balances arising from sales/purchases of goods and services as of December 31, 2025 and 2024, are as follows:

(in Korean won)

		2025			
		Receivables		Payables	
Type	Name of entity	Trade receivables	Other receivables[1]	Trade payables	Other payables
Other related parties	SsangYong C&B Inc.	₩ 90,394,590	₩ -	₩ 4,532,000	₩ 133,980
	MSSGLOBAL	22,532,730	4,950,143,990	99,359,610	338,819,230
	MSS Pulp Co., Ltd.	-	450,000	466,602,923	45,369,690
	MSS Logistics Co.,Ltd.	-	-	-	827,893,417
	MSS HRM CO.,LTD.	-	-	-	39,589,719
	Korea Grand Universal Trading LLC	105,884,159	4,349,552	2,218,659	-
		₩ 218,811,479	₩ 4,954,943,542	₩ 572,713,192	₩ 1,251,806,036

(in Korean won)

		2024			
		Receivables		Payables	
Type	Name of entity	Trade receivables	Other receivables[1]	Trade payables	Other payables
Other related parties	SsangYong C&B Inc.	₩ 76,525,820	₩ -	₩ -	₩ 554,620
	MSSGLOBAL	21,424,810	4,950,000,000	840,152,501	334,759,771
	MSS Pulp Co., Ltd.	-	300,000	3,438,602,354	42,560,760
	MSS Logistics Co.,Ltd.	-	-	-	840,579,138
	MSS HRM CO.,LTD.	448,800	-	-	32,618,459
		₩ 98,399,430	₩ 4,950,300,000	₩ 4,278,754,855	₩ 1,251,072,748

[1] Loans of ₩ 4,500,000,000 (2024: ₩ 4,500,000,000) to MSSGLOBAL are included as of December 31, 2025.

26.4 Transactions of Fund Transfers with Related Parties

Fund transactions with related parties for the years ended December 31, 2025 and 2024, are as follows:

(in Korean won)

			2025			
Type	Name of entity	Transaction	Beginning balance	Loans	Collections	Ending balance
Other related party	MSSGLOBAL	Loan transactions	₩ 4,500,000,000	₩ -	₩ -	₩ 4,500,000,000

(in Korean won)

			2024			
Type	Name of entity	Transaction	Beginning balance	Loans	Collections	Ending balance
Other related party	MSSGLOBAL	Loan transactions	₩ 4,500,000,000	₩ -	₩ -	₩ 4,500,000,000

26.5 No dividends were paid to the parent company, MSS Holdings Co., Ltd., during the current period (prior period: KRW 932,299,750).

26.6 Compensation of Key Management Personnel

The compensation by category and total compensation for registered and unregistered executives who have significant authority and responsibilities on planning, operation and control of the Company for the years ended December 31, 2025 and 2024, are summarized as follows:

(in Korean won)	2025	2024
Short-term employee benefits	₩ 550,307,945	₩ 634,082,317
Post-employment benefits	27,345,096	41,024,424
	₩ 577,653,041	₩ 675,106,741

27. Operating Segments

27.1 Segment Information

The Company separates operating segments at the level provided for the CEO's decision-making based on characteristics of goods and services generating revenue and characteristics of assets for rendering services. As a result, the Company classifies its own whole entity as a single reporting segment.

Revenue by geographic areas for the years ended December 31, 2025 and 2024, are as follows. All of the Company's main production facilities are located in Korea.

(in Korean won)	2025	2024
Domestic	₩ 123,772,202,030	₩ 125,607,651,837
Overseas	249,013,304	729,942,076
	₩ 124,021,215,334	₩ 126,337,593,913

27.2 Information related to external customers accounting for more than 10% of the company's revenue during the current period is as follows, and no external customers accounting for more than 10% of revenue during the previous period.

(in Korean won)	2025	2024
Company A	₩ 14,014,820,810	₩ 15,116,873,610
Company B[1]	13,537,246,975	11,027,950,951

[1] Included external customers that accounted for 10% or more of revenue from existing customers during the current period.

28. Greenhouse Gas Emission Permits and Obligations

28.1 The quantities of emission permits which are allocated free of charge for the 3rd planning period are as follows.

(in Korean Allowance Unit)	**Years**	**Quantity**
3rd plan	2021	41,849
	2022	41,849
	2024	41,849
	2025	41,457
	2025	41,457

28.2 Changes in emission permits quantities for the years ended December 31, 2025 and 2024, are as follows:

(in Korean Allowance Unit)	**2025**	**2024**
At January 1	2,664	1,739
Emission permits with nil consideration	41,457	41,457
Disposal	(444)	(435)
Additional allocation	-	1,828
Estimated quantity of emission obligation	(42,756)	-
Performance of emission obligation	-	(41,925)
At December 31	921	2,664

28.3 As of December 31, 2025, emission obligations are estimated at 42,756 KAU. There is no amount recognized as liabilities by the Company in relation to greenhouse gas emissions.

29. Financial Risk Management

29.1 Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize any adverse effects on the financial performance of the Company.

Risk management is carried out under policies approved by the Board of Directors. The Board reviews and approves written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

29.1.1 Market Risk

The Company operates internationally and is exposed to foreign exchange risk, primarily the US dollar. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

The Company does not enter into foreign currency transactions for speculative purposes and manages foreign currency risks by putting foreign currency risk management policies in place. The Company's management policy of foreign currency risk is defined by foreign currency risk, management authority and management procedures. Management policy of foreign currency risk is as follows:

- Manage proactively to minimize foreign currency positions during all operating activities;
- Foreign currency transactions must be conducted within the scope of actual transactions, and speculative transactions are prohibited; and
- Hedges for the purpose of avoiding currency exchange rate risks shall comply with the prescribed internal procedures.

The Company's exposure to foreign currency risk at the end of the reporting period was as follows:

(in Korean won)	Assets		Liabilities	
	2025	2024	2025	2024
USD	₩ 53,319,233	₩ 54,588,804	₩ -	₩ -
EUR	34	31	-	-
	₩ 53,319,267	₩ 54,588,835	₩ -	₩ -

At the end of the reporting period, if the Korea won had weakened/strengthened by 5% against the US dollar, which is the major foreign currency, with all other variables held constant. The effects on profit before income tax as of December 31, 2025 and 2024, would have been as follows:

(in Korean won)	2025		2024	
	Increase 5%	Decrease 5%	Increase 5%	Decrease 5%
USD	₩ 2,665,962	₩ (2,665,962)	₩ 2,729,440	₩ (2,729,440)
EUR	2	(2)	2	(2)
	₩ 2,665,964	₩ (2,665,964)	₩ 2,729,442	₩ (2,729,442)

29.1.2 Credit Risk

Credit risk refers to risk of financial losses to the Company when the counterpart defaults on the obligations of the contracts. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only deals with the customers rated higher than investment grade by the independent credit rating agencies. If those grades are not available, the Company uses other financial information and transaction performance that it determines and makes available for the purpose of determining the credit rating of its principal customers. The Company continuously reviews its exposure to credit risk and the counterparty's credit rating, and the total amount of approved transactions is evenly distributed.

The trade receivables consist of many customers and distributors in various industry sectors and regions. The credit evaluation about the trade receivables has been carried out consistently, and where appropriate, credit guarantee insurance cover is purchased. The Company is not exposed to a significant credit risk arising from an individual counterparty or a group with similar characteristics. When counterparties are related to each other, the Company defines them as counterparties with similar characteristics.

As of the end of the reporting period, the carrying amount of financial assets held by the Company is presented net of any impairment losses and represents the Company's maximum exposure to credit risk, without considering the value of acquired collateral.

The maximum exposures to credit risk as of December 31, 2025 and 2024, are as follows:

(in Korean won)	**2025**	**2024**
Cash and cash equivalents	₩ 12,558,654,265	₩ 15,939,868,774
Trade receivables	12,054,938,866	12,869,418,763
Other receivables	5,303,478,862	5,298,546,793
	₩ 29,917,071,993	₩ 34,107,834,330

The company evaluates expected credit losses by estimating the default rates on trade receivable based on five years of credit loss experience and past due information. In the case of credit-impaired assets and other receivables, credit losses are assessed individually.

a. Details of the recognition of provision for impairment of each asset for the years ended December 31, 2025 and 2024, are as follows:

(in Korean won)	**2025**	**2024**
Trade receivables	₩ 128,147,318	₩ 228,913,982

b. Details of the impairment loss of trade receivables for the years ended December 31, 2025 and 2024, are as follows:

(in Korean won)	2025	2024
Impairment losses (reversal)	₩ (10,397,406)	₩ 95,250,553

c. The aging of trade receivables and provision of impairment by age for the years ended December 31, 2025 and 2024, are as follows:

(in Korean won)	2025		2024	
	The amount of receivables	Provision for impairment	The amount of receivables	Provision for impairment
Receivables not past due	₩ 11,768,050,387	29,707,868	12,433,906,429	33,979,656
Past due receivables				
3 months to 6 months	122,534,624	2,249,285	350,006,200	74,771,830
6 months to 9 months	48,530,273	10,990,351	45,308,648	21,881,169
9 months to 1 years	12,887,716	2,010,644	10,771,197	5,082,042
Over 1 years	231,083,184	83,189,170	258,340,271	93,199,285
	₩ 12,183,086,184	₩ 128,147,318	₩ 13,098,332,745	₩ 228,913,982

29.1.3 Liquidity Risk

The Company establishes short-term and long-term liquidity management plans to manage the liquidity risks. The Company continuously analyzes and reviews actual cash outflows with its budget to correspond the maturity of financial liabilities to that of financial assets. Management believes that the Company will be affordable to repay all of the financial liabilities with cash inflows from operating activities and financial assets.

The analysis of the maturities of the financial liabilities as of December 31, 2025 and 2024, is as follows:

(in Korean won)	2025			
	Less than 1 year	1 to 5 years	Over 5 years	Total
Trade payables	₩ 1,803,959,619	₩ -	₩ -	₩ 1,803,959,619
Other payables	4,446,836,958	7,547,170	-	4,454,384,128
Lease liabilities[1]	349,220,708	383,021,917	-	732,242,625
Derivative liabilities	1,292,199,633	-	-	1,292,199,633
	₩ 7,892,216,918	₩ 390,569,087	₩ -	₩ 8,282,786,005

(in Korean won)	2024			
	Less than 1 year	1 to 5 years	Over 5 years	Total
Trade payables	₩ 5,537,796,098	₩ -	₩ -	₩ 5,537,796,098
Other payables	4,026,498,190	7,547,170	-	4,034,045,360
Lease liabilities[1]	401,245,735	542,801,106	-	944,046,841
Derivative liabilities	2,068,519,480	-	-	2,068,519,480
	₩ 12,034,059,503	₩ 550,348,276	₩ -	₩ 12,584,407,779

[1] The amount includes the interest on interest-bearing financial liabilities that will be generated in the future.

29.2 Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so the Company can maximize returns for shareholders through the optimization of its debt and equity balance. The capital structure of the Company consists of equity and net debt, excluding cash and cash equivalents and deposits with financial institutions from borrowings. There are no borrowings as of December 31, 2025 and 2024

(in Korean won)	Total borrowings	Less: cash and cash equivalents and deposits with financial institutions	Net debt	Equity	Net debt-to-equity rate[1]
December 31, 2025	₩ -	₩ 12,558,654,265	₩ (12,558,654,265)	₩ 87,426,443,949	-
December 31, 2024	₩ -	₩ 15,939,868,774	₩ (15,939,868,774)	₩ 80,695,916,224	-

[1] Net debt is in negative amount; thus, no net debt-to-equity rate is calculated.

30. Events After the Reporting Period

After the end of the reporting period, on January 30, 2026, a fire occurred at the factory of the investee, HiBetter Co., Ltd., located in Eumseong, Chungcheongbuk-do. The cause of the fire and the extent of the damage have not been clearly determined, and the relevant authorities are currently investigating the incident. As of the reporting date, it is not possible to reasonably estimate the financial impact of this event.

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Independent Auditors' Review Report on Internal Control over Financial Reporting

Based on a report originally issued in Korean

To the Shareholders, Board of Directors of
MONALISA CO., LTD

We have reviewed the accompanying CEO's Report on the Operational Status of Internal Controls over Financial Reporting (the "ICFR Report") of MONALISA CO., LTD (the "Company") as of December 31, 2025. The Company's management is responsible for designing and maintaining effective ICFR and for its assessment of the effectiveness of ICFR. Our responsibility is to review management's assessment and issue a report based on our review. In the accompanying report of management's assessment of ICFR, it is stated that: "Based on the assessment of the operational status of the ICFR by Company's Chief Executive Officer and Internal Accounting Manager, the Company's ICFR has been effectively designed and is operating as of December 31, 2025, in all material respects, in accordance with the Conceptual Framework for Designing and Operating Internal Control over Financial Reporting (the "Conceptual Framework") issued by the Operating Committee of Internal Control over Financial Reporting in the Republic of Korea (the "ICFR Committee")."

We conducted our review in accordance with ICFR Review Standards issued by the Korean Institute of Certified Public Accountants. Those standards require that we plan and perform the review to obtain assurance of a level less than that of an audit as to whether the Company's ICFR Report is free of material misstatement. Our review consists principally of obtaining an understanding of the Company's ICFR, inquiries of company personnel about the details of the report, and tracing to related documents we considered necessary in the circumstances.

A company's ICFR is implemented by those charged with governance, management, and other employees, and is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Korean International Financial Reporting Standards ("K-IFRS"). A company's ICFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with K-IFRSs, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, ICFR may not prevent or detect material misstatements in the financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Based on our review of the Company's ICFR Report, nothing has come to our attention that causes us to believe that the ICFR Report as of December 31, 2025 is not prepared in all material respects, in accordance with the Standard for Evaluation and Reporting of Internal Control over Financial Reporting.

This report applies to the Company's ICFR in existence as of December 31, 2025. We did not review the Company's ICFR subsequent to December 31, 2025. This report has been prepared for Korean regulatory purposes, pursuant to the Act on External Audit of Stock Companies, Etc. and may not be appropriate for other purposes or for other users.

KPMG Samjong Accounting Corp.

KPMG Samjong Accounting Corp.
March 13, 2026

Notice to Readers
This report is annexed in relation to the audit of the financial statements as of and for the year ended December 31, 2025.

CEO's Report on the Operating Status of Internal Control over Financial Reporting

(English Translation of a Report Originally Issed in Korean)

To the Shareholders, Board of Directors and Audit Committee of
MONALISA CO.,LTD

We, as the Chief Executive Officer (CEO) and the Internal Accounting Manager of MONALISA CO., LTD (the "Company"), assessed the design and operating status of the Company's Internal Control over Financial Reporting ("ICFR") for the year ended December 31, 2025.

Design and operation of ICFR are the responsibility of the Company's management, including the Chief Executive Officer and the Internal Accounting Manager (collectively, "we," "our," or "us").
We evaluated whether the Company effectively designed and operated its ICFR to prevent and detect errors or fraud that may cause a misstatement in the financial statements, in order to ensure the preparation and disclosure of reliable financial statements. We used the "Conceptual Framework for Designing and Operating Internal Control over Financial Reporting" established by the Operating Committee of Internal Control over Financial Reporting in Korea as the criteria for the design and operation of the Company's ICFR. In addition, we conducted an evaluation of ICFR based on the "Evaluation and Reporting Standards for Internal Control over Financial Reporting" stipulated in Appendix 6 of the Detailed Enforcement Rules of the Regulations on External Audit and Accounting.

Based on our assessment, we concluded that the Company's ICFR was designed and operated effectively as of December 31, 2025, in all material respects, in accordance with the "Conceptual Framework for Designing and Operating Internal Control over Financial Reporting."

We certify that this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein not misleading.
We also certify that this report does not contain any statements that may cause material misunderstanding by the readers, and that we have reviewed and verified the contents of this report with due care.

January 16, 2026

Lee Seokjoo,
Chief Executive Officer

Ryu Youngchan,
Internal Accounting Manager