

AvanStrate Korea Co., Ltd.

Audit Report on the Financial Statements

24th Fiscal Year
From April 1, 2025
To March 31, 2026

23rd Fiscal Year
From April 1, 2024
To March 31, 2025

Shinhan Accounting Corporation

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Independent Auditor's Report

To the Shareholders and Board of Directors
of AvanStrate Korea Co., Ltd.

May 22, 2026

Audit Opinion

We have audited the accompanying financial statements of AvanStrate Korea Co., Ltd. (the "Company"). The financial statements comprise the statements of financial position as of March 31, 2026 and March 31, 2025, and the statements of profit or loss, changes in equity, and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2026 and March 31, 2025, and its financial performance and cash flows for the years then ended in accordance with Korean Generally Accepted Accounting Principles.

Basis for Audit Opinion

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

Emphasis of Matter

Without modifying our audit opinion, we draw attention to the following matter. As described in Notes 2 and 22 to the financial statements, the Company is scheduled to be liquidated during 2026 pursuant to a resolution of the parent company. Accordingly, the Company's financial statements for the year ended March 31, 2026 have been prepared on a liquidation basis. Since these financial statements have been prepared based on liquidation values assuming the liquidation of the Company, they may not be appropriate for the purposes of general-purpose financial statements prepared under the going concern assumption.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Korean Generally Accepted Accounting Principles, 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 and, when applicable, disclosing matters related to going concern.

Management is also responsible for using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations.

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

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards 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 auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition, we:

- 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 sufficient and appropriate audit evidence to provide a basis for our audit 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditor’s 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 the auditor’s 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 fairly represent the underlying transactions and events.

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 identified during our audit.

Shinhan Accounting Corporation
Chief Executive Officer “**SIGN**”

**Official
Seal**

This audit report is effective as of the date of the auditor’s report. Accordingly, events or circumstances may occur between the date of the auditor’s report and the time this report is read that could have a significant effect on the accompanying financial statements of the Company, and therefore this audit report may be subject to revision.

(Attached) Financial Statements

AvanStrate Korea Co., Ltd.

24th Fiscal Year
From April 1, 2025
To March 31, 2026

23rd Fiscal Year
From April 1, 2024
To March 31, 2025

“The accompanying financial statements have been prepared by the Company.”
Yomyeong Chae Chief Executive Officer AvanStrate Korea Co., Ltd.

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Statement of Financial Position
As of March 31, 2026 (Current Year)
As of March 31, 2025 (Prior Year)

AvanStrate Korea Co., Ltd.

(Unit: KRW)

Account	24th Fiscal Year (Current Year)		23rd Fiscal Year (Prior Year)	
Assets				
1. Current Assets		38,310,294,552		27,266,558,170
(1) Liquid Assets		38,310,294,552		26,012,652,450
1. Cash and Cash Equivalents	20,375,479		423,200,612	
2. Short-term Financial Instruments (Note 5)	2,000,000		-	
3. Accounts Receivable (Note 12)	-		311,041,565	
4. Miscellaneous Receivables (Note 12)	19,171,832,206		21,064,105,699	
Allowance for Doubtful Accounts	(2,799,280)		-	
5. Advances (Note 15)	-		2,299,085,016	
Allowance for Doubtful Accounts	-		(36,877,390)	
6. Prepaid Expenses	192,111,156		-	
7. Current Leasehold Deposits (Note 15)	1,922,835,070		1,902,525,070	
8. VAT Receivable	49,475,971		49,569,808	
9. Current Income Tax Assets	59,550		2,070	
10. Machinery and Equipment (Note 7)	16,954,404,400		-	
(2) Inventories		-		1,253,905,720
1. Finished Goods	-		5,227,124,890	
Allowance for Inventory Valuation Loss	-		(5,227,124,890)	
2. Raw Materials	327,948,460		327,948,460	
Allowance for Inventory Valuation Loss	(327,948,460)		(327,948,460)	
3. Work in Process	-		4,517,134,420	
Allowance for Inventory Valuation Loss	-		(3,263,228,700)	
4. Supplies	95,663,650		95,663,650	
Allowance for Inventory Valuation Loss	(95,663,650)		(95,663,650)	
II. Non-current Assets		-		31,067,366,557
(1) Investments		-		2,000,000
1. Long-term Financial Instruments (Note 5)	-		2,000,000	
(2) Property, Plant and Equipment (Notes 7, 15)		-		31,045,056,557
1. Buildings	-		121,234,220,129	
Accumulated Depreciation	-		(42,878,660,640)	
Accumulated Impairment Losses	-		(78,355,559,489)	
2. Structures	-		15,836,652,195	
Accumulated Depreciation	-		(15,567,684,768)	
Accumulated Impairment Losses	-		(268,967,427)	
3. Machinery and Equipment	-		228,078,368,923	

Account	24th Fiscal Year (Current Year)		23rd Fiscal Year (Prior Year)	
Accumulated Depreciation	-		(133,002,816,055)	
Accumulated Impairment Losses	-		(64,030,496,311)	
4. Vehicles	-		26,200,000	
Accumulated Depreciation	-		(26,200,000)	
5. Furniture and Fixtures	-		18,840,632,620	
Accumulated Depreciation	-		(15,630,100,989)	
Accumulated Impairment Losses	-		(3,210,531,631)	
6. Construction in Progress	-		41,415,290,347	
Accumulated Impairment Losses	-		(41,415,290,347)	
(3) Other Non-current Assets		-		20,310,000
Leasehold Deposits	-		20,310,000	
Total Assets		38,310,294,552		58,333,924,727
Liabilities				
I. Current Liabilities		373,286,018,944		109,833,323,434
1. Accounts Payable (Note 12)	1,690,329,842		3,378,614,643	
2. Accounts Payable - Other (Note 12)	5,303,205,164		5,458,882,853	
3. Accrued Expenses (Note 12)	92,910,505,216		87,973,034,098	
4. Withholdings	-		102,367	
5. Advances Received (Note 12)	8,405,499,886		8,565,248,367	
6. Short-term Borrowings (Notes 8, 12)	-		4,351,651,200	
7. Current Portion of Long-term Borrowings (Notes 9, 12)	257,280,286,635		-	
8. Other Provisions (Note 20)	145,522,201		105,789,906	
9. Asset Retirement Obligations (Note 21)	7,550,670,000		-	
II. Non-current Liabilities		-		293,994,678,280
1. Long-term Borrowings (Notes 9, 12)	-		293,994,678,280	
Total Liabilities		373,286,018,944		403,828,001,714
Equity				
I. Capital Stock (Notes 1, 10)		148,577,200,000		148,577,200,000
1. Common Stock	148,577,200,000		148,577,200,000	
II. Capital Adjustments		(607,049,560)		(607,049,560)
1. Discount on Stock Issuance	(607,049,560)		(607,049,560)	
III. Accumulated Deficit		482,945,874,832)		493,464,227,427
1. Unappropriated Accumulated Deficit (Note 11)	(482,945,874,832)		(493,464,227,427)	
Total Equity		(334,975,724,392)		(345,494,076,987)
Total Liabilities and Equity		38,310,294,552		58,333,924,727

“The accompanying notes are an integral part of these financial statements.”

Statement of Profit or Loss

For the 24th Fiscal Year: From April 1, 2025 to March 31, 2026

For the 23rd Fiscal Year: From April 1, 2024 to March 31, 2025

AvanStrate Korea Co., Ltd.

(Unit: KRW)

Account	24th Fiscal Year (Current Year)		23rd Fiscal Year (Prior Year)	
I. Revenue (Note 12)		742,851,743		651,578,311
1. Product Sales	742,851,743		651,578,311	
II. Cost of Sales (Notes 12, 16)		1,790,265,199		1,834,793,505
1. Cost of Product Sales	1,790,265,199		1,834,793,505	
a. Beginning Finished Goods Inventory	-		694,046,720	
b. Cost of Goods Manufactured	1,790,265,199		1,165,218,542	
c. Transfer to Other Accounts	-		(24,471,757)	
d. Ending Finished Goods Inventory	-		-	
III. Gross Loss		1,047,413,456		1,183,215,194
IV. Selling and Administrative Expenses		891,654,347		925,087,865
1. Salaries (Note 17)	65,296,230		194,399,335	
2. Retirement Benefits (Note 17)	6,684,775		19,866,455	
3. Employee Welfare Benefits (Note 17)	9,559,390		49,979,602	
4. Travel Expenses (Note 12)	8,697,770		28,860,373	
5. Entertainment Expenses	469,600		-	
6. Communication Expenses	5,505,758		12,144,391	
7. Utilities	881,350		4,924,080	
8. Rent (Note 17)	246,721,844		95,855,232	
9. Taxes and Dues (Note 17)	106,919,260		125,821,580	
10. Insurance Premiums	-		4,074,900	
11. Training Expenses	100,000		488,000	
12. Supplies Expense	2,165,113		1,165,116	
13. Service Fees (Note 12)	430,734,994		345,344,063	
14. Bad Debt Expense	2,799,280		-	
15. Lease Expense	3,049,456		4,623,184	
16. Outsourcing Service Fees	-		3,478,000	
17. Royalty Expense (Note 16)	-		9,591,797	
18. Sample Expense	-		24,471,757	
19. Electricity Expense	2,069,527		-	
V. Operating Loss		1,939,067,803		2,108,303,059
VI. Non-operating Income		29,890,051,738		37,967,283,354
1. Interest Income	406,462		21,301	
2. Foreign Exchange Gain	1,390,355,225		23,900,357	

Account	24th Fiscal Year (Current Year)		23rd Fiscal Year (Prior Year)	
3. Foreign Currency Translation Gain	12,767,189,122		1,384,641,719	
4. Platinum Lease Income from Related Parties (Note 12)	172,469,662		168,073,138	
5. Gain on Disposal of Property, Plant and Equipment	10,597,833,069		961,538,257	
6. Miscellaneous Income	42,245,544		841,830,211	
7. Gain on Debt Forgiveness	1,137,350		34,587,278,371	
8. Gain on Liquidation (Notes 7, 22)	4,918,415,304		-	
VII. Non-operating Expenses		17,432,631,340		41,576,718,665
1. Interest Expense (Note 12)	7,982,061,760		4,893,310,208	
2. Foreign Exchange Loss	49,388,720		87,189,788	
3. Foreign Currency Translation Loss	472,976,065		36,346,854,993	
4. Restoration Costs	7,550,670,000		-	
5. Impairment Loss on Property, Plant and Equipment (Note 7)	262,815,600		-	
6. Miscellaneous Loss	1,114,719,195		249,363,676	
VIII. Income (Loss) Before Income Tax Expense		10,518,352,595		(5,717,738,370)
IX. Income Tax Expense (Note 13)			-	-
X. Net Income (Loss)		10,518,352,595		(5,717,738,370)
XI. Earnings (Loss) Per Share (Note 14)				
Basic Earnings (Loss) Per Share		354		(192)

“The accompanying notes are an integral part of these financial statements.”

Statement of Changes in Equity
For the 24th Fiscal Year: From April 1, 2025 to March 31, 2026
For the 23rd Fiscal Year: From April 1, 2024 to March 31, 2025

AvanStrate Korea Co., Ltd.

(Unit: KRW)

Account	Capital Stock	Capital Adjustments	Retained Earnings	Total
April 1, 2024 (Beginning of Prior Year)	148,577,200,000	(607,049,560)	(487,746,489,057)	(339,776,338,617)
Net Loss for the Year	-	-	(5,717,738,370)	(5,717,738,370)
March 31, 2025 (End of Prior Year)	148,577,200,000	(607,049,560)	(493,464,227,427)	(345,494,076,987)
April 1, 2025 (Beginning of Current Year)	148,577,200,000	(607,049,560)	(493,464,227,427)	(345,494,076,987)
Net Income for the Year	-	-	10,518,352,595	10,518,352,595
March 31, 2026 (End of Current Year)	148,577,200,000	(607,049,560)	(482,945,874,832)	(334,975,724,392)

“The accompanying notes are an integral part of these financial statements.”

Statement of Cash Flows

For the 24th Fiscal Year: From April 1, 2025 to March 31, 2026

For the 23rd Fiscal Year: From April 1, 2024 to March 31, 2025

AvanStrate Korea Co., Ltd.

(Unit: KRW)

Account	24th Fiscal Year (Current Year)		23rd Fiscal Year (Prior Year)	
I. Cash Flows from Operating Activities		1,162,727,469		(23,215,548,756)
1. Net Income (Loss)	10,518,352,595		(5,717,738,370)	
2. Additions of Expenses Not Involving Cash Outflows	8,223,410,997		36,442,518,643	
Bad Debt Expense	2,799,280		-	
Foreign Currency Translation Loss	407,126,117		36,346,854,993	
Restoration Costs	7,550,670,000		-	
Impairment Loss on Property, Plant and Equipment	262,815,600		-	
Loss on Valuation of Inventories	-		95,663,650	
3. Deductions of Revenues Not Involving Cash Inflows	(28,284,574,845)		(36,933,458,347)	
Foreign Currency Translation Gain	12,767,189,122		1,384,641,719	
Gain on Debt Forgiveness	1,137,350		34,587,278,371	
Gain on Disposal of Property, Plant and Equipment	10,597,833,069		961,538,257	
Gain on Liquidation	4,918,415,304		-	
4. Changes in Assets and Liabilities from Operating Activities	10,705,538,722		(17,006,870,682)	
Accounts Receivable	311,041,565		(48,492,919)	
Miscellaneous Receivables	1,477,765,128		(14,685,105,131)	
Advances	2,045,872,352		159,407,274	
Prepaid Expenses	(192,111,156)		-	
VAT Receivable	93,837		(49,569,808)	
Current Income Tax Assets	(57,480)		(2,070)	
Inventories	1,253,905,720		1,425,211,161	
Accounts Payable	(1,635,197,744)		(3,291,215,413)	
Accounts Payable - Other	(433,275,384)		(5,040,004,997)	
Accrued Expenses	7,986,691,914		4,877,391,040	
Withholdings	(102,367)		102,367	
Advances Received	(159,748,481)		-	
Other Provisions	50,660,818		(354,592,186)	
II. Cash Flows from Investing Activities		29,980,850,598		17,137,103,621
1. Cash Inflows from Investing Activities	30,580,850,598		18,774,205,501	
Disposal of Machinery and Equipment	30,580,850,598		18,774,005,501	
Decrease in Leasehold Deposits	-		200,000	
2. Cash Outflows from Investing Activities	(600,000,000)		(1,637,101,880)	
Acquisition of Machinery and Equipment	600,000,000		-	
Increase in Leasehold Deposits	-		1,637,101,880	
III. Cash Flows from Financing Activities		(31,546,403,200)		6,383,015,625
1. Cash Inflows from Financing Activities	-		6,383,015,625	

Account	24th Fiscal Year (Current Year)		23rd Fiscal Year (Prior Year)	
Borrowings of Short-term Borrowings	-		4,251,875,625	
Borrowings of Long-term Borrowings	-		2,131,140,000	
2. Cash Outflows from Financing Activities	(31,546,403,200)		-	
Repayment of Short-term Borrowings	4,351,651,200		-	
Repayment of Long-term Borrowings	27,194,752,000		-	
IV. Increase (Decrease) in Cash		(402,825,133)		304,570,490
V. Beginning Cash		423,200,612		118,630,122
VI. Ending Cash		20,375,479		423,200,612

“The accompanying notes are an integral part of these financial statements.”

Notes to the Financial Statements

24th Fiscal Year: From April 1, 2025 to March 31, 2026

23rd Fiscal Year: From April 1, 2024 to March 31, 2025

AvanStrate Korea Co., Ltd.

1. General Information

AvanStrate Korea Co., Ltd. (the “Company”) is a foreign-invested corporation established on November 28, 2002, and is principally engaged in the development, manufacture, processing, and sale of LCD glass substrates. As of the end of the current year, the Company’s capital stock amounts to KRW 148,577 million, and AvanStrate Inc. of Japan owns 100% of the Company’s equity interests.

2. Basis of Preparation of Financial Statements

(1) Preparation of Financial Statements on a Liquidation Basis

As described in Note 22, the Company plans to proceed with liquidation during the fiscal year 2026. Since management intends to liquidate the Company or cease operations, or has determined that there is no realistic alternative other than liquidation or cessation of operations, the Company’s statement of financial position as of March 31, 2026 and the related statements of profit or loss, changes in equity, and cash flows for the year then ended have not been prepared on a going concern basis but have instead been prepared on a liquidation basis.

(2) Measurement Basis

As management determined that the use of the going concern assumption is not appropriate, the Company’s current-year financial statements have been prepared on a liquidation basis using “current settlement value” as the measurement basis. Accordingly, assets have been measured at their recoverable amounts upon disposal or sale, and liabilities have been measured at their estimated settlement amounts. Gains and losses arising from measuring assets and liabilities at recoverable amounts or estimated settlement amounts have been recognized in profit or loss for the current year.

The comparative prior-year financial statements have been prepared on the basis of historical cost.

3. Summary of Significant Accounting Policies

The Company's financial statements have been prepared in accordance with Korean Generally Accepted Accounting Principles, and the significant accounting policies are as follows:

(1) Revenue Recognition

The Company recognizes revenue from the sale of products and merchandise at the point when the significant risks and rewards of ownership of the goods have been transferred. Other revenues are recognized when the earning process is complete, the amount of revenue can be measured reliably, and it is highly probable that economic benefits associated with the transaction will flow to the Company.

Meanwhile, the Company measures revenue at the fair value of the consideration received or receivable for the sale of goods, rendering of services, or use of assets (hereinafter referred to as "sales consideration"). Sales discounts, rebates, and returns are deducted from revenue; however, consideration payable to a customer is not deducted from revenue if the payment is made in exchange for distinct goods or services received from the customer.

(2) Cash Equivalents

The Company classifies as cash equivalents securities and short-term financial instruments that are readily convertible into known amounts of cash, subject to insignificant risk of changes in value due to fluctuations in interest rates, and have original maturities (or redemption dates) of three months or less from the date of acquisition.

(3) Financial Assets

The Company classifies time deposits, installment savings, and similar financial instruments held for short-term cash management purposes or maturing within one year as short-term financial instruments, while financial instruments that do not qualify as current assets are classified as long-term financial instruments.

(4) Allowance for Doubtful Accounts

As of the end of the reporting period, the Company estimates allowance for doubtful accounts based on an individual assessment of the collectability of receivables, including accounts receivable, loans, and other receivables, as well as historical bad debt experience rates.

(5) Inventories

The Company values inventories at acquisition cost determined using the weighted-average method (except for materials in transit, which are valued using the specific identification method). Inventory quantities and amounts are calculated using the perpetual inventory system throughout the year, and physical inventory counts are conducted at the end of each fiscal year to adjust the accounting records accordingly.

However, when the market value of inventories declines below acquisition cost, the inventories are stated at market value. If the market value of inventories previously written down subsequently increases, the valuation loss is reversed up to the amount not exceeding the original carrying amount.

(6) Securities

The Company classifies securities acquired for the purpose of generating short-term trading profits, where purchases and sales are actively and frequently conducted, as trading securities. Debt securities with fixed or determinable redemption amounts are classified as held-to-maturity securities when the Company has the positive intent and ability to hold them to maturity. Securities not classified as trading securities or held-to-maturity securities are classified as available-for-sale securities.

The acquisition cost of securities is measured at the market price of the consideration provided to acquire the securities plus incidental acquisition costs. The acquisition cost of trading securities is measured at fair value at the acquisition date.

Held-to-maturity securities are measured at amortized cost by amortizing the difference between acquisition cost and face value at maturity over the holding period using the effective interest method, and such amortization is reflected in acquisition cost and interest income. The resulting amortized cost is presented as the carrying amount in the statement of financial position.

Trading securities and available-for-sale securities are measured at fair value. For marketable securities, market price is considered fair value, and the closing market price as of the reporting date is used. However, among available-for-sale securities, unmarketable equity securities for which fair value cannot be measured reliably are measured at acquisition cost. Unrealized holding gains and losses arising from fair value measurement of trading securities are recognized in profit or loss for the current year, while unrealized holding gains and losses on available-for-sale securities are recognized as valuation gain or loss on available-for-sale securities (accumulated other comprehensive income). The cumulative amount of valuation gains or loss on available-for-sale securities is recognized in profit or loss when the securities are disposed of or impairment losses are recognized.

If the estimated recoverable amount from securities is less than the amortized acquisition cost of debt securities or the acquisition cost of equity securities, and there is objective evidence of impairment loss, the impairment loss is recognized in profit or loss for the current year unless there is clear evidence that such impairment is unnecessary.

(7) Valuation and Depreciation Method of Property, Plant and Equipment

The Company measures property, plant and equipment at acquisition cost, which includes the purchase price or manufacturing cost of the asset and expenditures directly attributable to bringing the asset to the location and condition necessary for it to operate in the manner intended by management (assets acquired through in-kind contributions, donations, or other gratuitous transfers are measured at fair value).

In addition, expenditures incurred after the acquisition or completion of property, plant and equipment are capitalized if they satisfy the criteria for recognition as property, plant and equipment; otherwise, such expenditures are recognized as expenses in the period incurred.

Meanwhile, depreciation of property, plant and equipment is calculated using the straight-line method over the following estimated useful lives.

Category	Useful Life
Buildings	40 years
Structures	4 years
Machinery and Equipment	2–6 years
Vehicles	4 years
Furniture and Fixtures	4 years

(8) Impairment Loss on Assets

The Company recognizes impairment losses in profit or loss for the period when the recoverable amount of investments, property, plant and equipment, and other assets, excluding assets measured at fair value, declines materially below their carrying amount due to obsolescence, physical damage, significant decline in market value, or other causes.

Meanwhile, if the recoverable amount of an asset for which an impairment loss had previously been recognized subsequently exceeds its carrying amount, the Company recognizes a reversal of impairment loss up to the amount of the carrying amount, net of depreciation or amortization, that would have been determined had no impairment loss been recognized for the asset.

(9) Retirement Benefits

The Company operates a defined contribution plan, and obligations for contributions to the defined contribution plan are recognized as retirement benefit expenses in profit or loss for the current period, except where such contributions are included in the cost of assets at the payment due date. The Company recognizes unpaid contributions as liabilities and recognizes overpaid contributions as assets to the extent that future payments are reduced or cash refunds are available.

Meanwhile, the amounts recognized as expenses in relation to the defined contribution plan during the current and prior years were KRW 32,858 thousand and KRW 67,822 thousand, respectively.

(10) Provisions and Contingent Liabilities

The Company recognizes provisions for liabilities of uncertain timing or amount when there is a present obligation resulting from past events or transactions, it is highly probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount of the obligation can be estimated reliably. In cases where the difference between the nominal amount and present value of the provision is material, the provision is measured at the present value of the expected expenditures required to settle the obligation.

In addition, the Company discloses contingent liabilities in the notes when there is a possible obligation arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events, or when there is a present obligation arising from past events but it is not highly probable that an outflow of resources will be required to settle the obligation, or the amount of the obligation cannot be measured reliably.

Meanwhile, even where the possibility of an outflow of resources to settle a present obligation arising from past events or transactions is remote, the Company discloses in the notes any guarantees provided to third parties, similar guarantees, and significant pending litigation cases.

(11) Deferred Income Taxes

The Company recognizes deferred tax assets and deferred tax liabilities for temporary differences arising from differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and deferred tax liabilities are measured based on the future tax effects expected to arise from the reversal of temporary differences. The tax effects of temporary differences are reflected in income tax expense for the period in which they arise, while the tax effects of temporary differences related to items recognized directly in equity are recognized directly in the related equity accounts.

The realizability of deferred tax assets is reviewed at the end of each reporting period, and deferred tax assets are recognized only when it is highly probable that future taxable income will be available against which the deferred tax assets can be utilized. Deferred tax assets related to tax loss carryforwards and tax credits are recognized to the extent that it is highly probable that taxable income will be available in future periods against which such carryforwards can be utilized.

Deferred tax assets and deferred tax liabilities are classified as current assets (current liabilities) or other non-current assets (other non-current liabilities) according to the classification of the related asset or liability in the statement of financial position, and deferred tax assets and liabilities related to the same tax authority are offset and presented on a net basis.

(12) Translation of Foreign Currency Assets and Liabilities

The Company translates monetary foreign currency assets and liabilities at the closing exchange rates as of the reporting date (JPY 100: KRW 946.73 at the current year-end and KRW 981.76 at the prior year-end; USD 1: KRW 1,513.4 at the current year-end and KRW 1,466.5 at the prior year-end), and translation gains and losses arising therefrom are recognized in profit or loss for the current year.

Meanwhile, non-monetary foreign currency items measured at historical cost are translated using the exchange rate at the transaction date, while non-monetary foreign currency items measured at fair value are translated using the exchange rate at the date when the fair value was determined.

(13) Accounting for Lease Transactions

The Company classifies lease transactions as finance leases when substantially all the risks and rewards incidental to ownership of the leased asset are transferred, and as operating leases for all other lease transactions.

For operating leases, the Company recognizes lease expense on a straight-line basis over the lease term, excluding guaranteed residual values. For finance leases, the Company recognizes finance lease assets and finance lease liabilities at the lower of the present value of minimum lease payments discounted using the implicit interest rate or the fair value of the leased asset. Finance lease assets are depreciated using the same method applied to other similar owned assets, and minimum lease payments for each period are allocated between interest expense calculated using the effective interest method and repayment of the lease liability.

(14) Greenhouse Gas Emission Allowances and Emission Liabilities

The Company receives greenhouse gas emission allowances free of charge within the total volume of greenhouse gas emissions permitted under the Act on the Allocation and Trading of Greenhouse Gas Emission Allowances. These emission allowances are allocated annually over the compliance period, and the Company is required to surrender the same number of emission allowances corresponding to its actual emissions.

The Company measures emission allowances allocated free of charge by the government (the “free allocation allowances”) at zero and purchased emission allowances at acquisition cost.

In addition, emission allowances are derecognized from the statement of financial position when surrendered to the government or sold. When free allocation allowances expected to remain after submission to the government are sold, the gain or loss on disposal is deducted from emission costs. When purchased emission allowances are sold, the gain or loss on disposal is classified as non-operating income or expense. If free allocation allowances are sold before it is confirmed whether greenhouse gas emissions have been reduced below the allocated amount, the difference between the carrying amount and net sales proceeds is recognized as deferred revenue and systematically offset against emission costs over the compliance year to which the sold emission allowances relate.

Emission liabilities are recognized only when actual emissions exceed the allocated emission allowances, and emission costs are recognized as operating costs. Emission liabilities are measured as the sum of the following:

- ① The carrying amount of emission allowances held for submission to the government for the relevant compliance year
- ② The best estimate, as of the reporting date, of expenditures required to settle obligations for emissions exceeding the quantity of emission allowances described in ①

If the Company borrows a portion of the free allocation allowances for the following compliance year in order to fulfill its obligation to submit emission allowances for the current compliance year, the amount of the emission liability corresponding to the borrowed portion is recognized as deferred revenue when the emission liability is extinguished. Such deferred revenue is offset against emission costs in the compliance year in which the Company purchases and uses emission allowances to replace the borrowed amount.

(15) Basic Earnings Per Share

Basic earnings (loss) per share is calculated by dividing net income (loss) attributable to common shareholders by the weighted-average number of common shares outstanding during the period.

4. Significant Accounting Policy Judgments and Key Sources of Estimation Uncertainty

In preparing the financial statements, management is required to make judgments, estimates, and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, and disclosures related to contingent liabilities. However, uncertainty regarding these estimates and assumptions may result in significant adjustments to the carrying amounts of assets and liabilities in future periods.

5. Restricted Deposits

Details of restricted deposits of the Company as of the end of the reporting period are as follows.

(Unit: KRW thousands)

Account	Financial Institution	Current Year-End	Prior Year-End	Restriction Details
Short-term Financial Instruments	Woori Bank	2,000	2,000	Checking Account Guarantee Deposit

6. Available-for-sale Securities

As of the end of the reporting period, all available-for-sale securities held by the Company consist of unmarketable equity securities, and the details are as follows.

<Current Year-End>

(Unit: KRW thousands)

Company Name	Number of Shares	Type of Shares	Fair Value	Carrying Amount	Unrealized Holding Gain (Loss)	Impairment Loss	
						Before Current Year	Current Year
Eva Precision Coating Co., Ltd.	81,026	Redeemable Preferred Shares	-	-	-	40,513	-

<Prior Year-End>

(Unit: KRW thousands)

Company Name	Number of Shares	Type of Shares	Fair Value	Carrying Amount	Unrealized Holding Gain (Loss)	Impairment Loss	
						Before Current Year	Current Year
Eva Precision Coating Co., Ltd.	81,026	Redeemable Preferred Shares	-	-	-	40,513	-

7. Property, Plant and Equipment

(1) Changes in the carrying amount of the Company's property, plant and equipment are as follows.

<Current Year>

(Unit: KRW thousand)

Account	Beginning Balance	Acquisitions	Disposals	Gain on Liquidation (*1)	Impairment Loss (*2)	Reclassification (*3)	Ending Balance
Machinery and Equipment	31,045,056	779,220	(19,983,017)	5,375,961	(262,816)	(16,954,404)	-
Total	31,045,056	779,220	(19,983,017)	5,375,961	(262,816)	(16,954,404)	-

(*1) A gain on liquidation was recognized as the precious metals, including platinum catalyst contained in machinery and equipment, were measured at net realizable value.

(*2) For machinery and equipment excluding precious metals such as platinum, the recoverable amount was reviewed and an impairment loss was recognized.

(*3) Machinery and equipment available for sale within one year were reclassified as current assets.

<Prior Year>

(Unit: Thousand KRW)

Account	Beginning Balance	Acquisitions	Disposals	Depreciation Expense	Impairment Loss	Ending Balance
Machinery and Equipment	48,857,523	-	(17,812,467)	-	-	31,045,056
Total	48,857,523	-	(17,812,467)	-	-	31,045,056

(2) Machinery and Equipment (Current Assets)

The details of machinery and equipment classified as current assets as of the end of the current year are as follows.

(Unit: Thousand KRW)			
Item	Current Disposal Value	Carrying Amount	Valuation Difference (Expected Loss)
Machinery and Equipment (Catalyst)	16,438,000	11,062,039	5,375,961
Machinery and Equipment (Equipment)	516,404	779,220	(262,816)
Total	16,954,404	11,841,259	5,113,145

The difference between the appraised value and the carrying amount of Machinery and Equipment (Catalyst) was recognized as a gain on liquidation, while the difference between the expected selling price and the carrying amount of Machinery and Equipment (Equipment) was recognized as an impairment loss.

8. Short-term Borrowings

The details of short-term borrowings as of the end of the prior year are as follows.

<End of Prior Year>

(Foreign Currency Amount: Thousand JPY, KRW Amount: KRW thousand)

Type	Lender	Interest Rate (%)	Foreign Currency Amount	KRW Equivalent Amount
Working Capital	AvanStrate Inc.	TIBOR+1.2	443,250	4,351,651

9. Long-term Borrowings

(1) The details of long-term borrowings as of the end of the reporting period are as follows.

<Current Year-End>

(Foreign Currency Amount: Thousand JPY, KRW Amount: KRW thousand)

Type	Lender	Interest Rate (%)	Foreign Currency Amount	KRW Equivalent Amount	Repayment Method
Facility Funds	AvanStrate Inc.	2.1497(*)	3,300,000	31,242,090	Bullet Repayment at Maturity
		TIBOR+1.8	14,951,000	141,545,602	Bullet Repayment at Maturity
		TIBOR + 1.2	220,000	2,082,806	Bullet Repayment at Maturity
	Cairn India Holdings Limited	TIBOR+4.4226	8,704,677	82,409,789	Installment Repayment of Principal
Total			27,175,677	257,280,287	
Less: Current Portion of Long-term Borrowings			27,175,677	257,280,287	
Long-term Borrowings			-	-	

(*) Amount calculated based on TIBOR + 1.8% as of Apr 1, 2013.

<End of Prior Year>

(Foreign Currency Amount: Thousand JPY, KRW Amount: KRW thousand)

Type	Lender	Interest Rate (%)	Foreign Currency Amount	KRW Equivalent Amount	Repayment Method
Facility Funds	AvanStrate Inc.	2.1497(*)	3,300,000	32,398,080	Bullet Repayment at Maturity
		TIBOR+1.8	17,721,000	173,977,689	Bullet Repayment at Maturity
		TIBOR + 1.2	220,000	2,159,872	Bullet Repayment at Maturity
	Cairn India Holdings Limited	TIBOR+0.5	8,704,677	85,459,037	Installment Repayment of Principal
Total			29,945,677	293,994,678	
Less: Current Portion of Long-term Borrowings			-		
Long-term Borrowings			29,945,677	293,994,678	

(*) Amount calculated based on TIBOR + 1.8% as of Apr 1, 2013.

10. Capital Stock

As of the end of the reporting period, the total number of shares authorized, the number of shares issued, and the par value per share are 30,000,000 shares, 29,715,440 shares, and KRW 5,000, respectively. There were no changes in capital stock during the current year and the prior year.

11. Statement of Appropriation of Retained Earnings

The details of the appropriation of retained earnings for the current year and the prior year are as follows.

Statement of Appropriation of Retained Earnings

24th Fiscal Year: From Apr 1, 2025 to Mar 31, 2026

23rd Fiscal Year: From Apr 1, 2024 to Mar 31, 2025

(Unit: KRW)

Item	Current Year		Prior Year	
	Scheduled Date of Appropriation: May 29, 2026		Date of Appropriation Approval: May 2, 2025	
I. Unappropriated Accumulated Deficit		(482,945,874,832)		(493,464,227,427)
1. Unappropriated Accumulated Deficit Carried Forward from Prior Year	(493,464,227,427)		(487,746,489,057)	
2. Net Income (Loss) for the Current Year	10,518,352,595		(5,717,738,370)	
II. Deficit Appropriation		-		-
III. Unappropriated Accumulated Deficit Carried Forward to Next Year		(482,945,874,832)		(493,464,227,427)

12. Related Parties

(1) The parent company that has a special relationship with the Company as of the end of the current year is as follows.

Company Name	Parent Company	Relationship with the Company
Anil Agarwal Discretionary Trust	-	Ultimate Parent Company
Cairn India Holdings Limited	Anil Agarwal Discretionary Trust	Intermediate Parent Company
AvanStrate Inc.	Cairn India Holdings Limited	Parent Company

(2) The details of transactions with related parties during the current year and the prior year are as follows.

(Unit: KRW thousand)

Related Party	Transaction Details	Current Year	Prior Year
Intermediate Parent Company :			
Cairn India Holdings Limited	Purchases and Other Transactions	-	988,429
Parent Company :			
	Sales and Other Transactions	-	14,459,844
	Purchases and Other Transactions	21	2,634

Related Party	Transaction Details	Current Year	Prior Year
AvanStrate Inc.	Borrowings	-	6,511,523
	Repayment of Borrowings	31,546,403	-
Other Related Parties			
AvanStrate Taiwan Inc.	Sales and Other Transactions	903,774	285,879
	Purchases and Other Transactions	4,222	21,933

(3) The balances of receivables from and payables to related parties as of the end of the reporting period are as follows.

(Unit: KRW thousand)

Related Party	Account	End of Current Year	End of Prior Year
Intermediate Parent Company :			
Cairn India Holdings Limited	Accrued Expenses	7,622,592	3,617,296
	Current Portion of Long-term Borrowings	82,409,789	85,459,037
Parent Company :			
AvanStrate Inc.	Other Receivables	14,362,887	15,444,114
	Other Payables	4,036,715	4,186,078
	Accrued Expenses	81,569,600	80,535,962
	Short-term Borrowings	-	4,351,651
	Current Portion of Long-term Borrowings	174,870,498	208,535,642
Other Related Parties :			
AvanStrate Taiwan Inc.	Trade Receivables	-	311,042
	Other Receivables	4,793,490	5,398,761
	Trade Payables	1,452,115	3,147,782
	Other Payables	127,077	385,467
	Accrued Expenses	2,867,301	2,973,394
	Advances Received	3,262,958	3,262,958

13. Income Tax Expense and Deferred Tax Assets (Liabilities)

(1) The details of the calculation of income tax expense reflected in profit or loss for the current year and the prior year are as follows.

(Unit: KRW thousand)

Description	Current Year	Prior Year
Current Income Tax Expense (Including Additional Income Tax Payments, etc.)	-	-
Changes in Deferred Income Tax Due to Temporary Differences, etc.	-	-
Income Tax Expense	-	-

(2) The relationship between the Company's profit before income tax expense and income tax expense for the current year and the prior year is as follows.

(Unit: KRW thousand)

Description	Current Year	Prior Year
Profit (Loss) Before Income Tax Expense	10,518,353	(5,717,738)
Income Tax at the Applicable Tax Rate	2,198,336	(1,195,007)
Adjustments		
- Non-deductible Expenses	7,067,610	665,297
- Effect of Unrecognized Deferred Tax on Temporary Differences Arising During the Year, etc.	(9,265,946)	529,710
- Others (Including Additional Income Tax Payments, etc.)	-	-
Income Tax Expense	-	-
Effective Tax Rate (Income Tax Expense ÷ Profit Before Income Tax Expense)	(*)	(*)

(*) No effective tax rate has been calculated because no income tax expense was incurred.

(3) The details of changes in temporary differences and deferred tax assets (liabilities) during the current year and the prior year, as well as the changes in gross deferred tax assets (liabilities) before offsetting, are as follows.

<Current Year>

(Unit: KRW thousand)

Description	Beginning Balance	Increase	Decrease	Ending Balance
Deductible Temporary Differences, etc.				
Depreciation Expense	7,971,536	-	3,356,078	4,615,458
Foreign Currency Translation Loss	2,859,708	472,976	-	3,332,684
Taxes and Dues	1,757	-	-	1,757
Accrued Expenses	864,019	1,011	25,988	839,042
Long-term Borrowings (Foreign Currency)	1,554,340	-	-	1,554,340
Allowance for Inventory Valuation	8,818,302	-	8,394,690	423,612
Impairment Loss on Property, Plant and Equipment	41,879,356	262,816	-	42,142,172
Capital Expenditures	179,540	-	-	179,540
Royalties	26,750,299	-	-	26,750,299
Other Provisions	105,790	50,661	-	156,451
Asset Retirement Obligation	-	7,550,670	-	7,550,670
Tax Loss Carry forwards	378,174,105	1,052,869	-	379,226,974
Total	469,158,752	9,391,003	11,776,756	466,772,999
Taxable Temporary Differences:				
Foreign Currency Translation Gain	(37,431,757)	(12,767,189)	(2,496,323)	(47,702,623)
Gain on Liquidation	-	(4,918,415)	-	(4,918,415)
Total	(37,431,757)	(17,685,604)	(2,496,323)	(52,621,038)
Less: Total	431,726,995	(8,294,601)	9,280,433	414,151,961
Gross Deferred Tax Assets	90,230,941			86,557,759
Unrecognized Deferred Tax Assets	90,230,941			86,557,759
Net Deferred Tax Assets	-			-

<Prior Year>

(Unit: KRW thousand)

Description	Beginning Balance	Adjustment	Increase	Decrease	Ending Balance
Deductible Temporary Differences, etc. :					
Depreciation Expense	13,833,986	-	-	5,862,450	7,971,536
Foreign Currency Translation Loss	4,244,350	-	-	1,384,642	2,859,708
Taxes and Dues	1,757	-	-	-	1,757
Accrued Expenses	835,607	-	28,412	-	864,019
Long-term Borrowings (Foreign Currency)	1,554,340	-	-	-	1,554,340
Allowance for Inventory Valuation	11,547,191	-	-	2,728,889	8,818,302
Impairment Loss on Property, Plant and Equipment	42,529,732	-	-	650,376	41,879,356
Capital Expenditures	179,540	-	-	-	179,540
Royalties	26,750,299	-	-	-	26,750,299
Other Provisions	460,382	-	-	354,592	105,790
Tax Loss Carryforwards	347,478,365	62,781,600	2,501,418	34,587,278	378,174,105
Total	449,415,549	62,781,600	2,529,830	45,568,227	469,158,752
Taxable Temporary Differences :					
Foreign Currency Translation Gain	(83,004,652)	-	-	(45,572,895)	(37,431,757)
Total	(83,004,652)	-	-	(45,572,895)	(37,431,757)
Less: Total	366,410,897	62,781,600	2,529,830	(4,668)	431,726,995
Gross Deferred Tax Assets	76,579,877				90,230,941
Unrecognized Deferred Tax Assets	76,579,877				90,230,941
Net Deferred Tax Assets	-				-

(4) Details of temporary differences and others for which deferred tax assets have not been recognized as of the end of the reporting period are as follows.

(Unit: KRW thousands)

Category	Current Year-End	Prior Year-End
Temporary Differences	34,914,058	53,552,890
Tax Loss Carry forwards (*1)	379,226,974	378,174,105
Total	414,141,032	431,726,995

(*1) Details of the expiration amounts by fiscal year of tax loss carry forwards that have not been recognized as deferred tax assets as of the current year-end are as follows.

(Unit: KRW thousands)

Fiscal Year	Amount
2027.3.31	41,664,096
2028.3.31	29,214,646
2029.3.31	23,098,702
2030.3.31	66,362,930
2036.3.31	28,873,059
2037.3.31	30,412,960
2038.3.31	19,588,090
2039.3.31	30,091,516
2040.3.31	2,501,418
2041.3.31	1,052,869
Expired	106,366,688
Total	379,226,974

14. Earnings (Loss) Per Share

Details of the calculation of basic earnings (loss) per share of the Company are as follows.

(Unit: KRW, Shares)

Category	Current Year	Prior Year
Net Income (Loss) Attributable to Common Shares	10,518,352,595	(5,717,738,370)
Weighted-average Number of Common Shares Outstanding	29,715,440	29,715,440
Basic Earnings (Loss) Per Share	354	(192)

15. Statement of Cash Flows

The Company has prepared the cash flows from operating activities in the statement of cash flows using the indirect method, and significant non-cash transactions are as follows.

(Unit: KRW thousands)

Details	Current Year	Prior Year
Transfer of Leasehold Deposits to Current Portion	20,310	1,902,525
Transfer of Advances to Machinery and Equipment	179,220	-
Reclassification of Machinery and Equipment to Assets Held for Sale	16,954,404	-
Transfer of Long-term Borrowings to Current Portion	257,280,287	-

16. Patent and Technology License Agreement

The Company initially entered into a patent and technology license agreement with AvanStrate Inc. on January 6, 2003, and executed an amended agreement on April 1, 2014. Under the agreement, the Company is required to pay royalty fees equal to 0.1% of merchandise sales and 2% of product sales related to goods and products using the NA32SG composition. No royalty expense was incurred during the current year, while royalty expense incurred during the prior year amounted to KRW 9,592 thousand.

17. Information Required for Value-added Calculation

Details necessary for the calculation of value added included in manufacturing costs and selling and administrative expenses are as follows.

<Current Year>

(Unit: KRW thousands)

Account Title	Manufacturing Costs	Selling and Administrative Expenses	Total
Salaries	344,745	65,296	410,041
Retirement Benefits	26,173	6,685	32,858
Employee Welfare Benefits	34,348	9,559	43,907
Rent	1,900	246,722	248,622
Taxes and Dues	36,294	106,919	143,213
Total	443,460	435,181	878,641

<Prior Year>

(Unit: KRW thousands)

Account Title	Manufacturing Costs	Selling and Administrative Expenses	Total
Salaries	589,268	194,399	783,667
Retirement Benefits	47,956	19,866	67,822
Employee Welfare Benefits	51,706	49,980	101,686
Rent	19,600	95,855	115,455
Depreciation Expense	-	-	-
Taxes and Dues	43,616	125,822	169,438
Total	752,146	485,922	1,238,068

18. Commitments and Contingent Liabilities

The Company is involved in litigation pending at the Seoul Southern District Court due to claims for payment of goods and other matters. The outcome of these legal proceedings cannot presently be predicted.

19. Emission Allowances and Emission Liabilities

(1) Details of free allocation emission allowances by planning period and compliance year as of the end of the reporting period are as follows.

<Third Planning Period>

(Unit: tCO₂e)

Category	2021 Compliance Year	2022 Compliance Year	2023 Compliance Year	2024 Compliance Year	2025 Compliance Year	Total
Free Allocation Emission Allowances	30,653	30,653	30,653	30,366	30,366	152,691

(2) Changes in Carbon Emission Allowances during the Current Year are as follows.

(Unit: tCO₂e)

Category	2021 Compliance Year		2022 Compliance Year		2023 Compliance Year		2024 Compliance Year		2025 Compliance Year		Total
	Quantity	Carrying Amount	Quantity	Carrying Amount	Quantity	Carrying Amount	Quantity	Carrying Amount	Quantity	Carrying Amount	Carrying Amount
Carried Forward from Prior Year	5,000	-	-	-	-	-	-	-	29,810	-	-
Free Allocation Received	30,653	-	30,653	-	30,653	-	30,366	-	30,366	-	-
Sales	(5,477)	-	(1,902)	-	-	-	-	-	-	-	-
Usage (*1)	(30,176)	-	(28,751)	-	(13,938)	-	-	-	-	-	-
Borrowed Amount (*2)	-	-	-	-	556	-	(556)	-	-	-	-
Allocated Amount Received (*3)	-	-	-	-	(17,271)	-	-	-	(60,176)	-	-
Carried Forward to Next Year	-	-	-	-	-	-	29,810	-	-	-	-

(*1) There is no estimated greenhouse gas emission quantity for the current year.

(*2) Amount borrowed from the following year's allocation quantity.

(*3) Quantity of allocation canceled based on the closure of all or part of business sites.

20. Other Provisions

<Current Year>

(Unit: KRW thousands)

Category	Beginning Balance	Increase	Decrease (*2)	Ending Balance
Current:				
Other Provisions (*1)	105,790	50,661	10,929	145,522

(*1) During the current year, the Company was named as a defendant in lawsuits, including payment order claims, filed by multiple creditors in relation to trade payables for which the payment due dates had passed. As of the current year-end, the estimated amount of delay interest and litigation costs related to the settlement of such liabilities has been recognized as provisions.

(*2) For the preparation of the financial statements on a liquidation basis, the Company recognized reductions in provisions resulting from negotiations with creditors as gain on liquidation.

<Prior Year>

(Unit: KRW thousands)

Category	Beginning Balance	Increase	Decrease	Ending Balance
Current:				
Other Provisions (*1)	460,382	44,237	398,829	105,790

(*1) During the prior year, the Company was named as a defendant in lawsuits, including payment order claims, filed by multiple creditors in relation to trade payables for which the payment due dates had passed. As of the prior year-end, the estimated amount of delay interest and litigation costs related to the settlement of such liabilities has been recognized as provisions.

21. Asset Retirement Obligations

The Company is required to restore the leased factory site to its original condition and return it to Gyeonggi Housing & Urban Development Corporation. Accordingly, the estimated restoration cost of KRW 7,550,670 thousand has been recognized as an asset retirement obligation.

22. Liquidation Assumption

The Company is scheduled to be liquidated during the fiscal year 2026 pursuant to the decision of those charged with governance. Accordingly, the statement of financial position as of March 31, 2026 and the statements of profit or loss, changes in equity, and cash flows for the year then ended have been prepared based on liquidation values.

Details of profit or loss recognized by the Company in relation to liquidation are as follows.

(Unit: KRW thousands)

Category	Amount	Gain (Loss) on Liquidation
Revaluation of Machinery and Equipment	5,375,961	Gain on Liquidation
Revaluation of Other Provisions	10,928	Gain on Liquidation
Revaluation of Accounts Payable - Other	(431,359)	Loss on Liquidation
Revaluation of Advances	(37,115)	Loss on Liquidation
Total	4,918,415	

23. Date of Authorization of Financial Statements and Approving Body

The Company's financial statements are scheduled to be finally approved at the annual general meeting of shareholders to be held on May 29, 2026.

Details of External Audit Activities

Pursuant to Article 18, Paragraph 3 of the Act on External Audit of Stock Companies, Etc., details of the external audit activities are attached.

1. Audit Engagement

Company Name	AvanStrate Korea Co., Ltd.	
Audit Period	From April 1, 2025	To March 31, 2026

2. Number of Audit Participants and Audit Hours by Classification

(Unit: Persons, Hours)

Audit Participants Number of Persons and Hours	Quality Control Reviewer (Quality Review Department, etc.)	Certified Public Accountant in Charge of Audit								IT Audit · Tax · Valuation and Other Specialists	Construction Contract and Other Order-based Industry Specialists	Total			
		Engagement Partner (Engagement Executive)		Registered Certified Public Accountant		Apprentice Certified Public Accountant		Current Year	Prior Year			Current Year	Prior Year		
		Current Year	Prior Year	Current Year	Prior Year	Current Year	Prior Year								
Number of Personnel Assigned	1	1	1	1	4	3	-	-	-	-	-	-	6	5	
Hours Worked	Quarterly and Semi-annual Review	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Audit	6	4	40	40	302	302	-	-	-	-	-	-	348	346
	Total	6	4	40	40	302	302	-	-	-	-	-	-	348	346

3. Major Audit Procedures Performed

Category	Details								
Audit Planning (Audit Engagement Stage)	Performance Date	2025.10.31			1	day			
	Key Contents	Identification and assessment of risks of material misstatement through an understanding of the Company and its environment, composition of the audit team, review of the use of specialists, understanding of entity-level controls, identification of significant accounts and disclosures, and significant decisions in establishing and performing the audit plan							
Key Contents of Field Audit	Performance Date			Number of Personnel Assigned				Key Audit Procedures Performed	
				Resident		Non-resident			
	2026.3.23~25			3	day(s)	3	person(s)	1	person(s)
2026.4.6~8			3	day(s)	3	person(s)	1	person(s)	Year-end Audit
Inventory Observation (Number of Times)	Date of Performance (Number of Times)	2026.03.25			1	day(s)			
	Date of Performance (Number of Times)	Head Office Warehouse							
	Subject of Performance (Number of Times)	Machinery and Equipment (Catalyst)							
Financial Asset Inspection (Number of Times)	Date of Performance (Number of Times)	-			-	day(s)			
	Subject of Performance (Number of Times)	-							
	Subject of Performance (Number of Times)	-							

External Confirmation	Financial Transaction Confirmation	0	Confirmation of Receivables and Payables	0	Legal Letter Confirmation	0
	Other Confirmations	-				
Communication with Those Charged with Governance	Number of Communications	2	times			
	Performed	2026.03.25, 2026.04.08				
Use of External Specialists	Details of Use of Audit Specialists	-				
	Date Performed	-	-	day(s)		

4. Communication with Audit (Audit Committee)

Category	Date	Participants	Method	Key Discussion Topics
1	March 25, 2026	Company Side: 1 Auditor Audit Firm Side: 1 Engagement Partner	Face-to-face Meeting	Interim Audit Report
2	April 8, 2026	Company Side: 1 Auditor Audit Firm Side: 1 Engagement Partner	Face-to-face Meeting	Audit Progress Report