

Korea National Oil Corporation and its subsidiaries

Consolidated financial statements
As of and for the year ended December 31, 2025
with the independent auditors' report

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Independent auditors' report

The Shareholder and Board of Directors

Korea National Oil Corporation

Opinion

We have audited the consolidated financial statements of Korea National Oil Corporation and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of December 31, 2025, the consolidated statement of comprehensive loss, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended December 31, 2025, and notes, including material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2025, and its financial performance and its consolidated cash flows for the year then ended in accordance with Accounting Standards for Public Enterprises and Quasi-governmental Institutions in the Republic of Korea ("Government Accounting Standards").

Basis of Opinion

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 to the consolidated financial statements, which explains that the Group's consolidated financial statements were prepared in accordance with Government Accounting Standards. Pursuant to Article 2-5 of the Government Accounting Standards, the Group applies Korean International Financial Reporting Standards ("K-IFRS") for matters not specifically addressed by Government Accounting Standards. There are no accounting treatments applied by the Group in the accompanying consolidated financial statements that differ from K-IFRS.

Other Matters

The consolidated financial statements of the Group as of for the year ended December 31, 2024, prior to the retrospective adjustments as explained in Note 46, were audited by another auditor who expressed an unmodified opinion on those statements on February 28, 2025.

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



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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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



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

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

KPMG Samjong Accounting Corp.

Seoul, Korea

March 5, 2026

This report is effective as of March 5, 2026, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

Korea National Oil Corporation and its subsidiaries

Consolidated financial statements
As of and for the years ended December 31, 2025 and 2024

“The accompanying consolidated financial statements, including all footnotes and disclosures, have been prepared by, and are the responsibility of, the Group.”

Choi, Moon Gue
Acting Chief Executive Officer
Korea National Oil Corporation

Korea National Oil Corporation and its subsidiaries
Consolidated statements of financial position
as of December 31, 2025 and 2024

<i>(in Korean won)</i>	Notes	December 31, 2025		December 31, 2024	
Assets					
Current assets					
Cash and cash equivalents	5,23,38,40,41,43	₩	507,058,764,508	₩	336,637,883,066
Current financial assets	7,38,39,40		134,166,688,564		156,030,811,377
Trade and other receivables, net	8,38,40,42		558,615,873,562		608,455,146,183
Inventories, net	11		93,512,187,087		86,373,033,580
Current tax assets			6,596,955,089		2,621,635,955
Current non-financial assets	12		101,977,381,646		127,469,696,160
Assets held for sale	45		106,080,622,977		-
			<u>1,508,008,473,433</u>		<u>1,317,588,206,321</u>
Non-current assets					
Non-current financial assets, net	6,7,8,9,10,38,39,40,42		712,059,346,515		662,213,588,684
Long-term trade and other receivables, net	6,8,38,40,42		16,340,878,547		19,044,648,327
Property, plant and equipment, net	15,23,24,41,43		7,358,494,832,538		8,701,300,709,567
Goodwill, net	16		91,848,240,529		246,637,574,301
Intangible assets other than goodwill, net	17,23,41,43		1,887,841,788,562		1,956,972,408,824
Investments in associates and joint ventures, net	14		630,295,855,187		659,921,827,095
Defined benefit assets, net	21		10,688,567,044		19,646,681,403
Deferred tax assets	36		1,122,544,375,051		860,616,499,132
Non-current non-financial assets	12		6,106,119,095,014		6,047,609,816,524
			<u>17,936,232,978,987</u>		<u>19,173,963,753,857</u>
Total assets		₩	<u>19,444,241,452,420</u>	₩	<u>20,491,551,960,178</u>
Liabilities					
Current liabilities					
Trade and other payables	18,20,38,40	₩	836,750,380,353	₩	769,692,132,021
Current financial liabilities, net	7,19,38,40,43		4,989,360,388,690		3,662,997,035,386
Current tax liabilities	36		70,689,093,049		71,999,009,460
Current non-financial liabilities	25		143,646,592,458		209,300,819,010
Current provisions	22		247,871,802,165		333,478,864,151
			<u>6,288,318,256,715</u>		<u>5,047,467,860,028</u>
Non-current liabilities					
Long-term trade and other payables	18,20,38,40,41,42		278,532,746,655		332,832,713,126
Non-current financial liabilities, net	7,19,38,39,40,41,43		11,995,436,389,947		13,470,583,062,119
Non-current non-financial liabilities	25		47,378,173,517		51,130,239,000
Deferred tax liabilities	36		773,056,309,309		867,708,377,819
Non-current provisions	22		2,590,551,555,070		2,043,443,421,226
			<u>15,684,955,174,498</u>		<u>16,765,697,813,290</u>
Total liabilities		₩	<u>21,973,273,431,213</u>	₩	<u>21,813,165,673,318</u>
Equity					
Equity attributable to owner of the Company					
Share capital	1,26,42	₩	10,970,870,865,075	₩	10,908,901,085,075
Accumulated deficit	27,28		(13,390,150,622,144)		(12,094,154,721,025)
Other components of equity	29		(400,691,715,749)		(420,366,675,018)
			<u>(2,819,971,472,818)</u>		<u>(1,605,620,310,968)</u>
Non-controlling interests			<u>290,939,494,025</u>		<u>284,006,597,828</u>
Total equity			<u>(2,529,031,978,793)</u>		<u>(1,321,613,713,140)</u>
Total liabilities and equity		₩	<u>19,444,241,452,420</u>	₩	<u>20,491,551,960,178</u>

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

Korea National Oil Corporation and its subsidiaries

Consolidated statements of comprehensive loss for the years ended December 31, 2025 and 2024

<i>(in Korean won)</i>	<u>Notes</u>	<u>2025</u>	<u>2024</u> <u>(Restated)</u>
Revenue	4,23,30,41,42	₩ 3,136,502,890,808	₩ 3,524,433,353,213
Cost of sales	2,4,37,42	(1,836,801,308,866)	(1,879,385,281,732)
Gross profit	4	1,299,701,581,942	1,645,048,071,481
Selling and administrative expenses	4,8,15,17,21, 22,31,37,38,42	(294,630,300,201)	(371,610,952,463)
Operating profit	4	1,005,071,281,741	1,273,437,119,018
Other income	4,8,19,22,32,38,41,42	263,784,429,094	98,267,437,304
Other expenses	4,22,32,38	(229,227,444,726)	(108,800,396,328)
Other gains, net	4,12,15,16,17,33,38	(1,247,930,529,011)	47,143,296,241
Finance income	4,7,9,34,38,42	63,495,334,516	234,506,122,096
Finance costs	4,7,35,38,42	(898,500,562,411)	(890,720,387,983)
Gains on investments in associates and joint ventures, net	4,14	7,293,847,803	213,390,577,409
Profit (loss) before income tax	4	(1,036,013,642,994)	867,223,767,757
Income tax expense	36	(214,318,656,444)	(675,692,856,956)
Profit (loss) for the year	27,28	(1,250,332,299,438)	191,530,910,801
Other comprehensive loss			
Items that will not be reclassified subsequently to profit or loss			
Gains on revaluation of property, plant and equipment, net of tax	15,29	(68,999,998,868)	-
Actuarial gain (loss) on defined benefit plans, net of tax	21,27	(7,188,760,039)	10,220,301,117
Foreign currency translation differences for presentation currency	9,38,40	21,199,005,735	(173,037,000,235)
Net change in fair value of financial assets measured at fair value through other comprehensive income, net of tax	14	284,900,703	(27,939,946,611)
Items that are or may be reclassified subsequently to profit or loss			
Equity adjustments arising from investments in equity-method investees, net of tax	7,36	(27,742,696,563)	(21,846,680,399)
Net changes in valuation of derivatives using cash flow hedge accounting, net of tax		(16,353,224,581)	(19,753,952,169)
Foreign currency translation differences for foreign operations, net of tax		104,633,877,398	(25,052,984,912)
Other comprehensive income (loss) for the year, net of tax		5,833,103,785	(257,410,263,209)
Total comprehensive loss for the year		₩ (1,244,499,195,653)	₩ (65,879,352,408)
Profit (loss) attributable to:			
Owner of the Company		₩ (1,288,814,236,536)	₩ 144,463,675,693
Non-controlling interests		38,481,937,098	47,067,235,108
Profit (loss) for the year		₩ (1,250,332,299,438)	₩ 191,530,910,801
Total comprehensive loss attributable to:			
Owner of the Company		₩ (1,276,320,941,850)	₩ (147,707,272,922)
Non-controlling interests		31,821,746,197	81,827,920,514
Total comprehensive loss for the year		₩ (1,244,499,195,653)	₩ (65,879,352,408)

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

Korea National Oil Corporation and its subsidiaries

Consolidated statements of changes in equity

for the years ended December 31, 2025 and 2024

(in Korean won)

	Attributable to owner of the Company				Non-controlling	Total equity
	Share capital	Accumulated deficit	Other components of equity	Subtotal	Interests	
Balance as of January 1, 2024 (Restated)	W 10,787,741,780,075	W (12,248,914,702,647)	W (117,899,420,474)	W (1,579,072,343,046)	W 230,408,677,314	W (1,348,663,665,732)
Total comprehensive income (loss) for the year						
Profit for the year	-	144,463,675,693	-	144,463,675,693	47,067,235,108	191,530,910,801
Other comprehensive income(loss)						
Items that will not be reclassified subsequently to profit or loss						
Transfer from gain on revaluation of property, plant and equipment to retained earnings	-	76,004,812	(76,004,812)	-	-	-
Actuarial gain on defined benefit plans, net of tax	-	10,220,301,117	-	10,220,301,117	-	10,220,301,117
Foreign currency translation differences for presentation currency	-	-	(207,797,685,641)	(207,797,685,641)	34,760,685,406	(173,037,000,235)
Net change in fair value of financial assets measured at fair value through other comprehensive income, net of tax	-	-	(27,939,946,611)	(27,939,946,611)	-	(27,939,946,611)
Items that may be reclassified subsequently to profit or loss						
Equity adjustments arising from investments in equity-method investees, net of tax	-	-	(21,846,680,399)	(21,846,680,399)	-	(21,846,680,399)
Net changes in valuation of derivatives using cash flow hedge accounting, net of tax	-	-	(19,753,952,169)	(19,753,952,169)	-	(19,753,952,169)
Foreign currency translation differences for foreign operations, net of tax	-	-	(25,052,984,912)	(25,052,984,912)	-	(25,052,984,912)
Total comprehensive income (loss) for the year	-	154,759,981,622	(302,467,254,544)	(147,707,272,922)	81,827,920,514	(65,879,352,408)
Transactions with owner of the Company, recognized directly in equity						
Issuance of share capital	121,159,305,000	-	-	121,159,305,000	-	121,159,305,000
Dividends paid	-	-	-	-	(28,230,000,000)	(28,230,000,000)
Total transactions with owner of the Company	121,159,305,000	-	-	121,159,305,000	(28,230,000,000)	92,929,305,000
Balance as of December 31, 2024	W 10,908,901,085,075	W (12,094,154,721,025)	W (420,366,675,018)	W (1,605,620,310,968)	W 284,006,597,828	W (1,321,613,713,140)
Balance as of January 1, 2025	W 10,908,901,085,075	W (12,094,154,721,025)	W (420,366,675,018)	W (1,605,620,310,968)	W 284,006,597,828	W (1,321,613,713,140)
Total comprehensive income (loss) for the year						
Profit (loss) for the year	-	(1,288,814,236,536)	-	(1,288,814,236,536)	38,481,937,098	(1,250,332,299,438)
Other comprehensive income (loss)						
Items that will not be reclassified subsequently to profit or loss						
Loss on revaluation of property, plant and equipment, net of tax	-	-	(68,999,998,868)	(68,999,998,868)	-	(68,999,998,868)
Transfer from gain on revaluation of property, plant and equipment to retained earnings	-	7,095,456	(7,095,456)	-	-	-
Actuarial loss on defined benefit plans, net of tax	-	(7,188,760,039)	-	(7,188,760,039)	-	(7,188,760,039)
Foreign currency translation differences for presentation currency	-	-	27,859,196,636	27,859,196,636	(6,660,190,901)	21,199,005,735
Net change in fair value of financial assets measured at fair value through other comprehensive income, net of tax	-	-	284,900,703	284,900,703	-	284,900,703
Items that may be reclassified subsequently to profit or loss						
Equity adjustments arising from investments in equity-method investees, net of tax	-	-	(27,742,696,563)	(27,742,696,563)	-	(27,742,696,563)
Net changes in valuation of derivatives using cash flow hedge accounting, net of tax	-	-	(16,353,224,581)	(16,353,224,581)	-	(16,353,224,581)
Foreign currency translation differences for foreign operations, net of tax	-	-	104,633,877,398	104,633,877,398	-	104,633,877,398
Total comprehensive income (loss) for the year	-	(1,295,995,901,119)	19,674,959,269	(1,276,320,941,850)	31,821,746,197	(1,244,499,195,653)
Transactions with owner of the Company, recognized directly in equity						
Issuance of share capital	61,969,780,000	-	-	61,969,780,000	-	61,969,780,000
Dividends paid	-	-	-	-	(24,888,850,000)	(24,888,850,000)
Total transactions with owner of the Company	61,969,780,000	-	-	61,969,780,000	(24,888,850,000)	37,080,930,000
Balance as of December 31, 2025	W 10,970,870,865,075	W (13,390,150,622,144)	W (400,691,715,749)	W (2,819,971,472,818)	W 290,939,494,025	W (2,529,031,978,793)

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

Korea National Oil Corporation and its subsidiaries
Consolidated statements of cash flows
for the years ended December 31, 2025 and 2024

(in Korean won)

	2025		2024	
Cash flows from operating activities				
Profit(loss) for the year	₩	(1,250,332,299,438)	₩	191,530,910,801
Adjustment for:				
Severance and retirement benefits		9,569,011,992		8,949,420,069
Wages and salaries		21,471,477,206		22,186,377,354
Depreciation		684,240,835,228		711,667,086,591
Amortization of intangible assets other than goodwill		74,235,578,947		70,279,860,677
Bad debt expenses		160,536,354		30,825,885,257
Reversal of bad debt allowances		(5,786,219,368)		-
Other bad debt expenses		5,107,282,189		-
Reversal of other bad debt allowances		(601,445,531)		(3,759,491,671)
Gain on debt exemption		(185,022,619,659)		-
Loss on cancellation of debt exemption		-		297,804,137
Provision of decommissioning cost, net		262,887,030,305		104,226,363,805
Gain on disposal of property, plant and equipment		(13,712,526,229)		(20,286,387,995)
Gain on disposal of intangible assets other than goodwill		(61,539,758)		-
Gain on disposal of non-current non-financial assets		(357,888,480,258)		(230,432,152,696)
Revaluation decreases on property, plant and equipment		179,102,497		-
Impairment loss on property, plant and equipment		1,155,671,905,179		63,316,741,849
Reversal of impairment loss on property, plant and equipment		-		(17,422,906,353)
Loss on disposal of property, plant and equipment		207,362,435		26,004,320
Loss on disposal of intangible assets other than goodwill		131,166,938,319		28,401,405
Impairment loss on goodwill		159,586,943,505		141,619,406,636
Impairment loss on intangible assets other than goodwill		189,959,399,672		5,998,281,263
Interest income		(21,360,030,369)		(42,148,486,879)
Interest expense		657,734,636,046		566,041,136,125
Dividends income		(5,928,794)		(6,076,531)
Gain on valuation of financial assets measured at fair value through profit or loss		(156,455,436)		-
Loss on valuation of financial assets measured at fair value through profit or loss		29,502,512,480		10,973,309,968
Gain on valuation of financial liabilities measured at fair value through profit or loss		-		(2,469,799,151)
Gain on transaction of financial liabilities measured at fair value through profit or loss		-		(56,825,476,544)
Loss on transaction of derivative		(532,013,775)		5,386,613,639
Gain on foreign currency translation		54,299,042,625		99,107,078,650
Share of profit of associates and joint ventures		(61,237,644,234)		(43,077,439,343)
Share of loss of associates and joint ventures		516,009,405		24,592,416,155
Impairment loss on investments in associates and joint ventures		85,770,822,015		-
Gain on disposal of investments in associates and joint ventures		(32,343,034,989)		(194,905,554,221)
Income tax expense		214,318,656,444		675,692,856,956
Gain on assets contributed		-		(339,639,681)
Others, net		(4,496,283,109)		(15,469,128,655)
		3,053,380,861,334		1,914,072,505,136
Changes in:				
Inventories		(6,309,134,320)		7,799,666,103
Trade and other receivables		108,535,722,324		57,177,264,374
Other receivables from operating activities		77,561,214,277		134,722,557,205
Trade and other payables		(48,245,092,972)		(180,638,152,078)
Other payables from operating activities		(72,610,062,547)		24,848,811,448
Payment of plan assets		(8,593,783,408)		(10,582,144,156)
Other provisions		(9,330,017,777)		(18,307,307,820)
Provisions for decommissioning cost		(196,572,526,988)		(208,960,284,725)
		(155,563,681,411)		(193,939,589,649)
Cash generated from operating activities		1,647,484,880,485		1,911,663,826,288
Dividend received		1,951,418,106		40,978,996,568
Interest paid		(649,892,111,653)		(525,805,354,647)
Interest received		37,466,366,348		36,832,144,182
Income tax paid		(507,330,205,340)		(599,465,851,776)
Net cash provided by operating activities	₩	529,680,347,946	₩	864,203,760,615

(continued)

Korea National Oil Corporation and its subsidiaries
Consolidated statements of cash flows
for the years ended December 31, 2025 and 2024

<i>(in Korean won)</i>	<u>2025</u>	<u>2024</u>
Cash flows from investing activities		
Acquisition of investments in associates and joint ventures	₩ (8,648,238,974)	₩ (57,641,272,819)
Receipt of government grants	-	13,728,882
Proceeds from disposal of property, plant and equipment	11,282,954,816	1,181,145,751
Acquisition of property, plant and equipment	(482,620,870,793)	(655,879,541,629)
Proceeds from disposal of intangible assets other than goodwill	126,670,024	15,651,725
Acquisition of intangible assets other than goodwill	(396,317,074,335)	(191,356,947,276)
Proceeds from disposal of financial assets measured at fair value through profit or loss	3,000,895,436	4,142,111,740
Acquisition of financial assets measured at fair value through profit or loss	(143,999,775)	(275,474,857)
Increase in deposits provided	(3,284,221,713)	(364,634,444)
Collection of deposits provided	1,539,315,640	3,887,343
Purchase of long-term and short-term financial assets	(10,683,790,595)	(7,032,186,338)
Sale of long-term and short-term financial assets	6,358,378,688	6,150,000,000
Increase in loans	(9,977,297,122)	(4,403,928,225)
Collection of loans	8,550,287,085	11,641,759,274
Increase in long-term lease deposits provided	19,116,059	-
Disposal of non-current non-financial assets	588,084,831,160	309,385,471,406
Acquisition of non-current non-financial assets	(379,459,141,850)	(575,236,002,043)
Net cash outflow due to changes in the scope of consolidation	-	(125,938,350,166)
Proceeds from disposal of disposal groups	-	13,437,351,269
Net cash used in investing activities	<u>(672,172,186,249)</u>	<u>(1,272,157,230,407)</u>
Cash flows from financing activities		
Proceeds from issuance of share capital	61,969,780,000	121,159,305,000
Proceeds from short-term borrowings	4,168,995,381,757	3,760,795,444,053
Repayments of short-term borrowings	(4,305,452,987,564)	(3,587,658,308,230)
Repayments of current portion of long-term borrowings	(104,402,331,449)	(388,303,552,156)
Repayments of current portion of bond payables	(2,904,956,304,376)	(3,321,865,367,088)
Proceeds from issuance of bond payables	3,438,965,722,785	3,521,704,935,817
Repayments of lease liabilities	(8,419,743,189)	(26,387,120,811)
Dividends paid	(24,888,850,000)	(28,230,000,000)
Net cash provided by financing activities	<u>321,810,667,964</u>	<u>51,215,336,585</u>
Net increase in cash and cash equivalents before net effect of foreign exchange differences	179,318,829,661	(356,738,133,207)
Net effect of foreign exchange differences	<u>(8,883,443,214)</u>	<u>81,085,650,301</u>
Net increase in cash and cash equivalents	170,435,386,447	(275,652,482,906)
Cash and cash equivalents at beginning of the year	<u>336,660,270,402</u>	<u>612,312,753,308</u>
Cash and cash equivalents at end of the year	507,095,656,849	336,660,270,402
(Government grants)	<u>(36,892,341)</u>	<u>(22,387,336)</u>
Cash and cash equivalents at end of the year after deduction of government grants	<u>₩ 507,058,764,508</u>	<u>₩ 336,637,883,066</u>

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

Korea National Oil Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

1. Reporting Entity

Korea National Oil Corporation (the “Parent Company” or the “Company”) was incorporated on March 3, 1979 under the Korea National Oil Corporation Act to engage in the development of oil fields, distribution of crude oil, maintenance of strategic petroleum reserves, enhancement of petroleum distribution infrastructure and initiatives related to carbon neutrality and greenhouse gas reduction. The Parent Company’s head office is located at 305, Jongga-Ro, Jung-Gu, Ulsan in Republic of Korea. The Parent Company also operates nine petroleum stockpile sites, one domestic gas field management office, and overseas subsidiaries and affiliates, including Dana Petroleum Limited, in various countries.

As of December 31, 2025, the share capital of the Parent Company and its subsidiaries (collectively referred to as the “Group”) is ₩ 10,970,900 million, which is wholly owned by the government of the Republic of Korea.

Detail of subsidiaries as of December 31, 2025 and 2024 is disclosed in Note 13.

The consolidated financial statements of the Group as of and for the year ended December 31, 2025, were approved for issue by the Board of Directors on February 27, 2026.

2. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policies

2.1 Basis of Preparation in Accounting Policies

(a) Statement of compliance

The consolidated financial statements of the Parent Company and its subsidiaries have been prepared in accordance with the Rules and Standard for Accounting Affairs of Public Corporations and Quasi-governmental Institutions in the Republic of Korea. In accordance with Article 2-5 of these standards, the Group applies Korean International Financial Reporting Standards (“K-IFRS”) - as adopted by the Korean Accounting Standards Board, for specific accounting treatments that are not specifically addressed by the Government Accounting Standards. There are no material differences in accounting treatment that would prevent the Group from being fully compliant with the Government Accounting Standards.

Korea National Oil Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

2. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policies (cont'd)

2.1 Basis of Preparation in Accounting Policies (cont'd)

(b) Basis of measurement

The consolidated financial statements have been prepared based on the historical cost model, except for the major items of the consolidated statement of financial position listed below:

- derivative financial instruments measured at fair value;
- financial assets measured at fair value through profit or loss;
- financial assets measured at fair value through other comprehensive income;
- financial liabilities measured at fair value through profit or loss;
- liabilities for defined benefit plans recognized at the net of the total present value of defined benefit obligations less the fair value of plan assets; and
- land classified as property, plant and equipment measured at fair value according to the revaluation model

(c) Functional and presentation currency

Items included in the consolidated financial statements of the Group entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The accompanying consolidated financial statements are prepared in the Parent Company's functional currency, the United States dollar, and presented in Korean won (presented as "Korean won", "KRW" or "₩"), the Group's presentation currency, for financial reporting purposes.

Assets and liabilities for each statement of financial position presented (i.e. including comparatives) were translated at the closing rate at the date of that statement of financial position, income and expenses for each statement presenting profit or loss and other comprehensive income (i.e. including comparatives) were translated at the average exchange rates of the period and all resulting exchange differences were recognized in other comprehensive income.

Korea National Oil Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

2. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policies (cont'd)

2.2 New standards and interpretations not yet adopted by the Group

The major new and amended standards and interpretations that have been issued but are not yet effective for annual reporting periods beginning on or after January 1, 2025 are disclosed below. The Group has not early adopted these standards and interpretations, and they are not expected to have a material impact on the Group's consolidated financial statements.

- K-IFRS 1109 and K-IFRS 1107 - *Classification and Measurement of Financial Instruments*
- K-IFRS 1109 and K-IFRS 1107 - *Contracts Referencing Nature-dependent Electricity*
- Annual Improvements to K-IFRS
 - Amendments to K-IFRS 1007 Statement of Cash Flows
 - Amendments to K-IFRS 1101 First-time adoption of K-IFRS
 - Amendments to K-IFRS 1107 Financial Instruments: Disclosures
 - Amendments to K-IFRS 1109 Financial Instruments
 - Amendments to K-IFRS 1110 Consolidated Financial Statements

K-IFRS 1118 "*Presentation and Disclosure in Financial Statements*" replaces the previous corporate accounting standard K-IFRS 1001 "*Presentation of Financial Statements*" and provides clearer and more detailed application guidance. The new standard clarifies that the primary consolidated financial statements are intended to provide users with structured summary information, while the notes enhance users' understanding of the items presented in the primary consolidated statements and provide essential information to achieve the objectives of financial reporting, thereby complementing the primary consolidated statements.

With respect to the consolidated statement of comprehensive profit or loss, the standard requires revenue and expenses to be classified into five categories: operating, investing, financing, income taxes, and discontinued operations. Operating profit is defined as the total of all revenue and expenses not classified as investing, financing, income taxes, or discontinued operations, thereby providing users with a meaningful and structured summary of performance.

The standard also introduces Management Performance Measures (MPMs), defined by management, and sets out requirements for their identification, measurement, and disclosure. These requirements aim to improve transparency for performance measures not provided under accounting standards and to enable more effective communication of management's perspective on financial performance.

This standard was promulgated in 2025 and is applicable for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. The Group is currently assessing the potential impact of this amendment on its consolidated financial statements.

2.3 New and amended standards adopted by the Group

The Group applied the following new and amended standards and interpretations for the first time for the annual period beginning on January 1, 2025.

Korea National Oil Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

Amendments to K-IFRS 1021 'Effects of Changes in Foreign Exchange Rates' – Lack of Exchangeability

The amendments to K-IFRS 1021 The Effects of Changes in Foreign Exchange Rates introduce guidance for assessing exchangeability between two currencies and clarify the method for estimating the spot exchange rate when there is a lack of exchangeability.

The amendment does not have a significant impact on the Group's consolidated financial statements.

Korea National Oil Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

2. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policies (cont'd)

2.4 Material accounting policies

The material accounting policies applied by the Group in preparation of its consolidated financial statements are included below. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except for new and amended standards adopted by the Group as explained in Note 2.3.

(a) Basis of consolidation

(i) Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases. Distributions received from the investees are deducted from the carrying amount.

Korea National Oil Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

2. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policies (cont'd)

2.4 Material accounting policies (cont'd)

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Business combination

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred in a business combination is measured at the fair values, at the acquisition date (transfer date), of the assets transferred with controlling interest in the acquired entity, liabilities issued or borne by the Group to the former owners of the acquired entity and equity interests issued by the Group in exchange for control of the acquired entity. Acquisition-related costs are generally recognized in profit or loss as incurred.

The identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date except that:

- deferred tax assets and liabilities and assets and liabilities related to employ benefit arrangements are recognized and measured in accordance with K-IFRS 1012 *Income Tax* and K-IFRS 1019 *Employee Benefits*, respectively;
- liabilities and equity instruments incurred due to replacing the share-based payment of the acquired entity with the share-based payment of the Group are measured in accordance with K-IFRS 1102 *Share-based Payment*; and
- non-current assets (or disposal groups comprising assets and liabilities) classified as available-for-sale assets pursuant to K-IFRS 1105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with K-IFRS 1105 *Non-current Assets Held for Sale and Discontinued Operations*.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquired entity, and the fair value of the Group's previously held equity interest in the acquired entity (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquired entity and the fair value of the Group's previously held interest in the acquire (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquired entity's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on other basis specified in K-IFRS.

Korea National Oil Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

2. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policies (cont'd)

2.4 Material accounting policies (cont'd)

(b) Business combination (cont'd)

The Group's consideration transferred includes the assets and liabilities on a contingent consideration agreement. The contingent consideration is measured at its fair value at the acquisition date and is included as a part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are the adjustments resulted from obtaining additional information on any fact and circumstance that existed at the acquisition date during the 'adjustment period (which cannot exceed one year from the acquisition date)'.

The subsequent accounting for changes in fair value of the contingent consideration, which does qualify as measurement period adjustments, depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at the subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at the subsequent reporting dates in accordance with K-IFRS 1109 *Financial Instruments* or K-IFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquired entity is remeasured at fair value at the acquisition date (i.e., the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. The amounts arising from interests in the acquisition prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interests were disposed of.

If the initial recognition of the business combination has not been completed until the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained on the facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

(c) Investments in associates

An associate is an entity that is not a subsidiary or joint venture of the Group, and over which the Group has significant influence. The Group has a significant influence over an associate when:

- the Group participates in the Board of Directors or such decision-making bodies of the investee;
- the Group participates in making decisions on policies including decisions on dividend payment and other distribution;
- the Group has a material transaction with the investee;
- the Group has a mutual interaction of management with the investee; and/or
- the Group shares essential information on technology with the investee.

Korea National Oil Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

2. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policies (cont'd)

2.4 Material accounting policies (cont'd)

(c) Investments in associates (cont'd)

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with K-IFRS 1105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Parent Company's share of the profit or loss and other comprehensive income of the associate. When the Parent Company's share of losses of an associate exceeds the Parent Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Parent Company's net investment in the associate), the Parent Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Parent Company has incurred legal or constructive obligations or made payments on behalf of the associate.

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

The requirements of K-IFRS 1028 *Investments in Associates and Joint Ventures* are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment as a single asset (including goodwill) is tested for impairment in accordance with K-IFRS 1036 *Impairment of Assets* by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount, and any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with K-IFRS 1036 to the extent that the recoverable amount of the investment subsequently increases.

When an entity has transactions with an associate of the Group, profits and losses resulting from the transactions with the associate are recognized in the Parent Company's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

(d) Investments in joint venture

A joint arrangement is an arrangement for the Group and other parties to perform economic activities that are subject to a joint control. A joint control requires a unanimous consent of the parties sharing the control on the decisions related to the major financial and operational policies on the joint arrangement.

In case of that the Group performs the economic activities in accordance with the joint arrangement, the Group's share of a joint venture and the Group's share of the liabilities that the Group incurred jointly with other parties are recognized in the joint venture's financial statement and classified by nature. The liabilities and expenses incurred directly in relation to the Group's share of a joint venture are recognized on accrual basis.

Korea National Oil Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

2. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policies (cont'd)

2.4 Material accounting policies (cont'd)

(d) Investments in joint venture (cont'd)

The Group recognizes its share of revenues incurred due to sales or use of its share of the joint venture's business results and its share of costs incurred by the joint venture when it is highly possible that the economic benefits related to such transactions will flow into or out and the amounts can be measured reliably.

The Group's share of a joint venture is incorporated in the consolidated financial statements using the equity method of accounting, except when the investment share is classified as held for sale, in which case it is accounted for in accordance with K-IFRS 1105 *Non-current Assets Held for Sale and Discontinued Operations*.

Goodwill arising from acquiring a share of a joint venture is recognized in accordance with the Group's accounting policies on goodwill arising from a business combination. When the Group has a transaction with a joint venture, a gain or loss incurred from the transaction is recognized on the Group's financial statement only for the amounts that are the share of the joint venture not related to the Group.

(e) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business, less accumulated impairment losses, if any. For impairment testing, goodwill is allocated to cash-generating units (or groups of cash-generating units) of the Group that were expected, at the date of acquisition, to benefit from the synergies of the combination giving rise to the goodwill.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of comprehensive loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the allocated amount of goodwill is included in the determination of the profit or loss on disposal. The Group's accounting policies with respect to the goodwill arising from acquisition of an affiliate are stated in the Note 2.4 (b).

(f) Non-current assets held for sale

The Group classifies non-current assets or disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. These conditions are considered met only when the non-current asset (or disposal group) must be available for immediate sale in its present condition and it is highly probable that it will be sold. Management should commit to a plan for the sale of the asset and should be expected to meet the sale completion requirements within one year from the time of classification.

Korea National Oil Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

2. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policies (cont'd)

2.4 Material accounting policies (cont'd)

(f) Non-current assets held for sale(cont'd)

In the event that the Group commits to a sale plan that results in loss of control over a subsidiary, the Group has all of the above-mentioned conditions, regardless of whether the Group holds a non-controlling interest in the previous subsidiary after the sale. Assets and liabilities are classified as held for sale.

Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell or to distribute.

(g) Revenue

Under K-IFRS 1115, the Group recognizes revenue base on the five-step approach (Step 1: Identify the contract(s) with a customer, Step 2: Identify the performance obligations in the contract, Step 3: Determine the transaction price, Step 4: Allocate the transaction price to the performance obligations in the contract, Step 5: Recognize revenue when the entity satisfied a performance obligation) is applied for all types of contracts or agreements. Revenue is measured based on the consideration defined by the contracts with customers, and the amount collected as an agent of a third party is excluded. In addition, the Group recognizes revenue when the control over the goods or service is transferred to the customer. The amount of contract liabilities attributable to obligations to be performed in future periods is equal to the balance of unearned revenue recognized among the consideration received from customers, and all current unearned revenue as of the prior year-end was fully recognized as revenue during the current year.

i) Sale of goods

The contracts which the Group entered with customers for the sale of crude oil and others contain a single performance obligation. Depending on sales contract with customers, performance obligation can be distinguished as 'performance obligation satisfied at a point in time' and 'performance obligation satisfied over time'. In the case of 'performance obligation satisfied at a point in time', the Group has concluded that revenue to be recognized at the time of delivery because control of goods is transferred at a point in time of delivery. Also, in the case of 'performance obligation satisfied over time', although revenue should be recognized by measuring progress towards complete satisfaction of a performance obligation, the Group has applied practical expedient allowed under K-IFRS 1115 in relation to measuring progress.

ii) Rendering of services

The Group provides services such as lending stockpile oil resources, storing oil resources, and leasing related facilities. Service contract contains a large number of performance obligations whose promises with customers are distinct within the context of the contract and separately identifiable. The Group has determined that service contract contains 'performance obligation satisfied over time', and applied practical expedient of measuring progress allowed under K-IFRS 1115.

(h) Leases

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

Korea National Oil Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

2. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policies
(cont'd)

2.4 Material accounting policies (cont'd)

(h) Leases (cont'd)

i) The Group as a lessor

A lease in which the risks and rewards of ownership of the underlying asset are not transferred to the Group is classified as a finance lease, and leases in which the risks and rewards of ownership of the underlying asset are not transferred to the Group are classified as an operating lease.

The Group recognizes the amount equivalent to the net investment in the leases as finance lease receivables. Uncollected part of net investment is recognized as interest income applying the effective interest rate.

Lease income from operating leases is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the lease asset and recognized as expense over the lease term on the same basis as lease income.

ii) The Group as a lessee

- Right-of-use asset

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. For land, the Group applies the revaluation model in accordance with K-IFRS 1016, but land-related right-of-use assets are measured at cost.

The cost of the right-of-use assets comprises (a) the amount of the initial measurement of the lease liability, (b) any initial direct costs incurred by the lessee, and (c) any lease payments made at or before the commencement date, less any lease incentives received. If the lease is not reasonably expected to transfer ownership of the underlying asset to the Group by the end of the lease term, the Group shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group shall perform the impairment testing to determine whether the right-of-use asset is impaired.

- Lease liability

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

Korea National Oil Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

2. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policies (cont'd)

2.4 Material accounting policies (cont'd)

(h) Leases (cont'd)

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

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

The Group elects to apply recognition exemptions to short-term leases (leases that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option) and leases for which the underlying asset is of low value (i.e., below \$ 5,000). Payments of short-term leases and leases for which the underlying asset is of low-value are recognized as an expense on a straight-line basis over the lease term.

- Material judgement on determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., modification of business strategy).

The carrying amounts of the right-of-use assets and lease liabilities as of the reporting date and their changes during the reporting period are explained in Note 20.

Korea National Oil Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

2. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policies
(cont'd)

2.4 Material accounting policies (cont'd)

(i) Foreign currencies

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency using the reporting date's exchange rate. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the dates of the transactions.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognized in other comprehensive income. When gains or losses on non-monetary items are recognized in other comprehensive income, exchange components of those gains or losses are recognized in other comprehensive income. Conversely, when gains or losses on non-monetary items are recognized in profit or loss, exchange components of those gains or losses are recognized in profit or loss.

(j) Borrowing costs

The Group capitalizes borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognized in expense as incurred. A qualifying asset is an asset that requires a substantial period of time to get ready for its intended use or sale. Financial assets and inventories that are manufactured or otherwise produced over a short period of time are not qualifying assets. Assets that are ready for their intended use or sale when acquired are not qualifying assets.

Korea National Oil Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

2. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policies
(cont'd)

2.4 Material accounting policies (cont'd)

(j) Borrowing costs (cont'd)

To the extent that the Group borrows funds specifically for the purpose of obtaining a qualifying asset, the Group determines the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. To the extent that the Group borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Group shall determine the amount of borrowing costs eligible for capitalization by applying a capitalization rate to the expenditures on that asset. The capitalization rate shall be the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs that the Group capitalizes during a period shall not exceed the amount of borrowing costs incurred during that period.

(k) Government grants

Government grants are not recognized until there is reasonable assurance that the Group complies with the conditions relating to the grants and that the grants will be received. The benefits of government grants with interest rates lower than the market interest rate are treated as government grants. The difference between the fair value of government grants based on the market interest rate and the consideration received are accounted for as government grants.

Government grants related to assets are presented as a deduction of related assets. The related government grants are recognized as profit or loss in a way that decreases the depreciation over the expected lives of the related assets.

Government grants related to income are recognized in profit or loss on a systematic basis over the period to match with the related subsidized expenses. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

(l) Employee benefits

i) Short-term employee benefits

Short-term employee benefits are employee benefits that are due to be settled within 12 months after the end of the period in which the employees render the related service. When an employee has rendered service to the Group during an accounting period, the Group recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service.

Korea National Oil Corporation and its subsidiaries

Notes to the consolidated financial statements

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2. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policies (cont'd)

2.4 Material accounting policies (cont'd)

(l) Employee benefits(cont'd)

ii) Retirement benefits: defined contribution plans

When an employee has rendered service to the Group during a period, the Group recognizes the contribution payable to a defined contribution plan in exchange for that service as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, the Group recognizes that excess as an asset (prepaid expense) to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

iii) Retirement benefits: defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of plan assets is deducted. The calculation is performed annually by an independent actuary using the projected unit credit method.

The discount rate is the yield at the reporting date on high-quality corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The Group recognizes all actuarial gains and losses arising from actuarial assumption changes and experiential adjustments in other comprehensive income when incurred.

Re-measurements of net defined benefit liabilities, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments, net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss in curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(m) Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Korea National Oil Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

2. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policies (cont'd)

2.4 Material accounting policies (cont'd)

(m) Income taxes (cont'd)

i) Current tax

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period and any adjustment to tax payable in respect of previous years. The taxable profit is different from the accounting profit for the period since the taxable profit is calculated excluding the temporary differences, which will be taxable or deductible in determining taxable profit (tax loss) of future periods, and non-taxable or non-deductible items from the accounting profit.

ii) Deferred tax

The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. The Group recognizes a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, the Group recognizes a deferred tax asset for all deductible temporary differences to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset the related current tax liabilities and assets, and they relate to income taxes levied by the same tax authority and they intend to settle current tax liabilities and assets on a net basis.

(n) Property, plant and equipment

Property, plant and equipment, except for land, are initially measured at cost and after initial recognition, are carried at cost less accumulated depreciation and accumulated impairment losses.

Land is carried at a revalued amount, being its fair value at the date of the revaluation less subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Korea National Oil Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

2. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policies (cont'd)

2.4 Material accounting policies (cont'd)

(n) Property, plant and equipment (cont'd)

If an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss. A revaluation deficit is recognized in the statement of comprehensive loss to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

The cost of property, plant and equipment includes expenditures arising directly from the construction or acquisition of the asset, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The following costs are capitalized as oil and gas properties.

- the costs incurred in development stage for constructing facilities and drilling wells for production;
- the costs of acquiring production areas or fields with proved reserves;
- the construction costs and other expenditures for initiating production; and
- the estimated costs for decommissioning.

Additionally, the Group depreciates the acquisition costs of oil and gas properties which are aggregated on an area-by-area basis or field-by-field basis. For the costs of oil and gas properties which are aggregated on an area-by-area basis, the Group depreciates the acquisition costs using proved reserves as the total estimated production when applying the unit-of-production depreciation method.

For the costs of oil and gas properties which are aggregated on a field-by-field basis, the Group depreciates the acquisition costs using proved developed reserves as the total estimated production when applying the unit-of-production depreciation method.

Costs related to undeveloped oil and gas properties are not immediately included in the depletable pool of developed assets but are transferred to the depletable pool as the reserves become proved (for area-by-area basis) or developed (for field-by-field basis) through drilling activities.

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

Korea National Oil Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

2. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policies
(cont'd)

2.4 Material accounting policies (cont'd)

(n) Property, plant and equipment (cont'd)

Property, plant and equipment, except for land and oil and gas properties, are depreciated on a straight-line basis over estimated useful lives that appropriately reflect the pattern in which the asset's future economic benefits are expected to be consumed.

	<u>Useful lives</u>
Buildings	20 - 40 years
Structures	20 - 40
Machinery	5 - 25
Tools and fixtures	5 - 12
Vehicles	7 - 12
Right-of-use assets	2 - 40
Others	5 - 10

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized in profit or loss. Depreciation methods, useful lives and residual values are reviewed at the end of each reporting date and adjusted, if appropriate. The change is accounted for as a change in an accounting estimate. The Group has taken into account the related hygiene, safety and environmental laws and regulations when estimating residual values and useful lives.

(o) Intangible assets other than goodwill

Intangible assets other than goodwill with finite useful lives acquired separately are carried at cost. Intangible assets other than goodwill acquired in a business combination are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses.

The consolidated entity recognizes expenditures related to legal rights for the exploration, development, and production of oil and gas resources as mining rights. Mining rights are initially recognized at acquisition cost, which includes directly attributable expenditures incurred to obtain such rights. Mining rights are not amortized during the exploration and evaluation phase, and amortization commences when the related field enters the stage of commercial production.

Expenditures incurred from exploration and evaluation activities including the acquisition of exploration rights for oil and gas fields, topographical, geological and geophysical studies, exploration drilling, and the assessment of the technical feasibility and commercial viability of economic extraction are capitalized as intangible exploration assets. When facts or circumstances indicate that the carrying amount of exploration and evaluation assets may exceed their recoverable amount, an impairment test is performed.

Korea National Oil Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

2. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policies (cont'd)

2.4 Material accounting policies (cont'd)

(o) Intangible assets other than goodwill(cont'd)

The useful lives of intangible assets other than goodwill are assessed as either finite or indefinite. Intangible assets other than goodwill with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset other than goodwill may be impaired. The amortization period and the amortization method for intangible assets other than goodwill with a finite useful lives are reviewed at least each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets other than goodwill with finite lives is recognized in the statement of comprehensive loss in the expense category consistent with the function of the intangible asset other than goodwill.

Amortization of mining rights is determined based on the estimated productive life of the relevant field or reliable reserve information. After entering the production phase, the consolidated entity amortizes mining rights using the units-of-production method based on Proved Reserves and Proved Developed Reserves. Intangible assets other than goodwill, excluding mining rights, are amortized using the straight-line method, with the related amortization expense recognized in profit or loss.

	<u>Useful lives</u>
Copyright, patents and other industrial property rights	18 - 20 years
Software	5
Development cost	5,12
Land use right	40

When future economic benefits are not expected through the use or disposition of intangible assets other than goodwill, the Group removes the book value of the assets from the consolidated statements of financial position. The difference between the amounts received from the disposal and the book values of assets is recognized in profit or loss when the assets are removed.

(p) Oil stockpiles

The Group stockpiles crude oil and petroleum products to stabilize domestic demand and market prices and classifies those assets as oil stockpiles (non-current non-financial assets) of which the cost is determined using the moving-average method. The Group performs annual impairment test for oil stockpiles.

(q) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than assets arising from employee benefits, inventories, deferred tax assets and non-current assets held for sale, are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Intangible assets other than goodwill that have indefinite useful lives or that are not yet available for use, irrespective of whether there is any indication of impairment, are tested for impairment annually by comparing their recoverable amount to their carrying amount.

Korea National Oil Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

2. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policies (cont'd)

2.4 Material accounting policies (cont'd)

(g) Impairment of non-financial assets(cont'd)

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets ("CGUs"). The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value less costs to sell. The value-in-use is estimated by applying a pre-tax discount rate that reflect current market assessments of the time value of money and the risks specific to the asset or CGU for which estimated future cash flows have not been adjusted, to the estimated future cash flows expected to be generated by the asset or CGU. The Group takes into account significant climate-related risks, including physical and transitional risks, in its future cash flow projections.

An impairment loss is recognized in profit or loss if the carrying amount of an asset or a CGU exceeds its recoverable amount. When reversing the impairment loss in prior periods, the carrying amount of an asset shall be lower of the modified recoverable amount and the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods. Reversed amount should be accounted as profit or loss immediately.

(r) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the moving-weighted average method, and includes expenditures for acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, are recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(s) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The risks and uncertainties that inevitably surround many events and circumstances are taken into account in reaching the best estimate of a provision. Where the effect of the time value of money is material, provisions are determined at the present value of the expected future cash flows.

Where some or all of the expenditures required to settle a provision are expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separated asset.

Korea National Oil Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

2. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policies (cont'd)

2.4 Material accounting policies (cont'd)

(s) Provisions(cont'd)

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

- Restoration costs

When there is a legal or contractual obligation for dismantling, removing facilities and restoring sites on which they are located to their original condition at the end of the useful lives of the facilities, the present value of the estimated future restoration costs is capitalized at the acquisition date as additions to the cost of oil and gas.

properties and are accounted for as a provision. The Group subsequently depreciates the restoration costs using the unit-of-production method and the difference between estimated restoration costs and their present value is charged to current operations by applying the effective-interest-rate method.

- Employee incentive

Based on the annual management performance, the Ministry of Strategy and Finance conducts an institutional evaluation and pays incentive based on the evaluation. Performance incentives are reasonably estimated in accordance with K-IFRS 1037 and presented as provisions for employee benefits.

(t) Financial assets

i) Classification

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

- those to be measured at fair value through profit or loss;
- those to be measured at fair value through other comprehensive income; and
- those to be measured at amortized cost.

The classification depends on the Group'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 Group 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 Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

ii) Measurement

At initial recognition, the Group 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.

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Notes to the consolidated financial statements

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2. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policies (cont'd)

2.4 Material accounting policies (cont'd)

(t) Financial assets(cont'd)

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 Group's business model for managing the asset and the cash flow characteristics of the asset. The Group 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 'finance income or cost' and impairment losses are presented in 'finance cost'.
- 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 loss within 'finance income or cost' in the year in which it arises.

B. Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group'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 'finance income or cost' in the statement of profit or loss 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.

Korea National Oil Corporation and its subsidiaries

Notes to the consolidated financial statements

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2. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policies (cont'd)

2.4 Material accounting policies (cont'd)

(t) Financial assets(cont'd)

(iii) Impairment

In respect of the impairment of financial assets, the Group accounts for expected credit losses at each reporting date, and changes in those expected credit losses to reflect changes in credit risk since initial recognition. That is, it is not necessary for a credit event to have occurred before credit losses are recognized.

The Group shall recognize expected credit losses as an allowance for bad debts on i) debt instruments subsequently measured at amortized cost or at fair value through other comprehensive income; ii) lease receivables; iii) contract assets and iv) loan commitments and financial guarantee contracts under K-IFRS 1109.

At each reporting date, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly or the credit has been impaired upon the acquisition of assets since initial recognition. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition (except for financial assets whose credit has been impaired upon the acquisition), the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Under K-IFRS 1109, for trade receivables, contract assets and lease receivables that contain a significant financing component, the Group measures the loss allowance using the simplified approach at an amount equal to lifetime expected credit losses.

- Trade receivables

The Group applies the simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables.

- Debt investments

Debt investments at amortized cost and those at fair value through other comprehensive income are considered to be low risk, and thus the provision for impairment is determined as 12 months expected credit losses.

(iv) Derecognition

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Korea National Oil Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

2. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policies (cont'd)

2.4 Material accounting policies (cont'd)

(u) Financial liabilities and equity instruments

The Group classifies non-derivative financial liabilities into financial liabilities at fair value through profit or loss or other financial liabilities in accordance with the substance of the contractual arrangement and the definitions of financial liabilities. The Group recognizes financial liabilities in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the financial liability.

The Group classifies financial liabilities arising from supplier financing arrangements as trade and other payables in the consolidated statement of financial position if these liabilities exhibit characteristics and functions similar to trade payables. This classification applies when the supplier financing arrangement is part of the working capital used within the normal operating cycle, the level of collateral provided is similar to that of trade payables, and the terms of the liabilities arising from the supplier financing arrangement are not materially different from those of trade payables that do not involve supplier financing arrangements. If financial liabilities arising from supplier financing arrangements are classified as trade and other payables in the consolidated statement of financial position, the related cash flows are included in operating activities in the consolidated statement of cash flows.

i) Financial liabilities at fair value through profit or loss

The Group requires the effect of changes in the credit risk on financial liabilities designated at fair value through profit or loss attributable to changes in the credit risk to be recognized in other comprehensive income, unless this treatment of the credit risk component creates or enlarges a measurement mismatch. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss. When financial liabilities are derecognized, they are recognized as retained earnings.

ii) Other financial liabilities

At the date of initial recognition, other financial liabilities are measured at fair value minus transaction costs. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability at the date of initial recognition.

iii) Derecognition of financial liabilities

The Group derecognizes a financial liability from the consolidated statement of financial position when it is extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). The difference between carrying amount and consideration paid is recognized through profit or loss when derecognizing a financial liability.

(v) Derivative financial instruments

The Group entered into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest swap and currency swap. Derivatives are initially recognized at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument, in which case, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Korea National Oil Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

2. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policies (cont'd)

2.4 Material accounting policies (cont'd)

(v) Derivative financial instruments(cont'd)

i) Embedded derivative

In case of which the embedded derivative instrument is not closely related to the economic characteristics and risks of the host contract and a separated instrument with the same terms as the embedded derivative meets the definition of a derivative, if a hybrid contract contains a host that is not an asset at fair value through profit or loss, an embedded derivative is accounted for separately from the host. Changes of an embedded derivative separated from the host are recognized in profit or loss.

ii) Hedge accounting

The Group holds forward exchange contracts, currency swaps and commodity future contracts to manage foreign exchange risk and commodity fair value risk. The Group designated derivative as hedging instruments to hedge the risk of changes in the fair value of assets, liabilities or firm commitments (a fair value hedge) and foreign currency risk of highly probable forecasted transactions or firm commitments (a cash flow hedge).

On initial designation of the hedge, the Group formally documents the relationship between the hedging instruments and hedged items, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship.

iii) Fair value hedge

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognized in profit or loss. The gain or loss from remeasuring the hedging instrument at fair value for a derivative hedging instrument and the gain or loss on the hedged item attributable to the hedged risk are recognized in profit or loss in the same line item of the consolidated statement of comprehensive income. However, the Group elected to present the changes in the fair value as other comprehensive income at the date of initial recognition, the gain or loss from remeasuring the hedging instrument at fair value for a derivative hedging instrument and the gain or loss on the hedged item attributable to the hedged risk are recognized in other comprehensive income.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised or even after considering re-adjustments, or if the hedge no longer meets the criteria for hedge accounting. Any adjustment arising from gain or loss on the hedged item attributable to the hedged risk is amortized to profit or loss from the date the hedge accounting is discontinued. If the hedge relationship no longer meets the requirements for hedge effectiveness related to the hedge ratio, but the objectives of risk management for the designated hedge relationship remain the same, the hedging ratio of the hedge relationship should be adjusted ('re-adjustments').

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2. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policies (cont'd)

2.4 Material accounting policies (cont'd)

(v) Derivative financial instruments(cont'd)

iv) Cash flow hedge

When a derivative is designated to hedge the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income, and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss and is recognized as 'finance income and cost' in the consolidated statement of comprehensive loss.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the consolidated statement of comprehensive loss as the recognized hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss on the hedging instrument that has been recognized in other comprehensive income and accumulated in equity remains in equity. Any gains or losses is reclassified to profit or loss when the forecast transaction is ultimately recognized in profit or loss. If the forecasted transaction is no longer expected to occur, the gains or losses accumulated in equity is reclassified immediately to profit or loss.

v) Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized in foreign currency translation reserve in other comprehensive income. The gains or losses relating to the ineffective portion is recognized immediately in profit or loss, and is included in the 'finance income and cost'. When a foreign operation is disposed of, gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss.

vi) Other derivatives

Changes in the fair value of a derivative that is not designated as a hedging instrument are recognized immediately in profit or loss.

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2. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policies
(cont'd)

2.4 Material accounting policies (cont'd)

(w) Other accounting policies

i) Discontinued operations

The Group classifies its business segment or subsidiary as discontinued operation when it disposes a separated line of business or a segment, meets the criteria for assets held for sale, or acquires a subsidiary for sole purpose of sale. The consolidated statements of comprehensive loss should be restated as if the operations have been discontinued from the beginning of the comparative fiscal period.

ii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term investments in highly liquid securities that are readily convertible to known amounts of cash with maturities of three months or less from the acquisition date and which are subject to an insignificant risk of changes in value. Equity investments are excluded from cash and cash equivalents unless they are, in substance, cash equivalents, for example in the case of preferred shares when it has a short maturity with a specified redemption date.

iii) Share capital

Common stock is classified as equity and the incremental costs arising directly attributable to the issuance of common stock less their tax effects are deducted from equity.

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2. Basis of Preparation of the Consolidated Financial Statements and Material Accounting Policies
(cont'd)

2.4 Material accounting policies (cont'd)

(w) Other accounting policies(cont'd)

iv) Finance income and costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- dividend income;
- the foreign currency gain or loss on financial assets and financial liabilities;
- the net gain or loss on financial assets measured at fair value through profit or loss;
- hedge ineffectiveness recognized in profit or loss; and
- the net gain or loss on the disposal of investments in debt securities measured at fair value through other comprehensive income.

Interest income or expense is recognized using the effective interest method. Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Korea National Oil Corporation and its subsidiaries

Notes to the consolidated financial statements

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3. Critical Accounting Estimates and Assumptions

The preparation of consolidated financial statements requires the Group to make estimates and assumptions concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities after the end of the reporting period are discussed below.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(a) Estimated goodwill impairment

The Group assesses annually whether there is any indication of impairment in accordance with the accounting policy stated in Note 2.4 (e). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

(b) Impairment of non-financial assets

The Group assesses whether there is any indication of impairment at the end of the reporting period in accordance with the accounting policy stated in Note 2.4 (g). If any such indication exists, then the asset's recoverable amount is estimated to determine the impairment amount. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations have been performed based on the estimates with regards to the inputs, discount rate and forecasted long-term oil price including valuation techniques.

(c) Income taxes

The Group is operating in numerous countries and the income generated from these operations is subject to income taxes based on tax laws and interpretations of tax authorities in numerous jurisdictions. Judgement is required as there are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognizes assets and liabilities for anticipated tax audit issues based on the best estimates of whether additional taxes will be due as a result of operation activities up to present. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

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3. Critical Accounting Estimates and Assumptions (cont'd)

(d) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group 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.

(e) Provisions

As of the end of each reporting period, the Group recognizes provisions for estimated restoration costs of mining as explained in Note 2.4 (s). These provisions are estimated based on past experience, taking into account environmental laws and regulations. Based on the annual management performance, the Ministry of Strategy and Finance conducts an institutional evaluation. Performance incentives are reasonably estimated and presented as provisions for employee benefits as explained in Note 2.4 (s).

(f) Defined benefit obligations

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of the defined benefit obligations. The Group determines the appropriate discount rate at the end of each year. This is the interest rate that is used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the pension benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability. Other key assumptions for defined benefit liability are based in part on current market conditions. Additional information is disclosed in Note 21.

(g) Revaluation of property, plant and equipment and investment properties

The land is periodically revaluated and measured at fair value. Increases in the carrying amount arising on revaluation of land are credited to other comprehensive income. Decreases that offset previous increases of the same asset are charged to other comprehensive income and debited against other reserves directly in equity; all other decreases are charged to the statement of profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognized in profit or loss. However, the decrease recognized in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus. The Group has entered into a contract with an independent valuation expert to assess fair value as of December 31, 2024.

Korea National Oil Corporation and its subsidiaries

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3. Critical Accounting Estimates and Assumptions (cont'd)

(h) Management's judgment

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

Note 13: Investments in subsidiaries - assessment of whether the Group has de facto control.

Note 14: Investments in Associates and Joint Ventures – classification of a joint arrangement.

Note 20: Lease Term – assessment of whether the exercise of purchase and extension is reasonably certain.

(i) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 7,40: Financial Assets Measured at Fair Value through Profit or Loss and Derivative Instruments – main assumptions for fair value;

Note 9,40: Financial Assets Measured at Fair Value through Other Comprehensive Income – main assumptions for fair value;

Note 13: Investments in Subsidiaries – main assumptions for recoverable amounts;

Note 14: Investments in Associates and Joint Ventures – main assumptions for recoverable amounts;

Note 15: Property, Plant and Equipment – main assumptions for estimating recoverable amounts and fair value

Note 16: Goodwill – main assumptions for recoverable amounts;

Note 17: Intangible assets other than goodwill – main assumptions for recoverable amounts;

Note 18: Trade and Other Payables – main assumptions for special charges of success repayable loans under the Act on the Special Accounts for Energy and Resources-Related Projects;

Note 21: Employee Benefits – main actuarial assumptions;

Note 22,44: Provisions and Contingencies – assumptions for possibility of cash outflows and their amounts; and

Note 36: Income tax expense (benefit) – possibility of realization of deferred tax assets.

(j) Climate-related risks

The Group considers climate-related matters in its estimates and assumptions. This assessment includes a wide range of possible impacts on the Group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation. The items and considerations that are most directly impacted by climate-related matters are:

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3. Critical Accounting Estimates and Assumptions (cont'd)

(j) Climate-related risks(cont'd)

- useful life of property, plant and equipment: When reviewing the residual values and expected useful lives of assets, the Group considers climate-related matters, such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures;
- impairment of non-financial assets: Even though the Group has concluded that no single climate-related assumption is a key assumption for the impairment test, the Group considered expectations for transitional risks such as climate-related legislation and regulations and changes in demand for goods in assessing value-in-use amounts; and
- decommissioning liability: The impact of climate-related legislation and regulations is considered in estimating the timing and future costs of decommissioning one of the Group's manufacturing facilities.

4. Segment and Other Information

For management purposes, the Group is organized into business units based on their goods and services. The Group's operating segments are 1) oil and gas, 2) petroleum distribution, 3) oil stockpiling, 4) others.

Segments	Goods and services	Location of business
Oil and gas	Exploration, development and production of domestic and overseas resources and sales of crude oil	Domestic and overseas
Petroleum distribution	Distribution of gasoline and gas oil and oil trading	Domestic and overseas
Oil stockpiling	Trading of crude oil and petroleum products, lending and sales of oil stockpiles, management, operation and lending of oil stockpiling facilities	Domestic
Others	Oil information services, other research-related services, etc.	Domestic and overseas

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4. Segment and Other Information (cont'd)

(a) Financial performance by segment for the year ended December 31, 2025

	2025						
	Oil and gas	Petroleum distribution	Oil stockpiling	Others	Reportable segment total	Reconciling items ¹	Group total
Revenue	₩ 2,770,936,745,264	₩ 32,641,244,258	₩ 330,865,033,657	₩ 2,059,867,629	₩ 3,136,502,890,808	₩ -	₩ 3,136,502,890,808
Cost of sales	1,562,693,441,082	23,827,424,302	245,235,614,984	5,044,828,498	1,836,801,308,866	-	1,836,801,308,866
Gross profit (loss)	1,208,243,304,182	8,813,819,956	85,629,418,673	(2,984,960,869)	1,299,701,581,942	-	1,299,701,581,942
Selling and administrative expenses	209,777,404,304	892,809,755	-	-	210,670,214,059	83,960,086,142	294,630,300,201
Reportable segment operating profit (loss) ²	998,465,899,878	7,921,010,201	85,629,418,673	(2,984,960,869)	1,089,031,367,883	(83,960,086,142)	1,005,071,281,741
Other income	-	-	-	-	263,784,429,094	-	263,784,429,094
Other expenses	-	-	-	-	229,227,444,726	-	229,227,444,726
Other gain, net	-	-	-	-	(1,247,930,529,011)	-	(1,247,930,529,011)
Finance income	-	-	-	-	63,495,334,516	-	63,495,334,516
Finance costs	-	-	-	-	898,500,562,411	-	898,500,562,411
Gain on investments in associates and joint ventures, net	-	-	-	-	7,293,847,803	-	7,293,847,803
Profit (loss) before income tax	₩ -	₩ -	₩ -	₩ -	₩ (952,053,556,852)	₩ (83,960,086,142)	₩ (1,036,013,642,994)
Depreciation and amortization of intangible assets other than goodwill	₩ 631,438,656,903	₩ 376,496,094	₩ 116,828,005,175	₩ 123,532,650	₩ 748,766,690,822	₩ 9,709,723,353	₩ 758,476,414,175
Impairment loss on property, plant and equipment	1,155,671,905,179	-	-	-	1,155,671,905,179	-	1,155,671,905,179
Impairment loss on intangible assets							
Impairment loss on intangible assets other than goodwill	189,959,399,672	-	-	-	189,959,399,672	-	189,959,399,672
Impairment loss on goodwill	159,586,943,505	-	-	-	159,586,943,505	-	159,586,943,505

¹ Primarily consists of operating profit (loss) including depreciation and amortization of intangible assets other than goodwill that are not allocated to the segments.

² Segment profit (loss) reported to the Group's CEO is operating profit(loss).

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Notes to the consolidated financial statements
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4. Segment and Other Information (cont'd)

(b) Financial performance by segment for the year ended December 31, 2024

(in Korean won)

	2024						
	Oil and gas	Petroleum distribution	Oil stockpiling	Others	Reportable segment total	Reconciling items ¹	Group total
Revenue	₩ 3,140,902,787,293	₩ 34,038,980,999	₩ 343,390,064,531	₩ 6,101,520,390	₩ 3,524,433,353,213	₩ -	₩ 3,524,433,353,213
Cost of sales	1,615,022,516,412	34,655,636,234	226,298,067,296	3,409,061,790	1,879,385,281,732	-	1,879,385,281,732
Gross profit (loss)	1,525,880,270,881	(616,655,235)	117,091,997,235	2,692,458,600	1,645,048,071,481	-	1,645,048,071,481
Selling and administrative expenses	294,459,323,733	-	-	837,992,498	295,297,316,231	76,313,636,232	371,610,952,463
Reportable segment operating profit (loss) ²	1,231,420,947,148	(616,655,235)	117,091,997,235	1,854,466,102	1,349,750,755,250	(76,313,636,232)	1,273,437,119,018
Other income	-	-	-	-	98,267,437,304	-	98,267,437,304
Other expenses	-	-	-	-	108,800,396,328	-	108,800,396,328
Other gain, net	-	-	-	-	47,143,296,241	-	47,143,296,241
Finance income	-	-	-	-	234,506,122,096	-	234,506,122,096
Finance costs	-	-	-	-	890,720,387,983	-	890,720,387,983
Gain on investments in associates and joint ventures, net	-	-	-	-	213,390,577,409	-	213,390,577,409
Profit (loss) before income tax	₩ -	₩ -	₩ -	₩ -	₩ 943,537,403,989	₩ (76,313,636,232)	₩ 867,223,767,757
Depreciation and amortization of intangible assets other than goodwill	₩ 660,677,143,778	₩ 125,925,866	₩ 110,998,491,482	₩ 232,104,221	₩ 772,033,665,347	₩ 9,821,045,880	₩ 781,854,711,227
Impairment loss on property, plant and equipment	63,316,741,849	-	-	-	63,316,741,849	-	63,316,741,849
Reversal of impairment loss on property, plant and equipment	17,422,906,353	-	-	-	17,422,906,353	-	17,422,906,353
Impairment loss on intangible assets	-	-	-	-	-	-	-
Impairment loss on intangible assets other than goodwill	5,998,281,263	-	-	-	5,998,281,263	-	5,998,281,263
Impairment loss on goodwill	141,619,406,636	-	-	-	141,619,406,636	-	141,619,406,636

¹ Primarily consists of operating profit (loss) including depreciation and amortization of intangible assets other than goodwill that are not allocated to the segments.

² Segment profit (loss) reported to the Group's CEO is operating loss.

Korea National Oil Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

4. Segment and Other Information (cont'd)

Revenue by geographic area for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	For the year ended December 31, 2025		For the year ended December 31, 2024	
Domestic	₩	109,723,706,956	₩	136,774,422,483
Vietnam		129,035,787,671		187,182,378,136
Canada		383,277,382,995		340,164,851,601
The United Kingdom		959,888,313,506		1,235,523,894,344
The United States		384,138,126,183		372,967,277,780
Kazakhstan		338,416,926,156		395,370,543,789
Arab Emirates		558,545,246,383		581,354,562,704
Others		273,477,400,958		275,095,422,376
	₩	<u>3,136,502,890,808</u>	₩	<u>3,524,433,353,213</u>

The above revenue information is based on the region where the customer entity is located.

Customers from which revenue accounts for 10% or more of consolidated revenue of the Group for the year ended December 31, 2025 are Glencore Singapore Pte. Ltd., Ineos and Crescent Energy Operating LLC. Revenue from Glencore Singapore Pte. Ltd., Ineos, and Crescent Energy Operating LLC amounted to ₩484,364 million, ₩454,601 million, and ₩345,510 million, respectively. Furthermore, revenues from these customers for the year ended December 31, 2025 are attributable to oil and gas segment.

Korea National Oil Corporation and its subsidiaries
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5. Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of cash flows include cash and bank deposit and exclude government grants. Cash and cash equivalents in the consolidated statements of cash flows as of December 31, 2025 and 2024 are comprised of the following items:

<i>(in Korean won)</i>	<u>As of December 31, 2025</u>	<u>As of December 31, 2024</u>
Cash in hands	₩ 54,106,348	₩ 56,339,720
Other on demand deposits	178,978,110,508	102,924,655,751
Short-term deposits classified as cash equivalents	145,919,910,412	99,182,173,182
Short-term investments classified as cash equivalents	182,143,529,581	134,497,101,749
Government grants	(36,892,341)	(22,387,336)
	<u>₩ 507,058,764,508</u>	<u>₩ 336,637,883,066</u>

6. Restricted Cash and Cash Equivalents

Details of restricted cash and cash equivalents and financial assets provided as collateral for liabilities or contingent liabilities as of December 31, 2025 and 2024 are as follows.

<i>(in Korean won)</i>	<u>Description</u>	<u>As of December 31, 2025</u>
Long-term financial instruments	Provision for restoration	₩ 70,736,173,782
Other current assets	Guarantee deposit	11,594,278,980
		<u>₩ 82,330,452,762</u>

Korea National Oil Corporation and its subsidiaries
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December 31, 2025 and 2024

7. Financial Assets Measured at Fair Value through Profit or Loss and Derivative Instruments

Details of financial assets measured at fair value through profit or loss as of December 31, 2025 and 2024 are as follows:

	<i>(in Korean won)</i>			
	As of December 31, 2025		As of December 31, 2024	
	Current	Non-current	Current	Non-current
Debt instruments	₩ 126,006,924,724	₩ 510,256,029,667	₩ 128,295,761,013	₩ 556,816,048,160

The amounts recognized in profit or loss in relation to financial assets measured at fair value through profit or loss for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	For the year ended December 31, 2025		For the year ended December 31, 2024	
Gain on valuation of financial asset measured at fair value through profit or loss	₩	156,455,436	₩	-
Loss on valuation of financial asset measured at fair value through profit or loss		(29,502,512,480)		(10,973,309,968)
	₩	<u>(29,346,057,044)</u>	₩	<u>(10,973,309,968)</u>

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

<i>(in Korean won)</i>	As of December 31, 2025				As of December 31, 2024			
	Current		Non-current		Current		Non-current	
Derivative assets								
Currency swap	₩	6,808,983,331	₩	64,223,936,007	₩	26,843,140,021	₩	31,117,297,409
Other derivatives		411,349,427		-		201,797,543		-
	₩	<u>7,220,332,758</u>	₩	<u>64,223,936,007</u>	₩	<u>27,044,937,564</u>	₩	<u>31,117,297,409</u>
Derivative liabilities								
Currency swap	₩	-	₩	-	₩	28,984,811,701	₩	-
Interest rate swap		-		6,154,000,340		-		-
Other derivatives		362,747,412		-		378,988,064		2,916,640,847
	₩	<u>362,747,412</u>	₩	<u>6,154,000,340</u>	₩	<u>29,363,799,765</u>	₩	<u>2,916,640,847</u>

Korea National Oil Corporation and its subsidiaries
Notes to the consolidated financial statements
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7. Financial Assets Measured at Fair Value through Profit or Loss and Derivative Instruments (cont'd)

Details of currency swap contracts as of December 31, 2025 are as follows:

(In foreign currencies, USD)

Type	Counter party	Maturity	Contract amount		Contract interest rate per annum (%)	
			Sell	Buy	Sell	Buy
	Bank of America	2026-01-15	KRW 50,000,000,000	USD 34,013,605	-	-
	Bank of America	2026-01-15	KRW 50,000,000,000	USD 33,919,001	-	-
	HSBC	2026-01-15	KRW 50,000,000,000	USD 33,921,303	-	-
	HSBC	2026-01-15	KRW 50,000,000,000	USD 33,804,340	-	-
	Standard Chartered	2027-07-30	CHF 100,000,000	USD 105,970,000	0.27	1.55
	BNP Paribas	2027-07-30	CHF 100,000,000	USD 109,340,000	0.27	1.46
	Macquarie	2026-01-09	USD 9,868,000	GBP 8,000,000	-	-
	Macquarie	2026-01-12	USD 1,249,300	GBP 1,000,000	-	-
	Goldman Sachs	2026-01-12	USD 5,352,800	GBP 4,000,000	-	-
	Standard Chartered	2026-01-13	USD 1,334,500	GBP 1,000,000	-	-
	Macquarie	2026-02-10	USD 2,499,600	GBP 2,000,000	-	-
	DNB	2026-02-12	USD 1,356,200	GBP 1,000,000	-	-
	Goldman Sachs	2026-03-10	USD 1,357,300	GBP 1,000,000	-	-
	Standard Chartered	2026-03-17	USD 1,345,000	GBP 1,000,000	-	-
	DNB	2026-03-18	USD 1,336,200	GBP 1,000,000	-	-
Cash	Standard Chartered	2026-04-14	USD 1,358,800	GBP 1,000,000	-	-
flow	Standard Chartered	2026-04-14	USD 1,345,400	GBP 1,000,000	-	-
hedge	DNB	2026-04-15	USD 1,356,100	GBP 1,000,000	-	-
	Standard Chartered	2026-04-16	USD 1,333,500	GBP 1,000,000	-	-
	Standard Chartered	2026-05-12	USD 1,358,800	GBP 1,000,000	-	-
	Goldman Sachs	2026-05-12	USD 4,071,900	GBP 3,000,000	-	-
	DNB	2026-06-11	USD 4,010,400	GBP 3,000,000	-	-
	Standard Chartered	2026-06-12	USD 1,358,800	GBP 1,000,000	-	-
	DNB	2026-06-15	USD 2,711,800	GBP 2,000,000	-	-
	Standard Chartered	2026-06-16	USD 2,690,400	GBP 2,000,000	-	-
	Standard Chartered	2026-07-08	USD 2,690,600	GBP 2,000,000	-	-
	Standard Chartered	2026-07-09	USD 2,665,400	GBP 2,000,000	-	-
	Goldman Sachs	2026-07-14	USD 1,356,800	GBP 1,000,000	-	-
	DNB	2026-08-10	USD 1,337,000	GBP 1,000,000	-	-
	DNB	2026-08-11	USD 1,355,500	GBP 1,000,000	-	-
	Standard Chartered	2026-09-10	USD 2,663,400	GBP 2,000,000	-	-
	Goldman Sachs	2026-09-10	USD 1,340,000	GBP 1,000,000	-	-
	DNB	2026-10-13	USD 2,674,600	GBP 2,000,000	-	-

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7. Financial Assets Measured at Fair Value through Profit or Loss and Derivative Instruments (cont'd)

Details of interest rate swap contracts as of December 31, 2025 are as follows:

(in USD)

Type	Counter party	Maturity	Notional amount	Contract interest rate per annum (%)	
				Sell	Buy
Cash flow hedge	Korea Development Bank	2028-03-31	USD 400,000,000	SOFR+77bp	4.51
	Bank of America	2028-09-29	USD 500,000,000	SOFR+67bp	3.92

Details of other derivatives (zero cost collar options) as of December 31, 2025 are as follows:

(in USD/MMBTU, USD/BBL)

Type	Counterparty	Terms	Contract amount	Exercise Price	
				Call	Put
Cash Flow Hedge	Goldman Sachs	2026-06-30	121,360	4.00	4.45
	Standard Chartered	2026-09-30	151,700	3.90	4.40
	Standard Chartered	2026-12-31	151,700	4.50	5.03
	Aron	2026-03-31	1,740,000	0.70	1.51
	EDF	2026-06-30	1,740,000	0.60	1.22

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7. Financial Assets Measured at Fair Value through Profit or Loss and Derivative Instruments (cont'd)

Gain and loss on valuation and transaction of derivative for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	Gain (loss) on valuation of derivative instruments		Gain (loss) on transaction of derivative instruments		Gain (loss) on valuation of derivative instruments (other comprehensive income (loss)) ¹	
	For the year ended December 31, 2025	For the year ended December 31, 2024	For the year ended December 31, 2025	For the year ended December 31, 2024	For the year ended December 31, 2025	For the year ended December 31, 2024
	₩	₩	₩	₩	₩	₩
Currency forward	-	-	-	(2,587,366,288)	-	(1,343,113,261)
Currency swap	-	-	532,013,775	(2,799,247,351)	(12,717,941,699)	(5,539,274,577)
Interest rate swap	-	-	-	-	(5,428,660,332)	-
Other derivatives	-	-	-	-	1,793,377,450	(12,871,564,331)
	₩	₩	₩	₩	₩	₩
	-	-	532,013,775	(5,386,613,639)	(16,353,224,581)	(19,753,952,169)

¹ Changes in accumulated other comprehensive income (loss) are net of tax effect amounting to ₩ 4,250 million and ₩ 15,825 million for the years ended December 31, 2025 and 2024, respectively.

8. Trade and Other Receivables

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

<i>(in Korean won)</i>	As of December 31, 2025			
	Gross amounts	Allowance for doubtful accounts	Present value discount	Book value
Current				
Trade receivables	₩ 333,876,735,023	₩ (27,288,705,532)	₩ -	₩ 306,588,029,491
Other receivables	211,197,183,594	-	-	211,197,183,594
Accrued income	384,424,863	-	-	384,424,863
Other current receivables	40,446,235,614	-	-	40,446,235,614
	₩ 585,904,579,094	₩ (27,288,705,532)	-	₩ 558,615,873,562
Non-current				
Other receivables	32,651,771,457	(32,226,771,468)	-	424,999,989
Deposit provided	32,372,460,639	-	(16,456,582,081)	15,915,878,558
	₩ 65,024,232,096	₩ (32,226,771,468)	₩ (16,456,582,081)	₩ 16,340,878,547
	₩ 650,928,811,190	₩ (59,515,477,000)	₩ (16,456,582,081)	₩ 574,956,752,109

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8. Trade and Other Receivables (cont'd)

(in Korean won)

	As of December 31, 2024			
	Gross amounts	Allowance for doubtful accounts	Present value discount	Book value
Current				
Trade receivables	₩ 374,938,104,377	₩ (33,432,959,421)	₩ -	₩ 341,505,144,956
Other receivables	229,244,626,353	-	-	229,244,626,353
Accrued income	383,649,861	-	-	383,649,861
Other current receivables	37,321,725,013	-	-	37,321,725,013
	<u>641,888,105,604</u>	<u>(33,432,959,421)</u>	<u>-</u>	<u>608,455,146,183</u>
Non-current				
Other receivables	28,954,400,076	(28,954,400,076)	-	-
Deposit provided	35,660,209,517	-	(16,615,561,190)	19,044,648,327
	<u>64,614,609,593</u>	<u>(28,954,400,076)</u>	<u>(16,615,561,190)</u>	<u>19,044,648,327</u>
	<u>₩ 706,502,715,197</u>	<u>₩ (62,387,359,497)</u>	<u>₩ (16,615,561,190)</u>	<u>₩ 627,499,794,510</u>

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

(in Korean won)

	As of December 31, 2025	
	Gross amounts	Book value
Prepaid value added tax	₩ 12,444,083,324	₩ 12,444,083,324
Overseas prepaid value added tax	2,625,873,342	2,625,873,342
Due from financial institutions	631,906,399	631,906,399
Other current assets	24,744,372,549	24,744,372,549
	<u>₩ 40,446,235,614</u>	<u>₩ 40,446,235,614</u>

(in Korean won)

	As of December 31, 2024	
	Gross amounts	Book value
Prepaid value added tax	₩ 5,153,116,508	₩ 5,153,116,508
Overseas prepaid value added tax	7,200,837,210	7,200,837,210
Due from financial institutions	607,496,334	607,496,334
Other current assets	24,360,274,961	24,360,274,961
	<u>₩ 37,321,725,013</u>	<u>₩ 37,321,725,013</u>

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8. Trade and Other Receivables (cont'd)

The above trade and other receivables are classified as loans and receivables and measured at amortized cost. These trade receivables include receivables that are past due as of December 31, 2025, but are not provided with an allowance for doubtful accounts, as their credit rating has not significantly changed, and they are considered collectible, including accrued interest on overdue receivables (refer to the aging analysis below). The Group does not hold any collateral or other credit enhancements for these receivables, nor does it have the legal right to offset such receivables against liabilities owed to the counterparties.

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

<i>(in Korean won)</i>	<u>As of December 31, 2025</u>		<u>As of December 31, 2024</u>	
Receivables not past due and impaired	₩	151,465,476,463	₩	171,533,513,826
Past due but not impaired		155,122,553,028		169,971,631,130
- Within 60 days		54,301,473,161		49,298,377,237
- 60 days~12 months		89,639,268,370		100,180,542,341
- More than 12 months		11,181,811,497		20,492,711,552
Impaired		27,288,705,532		33,432,959,421
- Within 60 days		161,967,207		725,050,996
- 60 days~12 months		-		835,310,868
- More than 12 months		27,126,738,325		31,872,597,557
		<u>333,876,735,023</u>		<u>374,938,104,377</u>
Less: allowance for doubtful accounts		(27,288,705,532)		(33,432,959,421)
	₩	<u>306,588,029,491</u>	₩	<u>341,505,144,956</u>

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

<i>(in Korean won)</i>	<u>As of December 31, 2025</u>		<u>As of December 31, 2024</u>	
Receivables not past due and impaired	₩	269,441,610,104	₩	288,027,871,788
Past due but not impaired		15,383,694,595		14,582,338,956
- Within 60 days		4,347,527,001		3,606,370,620
- 60 days~12 months		9,395,392,992		5,327,264,843
- More than 12 months		1,640,774,602		5,648,703,493
Impaired		32,226,771,468		28,954,400,076
- Within 60 days		-		-
- 60 days~12 months		-		-
- More than 12 months		32,226,771,468		28,954,400,076
		<u>317,052,076,167</u>		<u>331,564,610,820</u>
Less: allowance for doubtful accounts		(32,226,771,468)		(28,954,400,076)
Less: present value discounts		(16,456,582,081)		(16,615,561,190)
	₩	<u>268,368,722,618</u>	₩	<u>285,994,649,554</u>

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8. Trade and Other Receivables (cont'd)

Movements in the allowance for doubtful accounts of trade and other receivables for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	For the year ended December 31, 2025		For the year ended December 31, 2024	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Beginning balance	₩ 33,432,959,421	₩ 28,954,400,076	₩ 12,055,686,623	₩ 26,506,604,102
Bad debt expenses	160,536,354	4,078,937,271	19,672,656,738	11,153,228,519
Reversal of bad debt allowances	(5,786,219,368)	(150,232,626)	-	3,759,491,671
Others ¹	(518,570,875)	(656,333,253)	1,704,616,060	(12,464,924,216)
Ending balance	<u>₩ 27,288,705,532</u>	<u>₩ 32,226,771,468</u>	<u>₩ 33,432,959,421</u>	<u>₩ 28,954,400,076</u>

¹ Include the effect of write off.

9. Financial Assets Measured at Fair Value Through Other Comprehensive Income

Movements in the financial assets at fair value through other comprehensive income for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	For the year ended December 31, 2025		
	Beginning balance	Others¹	Ending balance
Unquoted equity instruments	₩ 1,124,629,850	₩ (26,853,406)	₩ 1,097,776,444

¹ Include the effect of changes in exchange rates.

<i>(in Korean won)</i>	For the year ended December 31, 2024			
	Beginning balance	Valuation¹	Others²	Ending balance
Unquoted equity instruments	₩ 30,300,785,308	₩ (31,009,889,781)	₩ 1,833,734,323	₩ 1,124,629,850

¹ The Group recognized other comprehensive loss of ₩ 31,010 million from Yemen LNG Company Ltd. in accordance with changes in the fair value of financial asset measured at fair value through other comprehensive income.

² Include the effect of changes in exchange rates.

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9. Financial Assets Measured at Fair Value Through Other Comprehensive Income (cont'd)

Details of financial assets measured at fair value through other comprehensive income as of December 31, 2025 and 2024 are as follows:

(in Korean won)

	Number of shares	Ownership (%)	Acquisition cost	As of December 31, 2025	
				Carrying amount	Fair value
Unquoted equity instruments					
Yemen LNG Company Limited	265	1.06	₩ 380,736	₩ -	₩ -
Petronado S.A.	5,640	5.64	23,543,631,642	-	-
Micronic Korea ¹	20,000	16.70	1,097,777,133	1,097,776,444	1,097,776,444
			₩ 24,641,789,511	₩ 1,097,776,444	₩ 1,097,776,444

¹ As the difference between the acquisition cost and fair value was not significant, the acquisition cost was used as a proxy for fair value and the dividend income associated with Micronic Korea for the year ended December 31, 2025 is ₩ 6 million.

(in Korean won)

	Number of shares	Ownership (%)	Acquisition cost	As of December 31, 2024	
				Carrying amount	Fair value
Unquoted equity instruments					
Yemen LNG Company Limited	265	1.06	₩ 390,050	₩ -	₩ -
Petronado S.A.	5,640	5.64	24,119,547,365	-	-
Micronic Korea ¹	20,000	16.70	1,124,630,556	1,124,629,850	1,124,629,850
			₩ 25,244,567,971	₩ 1,124,629,850	₩ 1,124,629,850

¹ As the difference between the acquisition cost and fair value was not significant, the acquisition cost was used as a proxy for fair value and the dividend income associated with Micronic Korea for the year ended December 31, 2024 is ₩ 6 million.

Korea National Oil Corporation and its subsidiaries
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10. Loans

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

(in Korean won)

	As of December 31, 2025		
	Face value	Provision for loans	Carrying amount
Non-current loans			
Loans for employees ¹	₩ 65,429,752,615	₩ -	₩ 65,429,752,615
Loans for vehicle ²	315,678,000	-	315,678,000
General loans ³	17,221,783,903	(17,221,783,903)	-
	₩ 82,967,214,518	₩ (17,221,783,903)	₩ 65,745,430,615

¹ The Group provides loans to employees for welfare purposes, including housing and tuitions. These loans are repayable either in installments after the grace period or as a lump-sum payment at maturity, with maturities of up to 20 years.

² The Group provides non-interest bearing loans to overseas secondees who newly purchase or lease a vehicle. The loans are due when the secondees return to the Headquarters.

³ The Group recognized ₩ 1,028 million of allowance for doubtful accounts of loan by assessing loans to Yemen LNG Company Ltd.

(in Korean won)

	As of December 31, 2024		
	Face value	Provision for loans	Carrying amount
Non-current loans			
Loans for employees ¹	64,847,734,908	-	64,847,734,908
Loans for vehicle ²	323,400,000	-	323,400,000
General loans ³	16,580,164,354	(16,580,164,354)	-
Loans to related parties ⁴	238,840,191,341	(238,840,191,341)	-
	₩ 320,591,490,603	₩ (255,420,355,695)	₩ 65,171,134,908

¹ The Group provides loans to employees for welfare purposes, including housing and tuitions. These loans are repayable either in installments after the grace period or as a lump-sum payment at maturity, with maturities of up to 20 years.

² The Group provides non-interest bearing loans to overseas secondees who newly purchase or lease a vehicle. The loans are due when the secondees return to the Headquarters.

³ The Group recognized ₩ 12,580 million of allowance for doubtful accounts of loan by assessing loans to Yemen LNG Company Ltd.

⁴ The Group provided Three related parties, including KNOC Inam Ltd., with loans at interest rates of 4.6~10.04%. Loans for exploration and development projects are due until the start of commercial production.

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11. Inventories

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

(in Korean won)

	As of December 31, 2025		
	Acquisition cost	Provision for loss on valuation	Carrying amount
Raw materials	₩ 7,720,466,765	₩ (749,109,591)	₩ 6,971,357,174
Merchandises	6,185,887,678	(2,142,314,180)	4,043,573,498
Work-in-progress	526,896,371	-	526,896,371
Finished goods	34,481,104,001	(7,545,258,674)	26,935,845,327
Supplies	55,034,514,717	-	55,034,514,717
	<u>₩ 103,948,869,532</u>	<u>₩ (10,436,682,445)</u>	<u>₩ 93,512,187,087</u>

(in Korean won)

	As of December 31, 2024		
	Acquisition cost	Provision for loss on valuation	Carrying amount
Raw materials	₩ 5,504,556,267	₩ (562,354,571)	₩ 4,942,201,696
Merchandises	11,647,166,166	(2,143,928,306)	9,503,237,860
Work-in-progress	477,946,657	-	477,946,657
Finished goods	26,180,162,921	(6,571,573,877)	19,608,589,044
Supplies	51,841,058,308	-	51,841,058,308
Goods in-transit	15	-	15
	<u>₩ 95,650,890,334</u>	<u>₩ (9,277,856,754)</u>	<u>₩ 86,373,033,580</u>

The amount of write-down of inventories recognized as cost of sales for the year ended December 31, 2025 is ₩ 1,170 million (reversal of write-down of inventories of ₩ 270 million for the year ended December 31, 2024).

Korea National Oil Corporation and its subsidiaries
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12. Non-financial Assets

Details of non-financial assets as of December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	As of December 31, 2025		As of December 31, 2024	
	Current	Non-current	Current	Non-current
Advance payments	₩ 75,714,288,509	₩ -	₩ 88,147,222,311	₩ -
Prepaid expenses	26,263,093,137	1,117,812,670	39,322,473,849	3,461,073,722
Oil stockpiles ¹	-	6,105,001,282,344	-	6,044,148,742,802
	₩ 101,977,381,646	₩ 6,106,119,095,014	₩ 127,469,696,160	₩ 6,047,609,816,524

¹The Group recognized gain on disposal of other non-current assets due to the sale of oil stockpiles of ₩ 357,888 million for the year ended December 31, 2025 (₩ 230,432 million for the year ended December 31, 2024) (see Note 33).

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13. Subsidiaries

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

Subsidiary name	Principal activity	Country of incorporation	Ownership (%)	
			As of December 31, 2025	As of December 31, 2024
ANKOR E&P Holdings Corp. ¹	Exploration and production ("E&P")	The United States	100.00	100.00
ANKOR Energy LLC	E&P	The United States	100.00	100.00
Dana Petroleum Limited.	E&P	The United Kingdom	100.00	100.00
Dana Petroleum (E&P) Limited	E&P	The United Kingdom	100.00	100.00
Dana Petroleum (BVUK) Limited	E&P	The United Kingdom	100.00	100.00
Dana Petroleum (Holdings) B.V.	E&P	The Netherlands	100.00	100.00
Dana Petroleum East Zeit Limited	E&P	Egypt	100.00	100.00
Dana Petroleum East Beni Suf Limited	E&P	Egypt	100.00	100.00
Dana Petroleum Qarun Limited	E&P	Egypt	100.00	100.00
Dana Petroleum WAG Limited	E&P	Egypt	100.00	100.00
Dana Petroleum North Zeit Bay Limited	E&P	Egypt	100.00	100.00
Dana Petroleum South October Limited	E&P	Egypt	100.00	100.00
Dana Petroleum (North Sea) Limited	E&P	The United Kingdom	100.00	100.00
Dana Petroleum (East Mad) Limited	E&P	The United Kingdom	100.00	100.00
Dana Petroleum Netherlands B.V.	E&P	The Netherlands	100.00	100.00
KNOC Eagle Ford Corp	E&P	The United States	100.00	100.00
Eagle Ford MS LLC	Crude oil and natural gas transportation and processing	The United States	100.00	100.00
Eagle Ford Energy LLC	E&P	The United States	100.00	100.00
Eagle Ford Energy LP LLC	E&P	The United States	100.00	100.00
Eagle Ford Energy GP LLC	E&P	The United States	100.00	100.00
Eagle Ford TX LP	E&P	The United States	100.00	100.00
KOA Energy LLC	E&P	The United States	100.00	100.00
KOA Energy LP ²	E&P	The United States	1.70	1.70
Harvest Operations Corp.	E&P	Canada	100.00	100.00
Harvest Operations (USA) Inc.	E&P	Canada	100.00	100.00
1057533 Alberta Ltd.	E&P	Canada	100.00	100.00
Harvest Breeze Trust 1	E&P	Canada	100.00	100.00
Harvest Breeze Trust 2	E&P	Canada	100.00	100.00
Viking Management Ltd	E&P	Canada	100.00	100.00
Pathfinder Partnership	E&P	Canada	100.00	100.00
Harvest Breeze Corp.	E&P	Canada	100.00	100.00
Breeze Resources Partnership	E&P	Canada	100.00	100.00
Hay River Partnership	E&P	Canada	100.00	100.00
Deep Basin Partnership	E&P	Canada	100.00	100.00
KNOC Kaz B.V.	E&P	Canada	100.00	100.00
KNOC Whitehill B.V.	E&P	The Netherlands	100.00	100.00
KNOC Blackhill Ltd	E&P	Canada	100.00	100.00
Altius Holdings Inc.	E&P	Canada	100.00	100.00
KNOC Caspian LLP	E&P	Kazakhstan	100.00	100.00
Altius Petroleum Int'l B.V.	E&P	The Netherlands	100.00	100.00
KenSary LLP	E&P	Kazakhstan	100.00	100.00
MeerBusch LLP	E&P	Kazakhstan	100.00	100.00
KADOC Ltd	E&P	Malaysia	75.00	75.00
KNOC Sumatra Ltd. ³	E&P	Indonesia	100.00	100.00
KNOC Yemen Ltd. ³	E&P	Yemen	60.00	60.00
KNOC Trading Singapore Pte. Ltd.	Trading and Marketing	Singapore	100.00	100.00
KNOC Service Co. Ltd.	Facility maintenance	Republic of Korea	100.00	100.00

¹ The major assets held by the entities have been sold or transferred, and the process of business dissolution is in progress.

² Although KNOC Eagle Ford Corp., a subsidiary of the Group, holds less than 50% of the ownership interest in the investee, the entity is accounted for as a subsidiary, as contractual arrangements provide the Group with the unilateral ability to direct the relevant activities and thereby exercise control.

³ The entities are scheduled for liquidation as of December 31, 2025.

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13. Subsidiaries (cont'd)

The financial information for subsidiaries as of and for the years ended December 31, 2025 and 2024 is as follows:

(in Korean won)

Subsidiary name ¹	As of and for the year ended December 31, 2025			
	Assets	Liabilities	Revenue	Profit (loss) for the year
ANKOR E&P Holdings Corp.	₩ 21,300,100,419	₩ 25,907,613,106	₩ 255,122,090	₩ 614,898,239
Dana Petroleum Limited	2,135,735,964,433	2,474,918,369,711	959,888,313,506	(615,451,319,245)
KNOC Eagle Ford Corp.	1,803,646,284,204	470,278,561,276	383,883,004,093	(228,688,333,874)
Harvest Operations Corp.	2,225,185,238,455	429,779,841,798	383,277,382,995	(74,051,856,560)
KNOC Kaz B.V.	427,481,358,712	113,163,948,111	338,349,033,640	31,128,655,361
KADOC Ltd.	1,380,658,841,450	290,161,001,112	558,545,246,383	163,457,892,152
KNOC Sumatra Ltd.	973,454,814	8,797,372	-	(11,793,048)
KNOC Yemen Ltd.	17,390,988	-	-	-
KNOC Trading Singapore Pte. Ltd.	39,532,397,552	35,456,232,640	2,087,444,916	1,227,136,927
KNOC Service Co. Ltd.	1,762,949,708	900,198,864	6,622,466,452	214,585,976

¹ In the case of subsidiaries with sub-subsidiaries, the consolidated financial information includes the subsidiary and its subsidiaries.

(in Korean won)

Subsidiary name ¹	As of and for the year ended December 31, 2024			
	Assets	Liabilities	Revenue	Profit (loss) for the year
ANKOR E&P Holdings Corp.	₩ 20,770,223,586	₩ 26,126,000,036	₩ 9,809,308	₩ (9,192,884,260)
Dana Petroleum Limited	2,509,605,437,201	2,243,091,342,087	1,231,114,300,220	142,410,840,972
KNOC Eagle Ford Corp.	2,102,534,270,869	582,219,845,634	372,957,468,472	(27,303,574,240)
Harvest Operations Corp.	2,309,926,986,572	1,599,782,698,324	340,164,851,601	(143,705,309,183)
KNOC Kaz B.V.	396,379,797,356	106,883,381,451	395,370,543,789	47,910,459,262
KADOC Ltd.	1,527,654,815,551	366,600,348,887	583,267,577,567	176,711,873,682
KNOC Sumatra Ltd.	1,011,779,656	24,109,470	-	(3,614,403,591)
KNOC Yemen Ltd.	17,816,606	-	-	-
KNOC Trading Singapore Pte. Ltd.	27,076,900,406	24,265,907,562	2,055,622,559	1,277,532,939
KNOC Service Co. Ltd.	1,649,497,599	1,001,334,086	6,373,641,098	162,874,748

¹ In the case of subsidiaries with sub-subsidiaries, the consolidated financial information includes the subsidiary and its subsidiaries.

Korea National Oil Corporation and its subsidiaries

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14. Investments in Associates and Joint Ventures

Details of investments in associates and joint ventures as of December 31, 2025 and 2024 are as follows:

(in Korean won)

Entity	Principal activity	Country	As of December 31, 2025			As of December 31, 2024		
			Equity interest (%)	Acquisition cost	Book value	Equity interest (%)	Acquisition cost	Book value
Investments in associates								
Oilhub Korea Yeosue Co., Ltd.	Storing of oil	Republic of Korea	29.00	₩ 48,509,408,888	₩ 68,734,263,118	29.00	₩ 49,696,028,340	₩ 64,921,744,654
Parallel Holdings LLC ^{1,2,3}	E&P	United States	16.40	77,986,815,000	-	16.40	79,894,500,000	-
KOREA GS E&P Pte. Ltd.	E&P	Singapore	30.00	409,393,989,349	417,545,683,928	30.00	419,408,435,670	465,482,856,195
KNOC Nigerian East Oil Company Ltd. ^{3,4}	Exploration	Nigeria	75.00	86,094,000	-	75.00	88,200,000	-
KNOC Nigerian West Oil Company Ltd. ^{3,4}	Exploration	Nigeria	75.00	86,094,000	-	75.00	88,200,000	-
KNOC Ferghana2 Ltd. ⁵	Exploration	Malaysia	65.00	-	-	65.00	95,550	-
				<u>536,062,401,237</u>	<u>486,279,947,046</u>		<u>549,175,459,560</u>	<u>530,404,600,849</u>
Joint ventures								
KNOC Inam Ltd. ⁶	Exploration	Malaysia	40.00	-	-	40.00	58,800	-
K. K. Korea kamchatka Co., Ltd. ⁵	Exploration	Cyprus	50.00	-	-	50.00	9,990,634,500	-
KNOC Ferghana Ltd. ⁵	Exploration	Malaysia	50.00	-	-	50.00	735,000	-
Korea Energy Terminal Co., Ltd. ⁴	Storing of oil	Republic of Korea	52.42	169,178,039,542	130,961,203,036	52.42	173,316,410,988	124,873,849,159
Donghae Floating Offshore Wind Power Co., Ltd. ⁴	Offshore wind power	Republic of Korea	73.35	13,414,767,819	13,054,705,105	50.00	4,804,135,253	4,643,377,087
KC Kazakh B.V. ⁵	Exploration	The Netherlands	35.00	-	-	35.00	307,179,106	-
				<u>182,592,807,361</u>	<u>144,015,908,141</u>		<u>188,419,153,647</u>	<u>129,517,226,246</u>
				<u>₩ 718,655,208,598</u>	<u>₩ 630,295,855,187</u>		<u>₩ 737,594,613,207</u>	<u>₩ 659,921,827,095</u>

¹ Despite the percentage of ownership is below 20%, the investment is classified as an investment in associate as the Group can exercise significant influence over the entity by indirectly participating in the decision making process of the entity.

² Parallel Holdings LLC is an associate held by KNOC Eagle Ford Corp.

³ The entities are scheduled for liquidation as of December 31, 2025.

⁴ Despite the percentage of ownership is over 50%, the investment is classified as an investment in joint ventures as the Group is unable to exercise control over investees solely.

⁵ The entity was fully liquidation as of December 31, 2025.

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14. Investments in Associates and Joint Ventures (cont'd)

Changes in carrying amount of investments in associates and joint ventures for the years ended December 31, 2025 and 2024 are as follows:

(in Korean won)

		For the year ended December 31, 2025														
		Share of profit or loss in			Changes in equity											
Beginning balance		Acquisition	Dividends received	equity method ⁶	adjustments	Impairment loss (reversal)	Other changes	Ending balance								
Investments in associates																
Oilhub Korea Yeosu Co., Ltd.	W	64,921,744,654	W	-	W	(1,945,489,625)	W	5,709,310,987	W	1,551,479,759	W	-	W	(1,502,782,657)	W	68,734,263,118
KOREA GS E&P Pte.Ltd. ^{1,2}		465,482,856,195		-		-		49,273,635,948		-		(85,770,822,015)		(11,439,966,200)		417,545,683,928
Parallel Holdings LLC ³		-		-		-		-		-		-		-		-
		530,404,600,849		-		(1,945,489,625)		54,982,946,935		1,551,479,759		(85,770,822,015)		(12,942,768,857)		486,279,947,046
Investments in joint ventures																
Korea Energy Terminal Ltd. ⁴		124,873,849,159		-		-		6,161,823,418		2,827,070,868		-		(2,901,540,409)		130,961,203,036
Donghae Floating Offshore Wind Power Co., Ltd.		4,643,377,087		8,648,238,974		-		(423,135,524)		221,787,173		-		(35,562,605)		13,054,705,105
KC Kazakh B.V. ⁵		-		-		-		-		-		-		-		-
		129,517,226,246		8,648,238,974		-		5,738,687,894		3,048,858,041		-		(2,937,103,014)		144,015,908,141
	W	659,921,827,095	W	8,648,238,974	W	(1,945,489,625)	W	60,721,634,829	W	4,600,337,800	W	(85,770,822,015)	W	(15,879,871,871)	W	630,295,855,187

¹ The impairment loss of ₩ 4,137 million accounts for the difference between the net assets adjusted for the ownership interest and the carrying amount of the investment.

² The key assumptions used in the impairment test and the details of the impairment loss for the year are as follows.

(in Korean won)

CGU	Recoverable amount	Method of measurement	Discount rate	Key assumptions	Impairment loss	Impairment indicators
Korea GS E&P Pte. Ltd.	W 417,545,683,928	Value in use	6.70%	Estimated reserves: long-term oil price forecasts from external market outlook agencies	W 85,770,822,015	Changes in assumptions for key inputs, including discount rate and reserve estimates

³ The Group does not apply the equity method as the carrying amount of investment in associates and joint ventures has become negative due to cumulative equity method loss. Gain and loss on investments that are not recognized following the discontinuation of the equity method are as follows:

(in Korean won)

CGU	Holding company	Gain and loss on investments not recognized (For the current year)	Gain and loss on investments not recognized (cumulative)
Parallel Holdings LLC	KNOC Eagle Ford Corp.	₩ (1,971,283,420)	₩ (25,525,969,874)

⁴ The carrying amount of goodwill as of December 31, 2025, is ₩ 1,243 million.

⁵ During the current year, ₩ 32,343 million of changes in equity attributable to the equity-method investee at the time of its liquidation were reclassified to gain on disposal of an equity-method investment.

⁶ The share of profit (loss) of equity-method investees includes ₩ 1,263 million arising from preliminary closing adjustments and ₩ 341 million related to the amortization of fair value adjustments.

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14. Investments in Associates and Joint Ventures (cont'd)

(in Korean won)

	For the year ended December 31, 2024							
	Beginning balance	Acquisition	Dividends received	Share of profit or loss in equity method	Changes in equity adjustments	Changes in scope of consolidation	Other changes ²	Ending balance
Investments in associates								
Oilhub Korea Yeosue Co., Ltd.	W 61,649,274,771	W -	W -	W 3,290,078,691	W (8,265,771,054)	W -	W 8,248,162,246	W 64,921,744,654
KOREA GS E&P Pte.Ltd. ³	402,104,796,384	-	(28,643,580,000)	35,191,790,747	-	-	56,829,849,064	465,482,856,195
Parallel Holdings LLC ¹	-	-	-	-	-	-	-	-
	463,754,071,155	-	(28,643,580,000)	38,481,869,438	(8,265,771,054)	-	65,078,011,310	530,404,600,849
Investments in joint ventures								
Korea Energy Terminal Ltd.	78,350,745,852	53,183,623,565	-	(6,766,857,914)	(13,431,745,170)	-	13,538,082,826	124,873,849,159
Donghae Floating Offshore Wind								
Power Co., Ltd.	-	4,457,649,254	-	-	(149,164,175)	-	334,892,008	4,643,377,087
Deep Basin Partnership ⁴	-	165,617,103,832	-	(17,825,558,241)	-	(140,382,841,477)	(7,408,704,114)	-
HKMS Partnership ⁴	24,086,865,766	406,986,603	(12,329,340,038)	4,595,569,905	-	(23,672,941,224)	6,912,858,988	-
	102,437,611,618	223,665,363,254	(12,329,340,038)	(19,996,846,250)	(13,580,909,345)	(164,055,782,701)	13,377,129,708	129,517,226,246
W	566,191,682,773	W 223,665,363,254	W (40,972,920,038)	W 18,485,023,188	W (21,846,680,399)	W (164,055,782,701)	W 78,455,141,018	W 659,921,827,095

¹ The Group does not apply the equity method as the carrying amount of investment in associates and joint ventures has become negative due to cumulative equity method loss. Gain and loss on investments that are not recognized following the discontinuation of the equity method are as follows:

(in Korean won)

CGU	Holding company	Gain and loss on investments not recognized (For the prior year)	Gain and loss on investments not recognized (cumulative)
Parallel Holdings LLC	KNOC Eagle Ford Corp.	₩ (2,094,281,927)	₩ (23,554,686,453)

² Other changes include the effect of changes in exchange rates that were not recognized as the book value of Deep Basin Partners, an investment in joint ventures, until the previous year was less than zero.

³ The basis difference adjustment is ₩ 33,984 million as of December 31, 2024.

⁴ By acquiring control over Deep Basin Partnership and HKMS Partnership, ₩ 194,906 million of gain on disposal of investments in joint ventures was recognized.

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14. Investments in Associates and Joint Ventures (cont'd)

The Summarized financial information of major associates and joint ventures as of and for the years ended December 31, 2025 and 2024 is as follows:

(in Korean won)

	As of and for the year ended December 31, 2025			
	Total assets	Total liabilities	Revenue	Profit (loss) for the year
Investments in associates				
Oilhub Korea Yeosu Co., Ltd.	₩ 435,563,822,248	₩ 198,549,121,609	₩ 67,805,260,022	₩ 19,915,242,110
Parallel Holdings LLC	-	-	-	(12,020,020,856)
KOREA GS E&P Pte. Ltd.	2,870,784,687,971	1,465,174,082,638	2,340,888,508,358	162,495,007,541
Investments in joint ventures				
Korea Energy Terminal Co., Ltd.	1,329,895,064,242	1,082,435,265,187	105,893,038,414	9,571,555,965
Donghae Floating Offshore Wind Power Co., Ltd.	9,064,992,000	389,418,400	-	(576,871,896)

(in Korean won)

	As of and for the year ended December 31, 2024			
	Total assets	Total liabilities	Revenue	Profit (loss) for the year
Investments in associates				
Oilhub Korea Yeosu Co., Ltd.	₩ 443,185,526,322	₩ 219,317,440,050	₩ 64,222,690,963	₩ 11,229,887,452
Parallel Holdings LLC	-	-	-	(12,770,011,750)
KOREA GS E&P Pte. Ltd.	2,583,202,881,340	1,311,796,761,765	2,444,938,356,937	116,270,673,582
Investments in joint ventures				
Korea Energy Terminal Co., Ltd.	1,229,081,526,530	993,292,377,340	28,485,284,459	(12,908,923,941)
Donghae Floating Offshore Wind Power Co., Ltd.	9,286,736,525	-	-	-
Deep Basin Partnership	143,968,816,423	24,573,110,149	32,885,598,160	(17,696,755,209)
HKMS Partnership	80,314,938,561	12,313,273,841	13,453,665,342	5,149,572,629

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15. Property, Plant and Equipment

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

(in Korean won)

		As of December 31, 2025					
	Acquisition cost	Contributions for construction	Government grants	Accumulated depreciation	Accumulated impairment loss	Book value	
Land	₩ 1,195,927,935,071	₩ -	₩ -	₩ -	₩ -	₩ 1,195,927,935,071	
Buildings	101,233,444,037	-	-	(47,663,187,575)	-	53,570,256,462	
Structures	2,750,830,344,984	(113,244,159)	-	(1,371,101,914,361)	-	1,379,615,186,464	
Machinery	1,123,283,460,315	(1,473,448,761)	(13,319,388)	(787,265,019,739)	-	334,531,672,427	
Vehicles	12,270,284,907	-	(2,377,902)	(8,726,811,553)	-	3,541,095,452	
Tools & fixtures	81,781,932,893	-	-	(68,381,899,933)	(375,794,169)	13,024,238,791	
Construction-in-progress	60,342,560,377	-	-	-	-	60,342,560,377	
Right-of-use assets	614,435,774,982	-	-	(300,816,134,082)	-	313,619,640,900	
Others	56,528,695,257	-	-	(41,030,339,726)	(2,432,287,683)	13,066,067,848	
Oil & gas properties	25,474,958,755,163	-	(581,671,296)	(15,044,267,567,417)	(6,438,853,337,704)	3,991,256,178,746	
	₩ 31,471,593,187,986	₩ (1,586,692,920)	₩ (597,368,586)	₩ (17,669,252,874,386)	₩ (6,441,661,419,556)	₩ 7,358,494,832,538	

(in Korean won)

		As of December 31, 2024					
	Acquisition cost	Contributions for construction	Government grants	Accumulated depreciation	Accumulated impairment loss	Book value	
Land	₩ 1,309,306,652,648	₩ -	₩ -	₩ -	₩ -	₩ 1,309,306,652,648	
Buildings	103,413,265,009	-	-	(46,192,680,167)	-	57,220,584,842	
Structures	2,793,604,979,191	(120,848,230)	-	(1,333,679,465,769)	-	1,459,804,665,192	
Machinery	1,106,012,510,434	(1,885,158,091)	(14,631,601)	(768,284,098,048)	-	335,828,622,694	
Vehicles	12,326,065,366	-	(2,878,980)	(8,091,479,084)	-	4,231,707,302	
Tools & fixtures	76,575,544,775	-	-	(65,859,760,569)	(367,271,636)	10,348,512,570	
Construction-in-progress	106,581,949,969	-	-	-	-	106,581,949,969	
Right-of-use assets	619,959,865,335	-	-	(286,304,943,989)	-	333,654,921,346	
Others	45,046,576,174	-	-	(32,184,985,589)	(2,377,126,284)	10,484,464,301	
Oil & gas properties	26,961,126,697,873	-	(1,155,388,175)	(16,626,159,325,108)	(5,259,973,355,887)	5,073,838,628,703	
	₩ 33,133,954,106,774	₩ (2,006,006,321)	₩ (1,172,898,756)	₩ (19,166,756,738,323)	₩ (5,262,717,753,807)	₩ 8,701,300,709,567	

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15. Property, Plant and Equipment (cont'd)

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

(in Korean won)

	For the year ended December 31, 2025							
	Beginning balance	Acquisition / Capital expenditures	Disposal ¹	Depreciation	Impairment loss (reversal)	Transfers ²	Others ³	Ending balance
Land	₩ 1,309,306,652,648	₩ 17,358,264	₩ (48,580,191)	₩ -	₩ -	₩ -	₩ (113,347,495,650)	₩ 1,195,927,935,071
Buildings	57,220,584,842	124,940,605	(61,139,816)	(2,533,608,130)	-	191,086,635	(1,371,607,674)	53,570,256,462
Structures	1,459,925,513,422	5,105,579,223	-	(68,655,197,259)	-	19,220,468,457	(35,867,933,220)	1,379,728,430,623
(Contributions to construction)	(120,848,230)	-	-	4,676,814	-	-	2,927,257	(113,244,159)
Machinery	337,728,412,386	15,072,174,139	(12,578,114)	(37,871,022,071)	-	29,109,431,494	(8,007,977,258)	336,018,440,576
(Contributions to construction)	(1,885,158,091)	-	-	363,455,930	-	-	48,253,400	(1,473,448,761)
(Government grants)	(14,631,601)	-	-	954,338	-	-	357,875	(13,319,388)
Vehicles	4,234,586,282	270,974,154	(4,267)	(900,275,219)	-	-	(61,807,596)	3,543,473,354
(Government grants)	(2,878,980)	-	-	428,515	-	-	72,563	(2,377,902)
Tools & fixtures	10,348,512,570	2,309,123,063	(1,907,503)	(3,317,792,020)	-	3,883,926,376	(197,623,695)	13,024,238,791
Construction-in-progress	106,581,949,969	21,159,936,250	(3,328,286,355)	-	-	(61,378,669,049)	(2,692,370,438)	60,342,560,377
Right-of-use assets	333,654,921,346	1,190,178,996	(865,117,937)	(18,548,356,787)	-	(15,059,888)	(1,796,924,830)	313,619,640,900
Others	10,484,464,301	9,221,049,560	-	(7,048,884,930)	-	-	409,438,917	13,066,067,848
Oil & gas properties	5,074,994,016,878	413,525,564,424	(26,416,371,169)	(545,809,200,043)	(1,155,671,905,179)	(70,473,409,383)	301,689,154,514	3,991,837,850,042
(Government grants)	(1,155,388,175)	-	-	73,985,634	-	-	499,731,245	(581,671,296)
	₩ 8,701,300,709,567	₩ 467,996,878,678	₩ (30,733,985,352)	₩ (684,240,835,228)	₩ (1,155,671,905,179)	₩ (79,462,225,358)	₩ 139,306,195,410	₩ 7,358,494,832,538

¹ The related right-of-use assets decreased by ₩ 865 million due to a change in the operating arrangement following the extension of the Block 15-1 in Vietnam.

² Construction-in-progress amounting to ₩ 59,331 million was transferred to property, plant and equipment, and ₩ 2,048 million was transferred to intangible assets other than goodwill. Additionally, ₩ 28,666 million was reclassified from intangible assets other than goodwill to property, plant and equipment. Meanwhile, as production from Dana Petroleum Ltd.'s Western Isles field has ceased and a decision has been made to dispose of the FPSO, ₩ 106,081 million has been reclassified as assets held for sale (see Note 45).

³ Include the effects of land revaluation, foreign exchange rate fluctuations, and others

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15. Property, Plant and Equipment (cont'd)

(in Korean won)

For the year ended December 31, 2024

	Beginning balance	Acquisition / Capital expenditures	Disposal	Depreciation	Impairment loss (reversal) ¹	Transfers ²	Others ^{3,4}	Ending balance
Land	₩ 1,148,563,440,023	₩ -	₩ (121,081,869)	₩ -	₩ -	₩ -	₩ 160,864,294,494	₩ 1,309,306,652,648
Buildings	52,106,402,001	454,175,332	(77,163,077)	(2,379,526,191)	-	204,597	7,116,492,180	57,220,584,842
Structures	1,339,006,427,110	3,166,052,644	-	(65,597,599,612)	-	843,837,139	182,506,796,141	1,459,925,513,422
(Contributions to construction)	(110,241,211)	-	-	4,485,298	-	-	(15,092,317)	(120,848,230)
Machinery	324,013,864,414	5,338,650,456	(5,529,575)	(37,040,738,733)	-	2,095,112,835	43,327,052,989	337,728,412,386
(Contributions to construction)	(2,014,107,940)	-	-	381,409,796	-	-	(252,459,947)	(1,885,158,091)
(Government grants)	-	(13,728,882)	-	152,548	-	-	(1,055,267)	(14,631,601)
Vehicles	3,474,098,758	1,360,784,940	(6,820)	(891,576,105)	-	-	291,285,509	4,234,586,282
(Government grants)	(2,913,773)	-	-	410,967	-	-	(376,174)	(2,878,980)
Tools & fixtures	10,227,417,481	1,448,204,814	(2,467,460)	(2,766,602,934)	-	188,718,909	1,253,241,760	10,348,512,570
Construction-in-progress	50,632,711,553	52,808,392,033	-	-	-	(7,310,019,072)	10,450,865,455	106,581,949,969
Right-of-use assets	323,902,892,513	424,030,780	(6,373,223,830)	(21,247,617,555)	-	-	36,948,839,438	333,654,921,346
Others	9,358,766,958	1,567,676,152	-	(2,008,094,607)	-	69,753	1,566,046,045	10,484,464,301
Oil & gas properties	4,491,542,704,799	590,143,370,748	(30,252,407)	(580,247,294,691)	(45,893,835,496)	(19,758,574,899)	639,237,898,824	5,074,994,016,878
(Government grants)	(1,132,083,310)	-	-	125,505,228	-	-	(148,810,093)	(1,155,388,175)
	₩ 7,749,569,379,376	₩ 656,697,609,017	₩ (6,609,725,038)	₩ (711,667,086,591)	₩ (45,893,835,496)	₩ (23,940,650,738)	₩ 1,083,145,019,037	₩ 8,701,300,709,567

¹ Impairment loss presents the amount net of reversals.

² Construction-in-progress of ₩ 16,631 million was transferred to property, plant and equipment, and ₩ 23,941 million was transferred to intangible assets other than goodwill.

³ Property, plant, and equipment increased by ₩ 195,939 million due to the business combination with Harvest, and decreased by ₩12,629 million due to the change in the scope of consolidation following the disposal of a subsidiary.

⁴ Include the effect exchange rates and others

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15. Property, Plant and Equipment (cont'd)

Details of impairments recognized by segments for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	For the year ended December 31, 2025	For the year ended December 31, 2024
	Oil and Gas¹	Oil and Gas¹
General information		
Type of assets	Oil and gas properties	Oil and gas properties
Valuation method	Value in use	Value in use
Assumptions		
Discount rate after tax ²	7.49%~11.52%	7.62%~13.97%
Oil prices ³	International indices	International indices
Production quantities	Estimated production quantities based on reserve reports	Estimated production quantities based on reserve reports
Impairment loss	₩ 1,155,671,905,179	₩ 63,316,741,849
Reason for impairment	Decrease in value-in-use due to decline in forecasted oil price and changes in reserves	Decrease in value-in-use due to decrease in reserves and increase in discount rate

¹ The CGUs of the oil and gas segment are fields or areas.

² Weighted average costs of capital reflecting its own risk of a CGU and an individual asset.

³ The oil prices are based on the long-term forecasts from globally recognized research institutions.

No reversal of impairment loss was recognized in the development segment during the current year, and the details of reversal of impairment loss recognized by segments for the year ended December 31, 2024 are as follows:

<i>(in Korean won)</i>	For the year ended December 31, 2024	
	Oil and Gas¹	
General information		
Type of assets	Oil and gas properties	
Valuation method	Value in use	
Assumptions		
Discount rate after tax ²	9.82%~11%	
Oil prices ³	International indices	
Production quantities	Estimated production quantities based on reserve reports	
Reversal of impairment loss	₩	17,422,906,353
Reason for impairment	Increase in value-in-use due to increase in reserves and decrease in discount rate	

¹ The CGUs of the oil and gas segment are fields or areas.

² Weighted average costs of capital reflecting its own risk of a CGU and an individual asset.

³ The oil prices are based on the long-term forecasts from globally recognized research institutions.

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15. Property, Plant and Equipment (cont'd)

Revaluation of property, plant and equipment (land).

a) To determine the fair value of its land as of December 31, 2025, the Group engaged First Appraisal Co., Ltd., an independent professionally qualified valuer. The effective date of the revaluation is December 31, 2025. No revaluation was performed in the prior year as there were no significant changes in the fair value of the land.

b) As a result of the revaluation, a decrease of ₩ 81,180 million in accumulated revaluation surplus was recognized in other comprehensive income, and a revaluation loss of ₩ 179 million was recognized in profit or loss for the year ended December 31, 2025.

(c) Changes in accumulated other comprehensive income due to revaluation for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	For the year ended December 31, 2025		For the year ended December 31, 2024	
Beginning balance	₩	429,762,175,370	₩	429,838,181,103
Decrease in accumulated other comprehensive income		(81,180,253,884)		-
Income tax effect of accumulated other comprehensive income due to revaluation ¹		12,180,255,016		-
Transfer of accumulated other comprehensive income to retained earnings		(7,095,456)		(76,005,733)
Ending balance	₩	<u>360,755,081,046</u>	₩	<u>429,762,175,370</u>

¹ The amount includes the effect of changes in statutory tax rates arising from amendments to the Income Tax Act during the current year, totaling ₩ 7,465million.

(d) As of December 31, 2025 and 2024, the carrying amount of land measured based on the revaluation model and the cost model is as follows:

<i>(in Korean won)</i>	As of December 31, 2025		As of December 31, 2024	
	Revaluation model	Cost model	Revaluation model	Cost model
Land	₩ 1,195,927,935,071	₩ 596,339,731,562	₩ 1,309,306,652,648	₩ 610,986,300,212

(e) As of December 31, 2025, and 2024, the fair value of land is ₩ 1,195,928 million and ₩ 1,309,307 million, respectively, and is classified as Level 3 fair value hierarchy.

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15. Property, Plant and Equipment (cont'd)

(f) Description of valuation techniques used and key inputs to valuation of land:

<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Relationship between unobservable inputs and fair value measurements</u>
Land Price Comparison Method based on Officially Announced Land Price	Adjustment based on time (rate of change in land price)	If the rate of change in land price rises (falls), the fair value increases (decreases).
	Regional factors	If regional factors increase (decrease), fair value increases (decreases)
	Individual factors (conditions of a portion of land, etc.)	If adjustments such as conditions of a portion of land increase (decrease), fair values increase (decrease)
Determined on the basis of publicly announced price of the standard land for the land subject to measurement and the neighboring land, yet fair values are measured by adjusting based on the time, individual factors and others	Others (land price etc.)	If adjustments increase (decrease) by comparing publicly announced standard land price and other similar cases, fair values increase (decrease)

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16. Goodwill

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

<i>(in Korean won)</i>	<u>As of December 31, 2025</u>	<u>As of December 31, 2024</u>
Acquisition cost	₩ 1,757,271,881,207	₩ 1,743,601,502,370
Accumulated impairment loss	(1,665,423,640,678)	(1,496,963,928,069)
Book value	<u>₩ 91,848,240,529</u>	<u>₩ 246,637,574,301</u>

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

<i>(in Korean won)</i>	<u>For the year ended December 31, 2025</u>	<u>For the year ended December 31, 2024</u>
Beginning balance	₩ 246,637,574,301	₩ 230,028,776,879
Acquisitions ¹	-	135,530,721,595
Impairment loss ²	(159,586,943,505)	(141,619,406,636)
Other changes ³	4,797,609,733	22,697,482,463
Ending balance	<u>₩ 91,848,240,529</u>	<u>₩ 246,637,574,301</u>

¹ The amount of goodwill recognized in the business combination whereby Harvest Operation Corp., a subsidiary, acquired control over Deep Basin Partnership, which had been classified as a joint venture for the year ended December 31, 2024.

² The impairment loss recognized for the current year was entirely attributable to the goodwill of Dana Petroleum Ltd., while the impairment loss recognized in the prior year included impairment loss of goodwill acquired from business combination explained in above footnote 1.

³ Includes the effect of exchange rate changes.

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16. Goodwill (cont'd)

Changes in accumulated impairment loss for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	For the year ended December 31, 2025	For the year ended December 31, 2024
Beginning balance	₩ (1,496,963,928,069)	₩ (1,179,902,054,649)
Impairment loss	(159,586,943,505)	(141,619,406,636)
Other changes ¹	(8,872,769,104)	(175,442,466,784)
Ending balance	<u>₩ (1,665,423,640,678)</u>	<u>₩ (1,496,963,928,069)</u>

¹ Include the effect of exchange rate changes.

The Group recognized goodwill for the acquisition of Dana Petroleum Limited, Altius Holdings Inc., KADOC Ltd., and Deep Basin Partnership and allocated the goodwill to each of the Group's cash-generating unit that is expected to benefit from the synergies of the acquisition.

The carrying amounts of goodwill allocated to the Group's CGUs and groups of CGUs as of December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	As of December 31, 2025	As of December 31, 2024
Dana Petroleum Limited ¹	₩ -	₩ 156,832,833,704
Altius Holdings Inc. (a subsidiary of KNOC Kaz B.V.) ²	26,916,257,623	23,284,415,213
KADOC Ltd. ³	64,931,982,906	66,520,325,384
	<u>₩ 91,848,240,529</u>	<u>₩ 246,637,574,301</u>

¹ Dana Petroleum Limited's recoverable amount is estimated based on the value-in-use. The value-in-use is estimated from the cash inflows, which are discounted at 7.49%, 7.70% and 11.52% derived from the oil production in the long-term production plan indicated in the reserve reports and the long-term oil price forecasts by the research institutions. During the current year, impairment loss were recognized on goodwill up to its full carrying amount, based on the recoverable amounts calculated using value-in-use for each cash-generating unit.

² Altius Holding Inc.'s recoverable amount is estimated based on the value-in-use. The value-in-use is estimated from the cash inflows, which are discounted at 9.05%, derived from the oil production in the long-term production plan indicated in the reserve reports and the long-term oil price forecasts by the research institutions. There is no impairment loss on goodwill recognized based on the value-in-use estimated for each CGU for the year ended December 31, 2025.

³ KADOC Ltd.'s recoverable amount is estimated based on the value-in-use. The value-in-use is estimated from the cash inflows, which are discounted at 7.51%, derived from the oil production in the long-term production plan indicated in the reserve reports and the long-term oil price forecasts by the research institutions. There is no impairment loss on goodwill recognized based on the value-in-use estimated for each CGU for the year ended December 31, 2025.

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17. Intangible Assets Other Than Goodwill

Details of intangible assets other than goodwill as of December 31, 2025 and 2024 are as follows:

(in Korean won)

		As of December 31, 2025				
	Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment loss	Book value	
Exploration and evaluation assets	₩ 4,774,141,138,326	₩ -	₩ -	₩ (3,784,685,020,444)	₩ 989,456,117,882	
Software	59,036,161,441	-	(52,137,428,128)	-	6,898,733,313	
Mining rights	2,904,642,630,141	-	(1,824,286,098,054)	(202,227,511,700)	878,129,020,387	
Copyright, patents and other industrial property rights	25,766,628	(4,353,099)	(4,361,335)	-	17,052,194	
Development cost	67,215,157,661	-	(61,256,991,828)	-	5,958,165,833	
Land use right	5,319,045,302	-	(153,719,574)	-	5,165,325,728	
Others	114,232,260,361	-	(1,709,606,540)	(110,305,280,596)	2,217,373,225	
	<u>₩ 7,924,612,159,860</u>	<u>₩ (4,353,099)</u>	<u>₩ (1,939,548,205,459)</u>	<u>₩ (4,097,217,812,740)</u>	<u>₩ 1,887,841,788,562</u>	

(in Korean won)

		As of December 31, 2024				
	Acquisition cost	Government grants	Accumulated amortization	Accumulated impairment loss	Book value	
Exploration and evaluation assets	₩ 4,728,610,952,342	₩ -	₩ -	₩ (3,713,764,060,098)	₩ 1,014,846,892,244	
Software	56,374,997,448	(944,843)	(49,828,010,482)	-	6,546,042,123	
Mining rights	2,924,398,844,165	-	(1,793,680,974,404)	(209,069,029,659)	921,648,840,102	
Copyright, patents and other industrial property rights	26,396,922	(4,733,341)	(3,310,748)	-	18,352,833	
Development cost	66,343,829,084	-	(60,129,950,425)	-	6,213,878,659	
Land use right	5,468,481,409	-	(149,780,035)	-	5,318,701,374	
Others	117,106,569,554	-	(1,600,325,525)	(113,126,542,540)	2,379,701,489	
	<u>₩ 7,898,330,070,924</u>	<u>₩ (5,678,184)</u>	<u>₩ (1,905,392,351,619)</u>	<u>₩ (4,035,959,632,297)</u>	<u>₩ 1,956,972,408,824</u>	

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17. Intangible Assets Other Than Goodwill (cont'd)

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

		For the year ended December 31, 2025							
		Beginning balance	Acquisition / Capital expenditures	Disposal ¹	Amortization	Impairment loss (reversal) ²	Transfers ³	Others ⁴	Ending balance
Exploration and evaluation assets	W	1,014,846,892,244	W 367,557,032,205	W (131,122,707,874)	W -	W (189,959,399,672)	W (50,527,052,201)	W (21,338,646,820)	W 989,456,117,882
Software		6,546,042,123	4,364,687,775	(4,549,568)	(3,902,684,514)	-	39,376,621	(144,139,124)	6,898,733,313
Mining rights		921,648,840,102	23,876,704,993	-	(67,416,238,541)	-	21,860,599,443	(21,840,885,610)	878,129,020,387
Copyright, patents and other industrial property rights		18,352,833	-	-	(854,797)	-	-	(445,842)	17,052,194
Development cost		6,213,878,659	422,112,137	-	(2,537,182,723)	-	2,008,678,518	(149,320,758)	5,958,165,833
Land use right		5,318,701,374	-	-	(261,927,618)	-	-	108,551,972	5,165,325,728
Others		2,379,701,489	96,537,225	(104,811,143)	(116,690,754)	-	-	(37,363,592)	2,217,373,225
	W	1,956,972,408,824	W 396,317,074,335	W (131,232,068,585)	W (74,235,578,947)	W (189,959,399,672)	W (26,618,397,619)	W (43,402,249,774)	W 1,887,841,788,562

¹ The gas hydrate exploration project was terminated as it did not reach commercial production following the closure of the development program and related agreements. Accordingly, the associated acquisition costs were fully written off.

² Impairment loss recognized during the current year include ₩ 116,218 million for the domestic continental shelf, where no commercially viable hydrocarbons were discovered, and ₩ 73,741 million related to the suspension of exploration activities by Dana Petroleum Ltd.

³ Mining rights were reclassified to oil and gas producing assets during the current year, and the remaining items were reclassified from construction-in-progress.

⁴ Others include the effect of changes in exchange rates and others.

		For the year ended December 31, 2024							
		Beginning balance	Acquisition / Capital expenditures	Disposal	Amortization	Impairment loss (reversal) ¹	Replacement ²	Others ³	Ending balance
Exploration and evaluation assets	W	729,081,497,803	W 183,602,521,497	W -	W -	W (5,998,281,263)	W 5,650,778,156	W 102,510,376,051	W 1,014,846,892,244
Software		7,145,144,933	1,901,971,658	(4,092)	(3,390,121,001)	-	6,662,292	882,388,333	6,546,042,123
Mining rights		854,063,234,076	-	-	(64,327,728,686)	-	16,838,892,004	115,074,442,708	921,648,840,102
Copyright, patents and other industrial property rights		5,514,102	9,115,478	-	(2,122,748)	-	4,201,364	1,644,637	18,352,833
Development cost		5,900,855,871	509,396,540	-	(2,425,959,374)	-	1,440,116,922	789,468,700	6,213,878,659
Land use right		145,377,052	5,060,219,545	-	(48,619,887)	-	-	161,724,664	5,318,701,374
Others		2,021,770,823	273,722,558	(44,049,038)	(85,308,981)	-	-	213,566,127	2,379,701,489
	W	1,598,363,394,660	W 191,356,947,276	W (44,053,130)	W (70,279,860,677)	W (5,998,281,263)	W 23,940,650,738	W 219,633,611,220	W 1,956,972,408,824

¹ Impairment loss is the amount net of reversals. The amount is the sum of impairment loss related to suspension of exploration activities by Dana Petroleum Limited amounting to ₩ 5,998 million.

² Computer software and development costs were transferred from construction in progress.

³ Others include the effect of changes in exchange rates and others.

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18. Trade and Other Payables

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

(in Korean won)	As of December 31, 2025		As of December 31, 2024	
	Current	Non-current	Current	Non-current
Trade account payables	₩ 77,150,159,133	₩ -	₩ 80,533,115,408	₩ -
Other account payables	506,989,079,652	-	442,598,240,463	-
Accrued expenses ¹	193,577,186,487	1,335,422,056	193,034,408,618	53,735,363,606
Deposit received	-	4,907,446,361	-	4,903,499,095
Other deposits received	-	16,993,879	-	17,409,578
Lease liabilities	19,051,764,936	272,272,884,359	19,691,676,677	274,176,440,803
Other payables	39,982,190,145	-	33,834,690,855	44
	<u>₩ 836,750,380,353</u>	<u>₩ 278,532,746,655</u>	<u>₩ 769,692,132,021</u>	<u>₩ 332,832,713,126</u>

¹ It includes changes in special charges relating to success repayable loans prescribed in the *Act on the Special Accounts for Energy and Resources-Related Projects* ("SAER") or due to changes in circumstances such as the sale of shares and others.

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

(in Korean won)	As of December 31, 2025		As of December 31, 2024	
	Current	Non-current	Current	Non-current
Advances from value added tax	₩ 9,463,236,987	₩ -	₩ 10,463,610,734	₩ -
Liabilities from overseas oil fields	28,044,597,924	-	21,183,707,376	-
Other than payables	2,474,355,234	-	2,187,372,745	44
	<u>₩ 39,982,190,145</u>	<u>₩ -</u>	<u>₩ 33,834,690,855</u>	<u>₩ 44</u>

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19. Borrowings and Bond Payables

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

<i>(in Korean won)</i>	<u>As of December 31, 2025</u>		<u>As of December 31, 2024</u>	
Current Liabilities				
Short-term borrowings	₩	482,373,220,234	₩	633,900,000,035
Current portion of long-term borrowings		348,829,000,014		47,499,999,985
Current portion of bond payables		4,161,210,000,000		2,953,637,800,006
Less: current portion of discount on bond payables		(3,414,578,970)		(1,404,564,405)
		<u>4,988,997,641,278</u>		<u>3,633,633,235,621</u>
Non-current Liabilities				
Long-term borrowings		244,304,306,017		799,747,266,891
Less: discount on long-term borrowings		(85,209,657)		(287,711,384)
Bond payables		11,778,802,500,024		12,711,826,000,012
Less: discount on bond payables		(34,134,908,519)		(44,281,893,581)
Add: premium on bond payables		395,701,742		662,759,334
		<u>11,989,282,389,607</u>		<u>13,467,666,421,272</u>
	₩	<u>16,978,280,030,885</u>	₩	<u>17,101,299,656,893</u>

Details of payment schedule as of December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	<u>As of December 31, 2025</u>		<u>As of December 31, 2024</u>	
	<u>Borrowings</u>	<u>Bond payables</u>	<u>Borrowings</u>	<u>Bond payables</u>
Within a year	₩ 831,202,220,248	₩ 4,161,210,000,000	₩ 681,400,000,020	₩ 2,953,637,800,006
1~5 years	11,874,999,947	10,684,372,500,018	559,175,000,481	10,791,675,999,712
More than 5 years	232,429,306,070	1,094,430,000,006	240,572,266,410	1,920,150,000,300
	<u>₩ 1,075,506,526,265</u>	<u>₩ 15,940,012,500,024</u>	<u>₩ 1,481,147,266,911</u>	<u>₩ 15,665,463,800,018</u>

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19. Borrowings and Bond Payables (cont'd)

Details of short-term borrowings as of December 31, 2025 and 2024 are as follows:

(in Korean won)

Type	Financial Institutions	Interest rate (%)	Maturity	As of December 31, 2025
Short-term borrowings	Nonghyup Bank	4.04	May 8, 2026	₩ 143,490,000,000
	Nonghyup Bank	4.04	May 28, 2026	43,047,000,000
	KEB Hana Bank	3.79	Jan 29, 2026	5,300,000,000
	KEB Hana Bank	3.79	Jan 30, 2026	18,700,000,000
	Short-term bonds	3.16	Jan 14, 2026	99,999,999,998
	Short-term bonds	3.01	Jan 14, 2026	99,999,999,998
	The Export-Import Bank of Korea	SOFR + 0.68	Jan 12, 2026	71,836,220,238
				<u>₩ 482,373,220,234</u>

(in Korean won)

Type	Financial Institutions	Interest rate (%)	Maturity	As of December 31, 2024
Short-term borrowings	ING	4.60	Mar 21, 2025	₩ 249,900,000,035
	ING	4.60	Mar 21, 2025	147,000,000,000
	Nonghyup Bank	4.66	Jan 22, 2025	147,000,000,000
	iM Bank	4.58	Jan 13, 2025	1,000,000,000
	iM Bank	4.58	Jan 18, 2025	5,000,000,000
	iM Bank	4.59	Jan 24, 2025	3,000,000,000
	iM Bank	4.57	Jan 27, 2025	2,000,000,000
	iM Bank	4.37	Jan 16, 2025	27,000,000,000
	iM Bank	4.37	Jan 17, 2025	12,000,000,000
	KEB Hana Bank	4.70	Ma. 26, 2025	4,000,000,000
	KEB Hana Bank	4.70	Mar. 27, 2025	11,000,000,000
	KEB Hana Bank	4.70	Mar. 30, 2025	24,000,000,000
	KEB Hana Bank	4.70	Mar. 27, 2025	1,000,000,000

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19. Borrowings and Bond Payables (cont'd)

Details of long-term borrowings as of December 31, 2025 and 2024 are as follows:

(in Korean won and foreign currencies)

Type	Financial institution	Interest rate (%)	Maturity	As of December 31, 2025		As of December 31, 2024	
				Amount	Korean won equivalent	Amount	Korean won equivalent
	The Export-Import Bank of Korea	3M SOFR +1.03	Jul 24, 2026	USD 210,000,000	₩ 301,329,000,000	USD 250,000,000	₩ 367,500,000,000
Long-term borrowings	Korea Development Bank		Jan 20, 2026-Jan 20, 2027 (Repayment in equal installments of principal 4 times in a year)	USD 41,379,190	59,374,999,961	USD 72,704,081	106,875,000,000
	Korea Energy Agency	Treasury 3Y -1.25	- 1.2	USD 3,355,140	4,814,290,142	USD 95,026,813	139,689,415,433
	Korea Energy Agency	Treasury 3Y -2.25	- 1	USD 68,627,789	98,474,015,928	USD 68,627,791	100,882,851,385
	The Export-Import Bank of Korea	4.88	Nov 18, 2027	USD 90,000,000	129,141,000,000	USD 90,000,000	132,300,000,058
				USD 413,362,119	593,133,306,031	USD 576,358,685	847,247,266,876
	Less: discount on long-term borrowings			USD (59,384)	(85,209,657)	USD (195,722)	(287,711,384)
				USD 413,302,735	593,048,096,374	USD 576,162,963	846,959,555,492
	Less: current portion			USD (243,103,351)	(348,829,000,014)	USD (32,312,925)	(47,499,999,985)
				USD 170,199,384	₩ 244,219,096,360	USD 543,850,038	₩ 799,459,555,507

¹ As the repayment is contingent on success in exploration, there is no maturity specified for the loan. If the exploration is successful, it must be repaid from the start date of commercial production according to the agreement, and if the exploration project fails to reach commercial production and ends, the repayment obligation will be exempted.

² The gas hydrate exploration project did not reach commercial production and was terminated following the closure of the development program and related termination agreements among the sponsoring institutions. Pursuant to the Act on Special Accounts for Energy and Resources Projects, the related balances were reduced, and a gain on extinguishment of liabilities amounting to ₩ 185,023 million was recognized.

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19. Borrowings and Bond Payables (cont'd)

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

<i>(in Korean won and foreign currencies)</i>			As of December 31, 2025		As of December 31, 2024	
Type	Interest rate (%)	Maturity	Amount	Equivalent to Korean won	Amount	Equivalent to Korean won
	SOFRA+1.08	Nov 14, 2026	USD 500,000,000	₩ 717,450,000,000	USD 500,000,000	₩ 735,000,000,000
Floating interest rate bond payables	SOFRA+0.83	Apr 3, 2027	USD 300,000,000	430,470,000,000	USD 300,000,000	441,000,000,000
	SOFRA+0.90	Sep 30, 2027	USD 300,000,000	430,470,000,000	USD 300,000,000	441,000,000,000
	SOFRA+0.77	Mar 31, 2028	USD 400,000,000	573,960,000,000	-	-
	SOFRA+0.67	Sep 29, 2028	USD 500,000,000	717,450,000,000	-	-
	-	Jun 24, 2025	-	-	EUR 60,000,000	91,723,800,004
	3.10	Jan 21, 2027	USD 50,000,000	71,745,000,000	USD 50,000,000	73,500,000,000
	3.10	Jan 21, 2027	USD 70,000,000	100,443,000,000	USD 70,000,000	102,900,000,000
	3.21	Mar 19, 2030	USD 85,000,000	121,966,500,000	USD 85,000,000	124,950,000,000
	-	Mar 19, 2025	-	-	USD 90,000,000	132,300,000,000
	-	Apr 29, 2025	-	-	USD 65,000,000	95,550,000,000
	3.02	Apr 29, 2030	USD 60,000,000	86,094,000,000	USD 60,000,000	88,200,000,000
	-	Oct 01, 2025	-	-	USD 600,000,000	882,000,000,000
	3.22	Nov 10, 2030	USD 100,000,000	143,490,000,000	USD 100,000,000	147,000,000,000
	2.63	Apr 14, 2026	USD 500,000,000	717,450,000,000	USD 500,000,000	735,000,000,000
	2.50	Oct 24, 2026	USD 650,000,000	932,685,000,000	USD 650,000,000	955,500,000,000
	3.38	Mar 27, 2027	USD 500,000,000	717,450,000,000	USD 500,000,000	735,000,000,000
	-	Mar 26, 2025	-	-	HKD 160,000,000	30,287,999,996
	-	Apr 21, 2025	-	-	CHF 200,000,000	325,276,000,006
	0.26	Jul 30, 2027	CHF 100,000,000	181,197,000,006	CHF 100,000,000	162,638,000,003
	0.26	Jul 30, 2027	CHF 100,000,000	181,197,000,006	CHF 100,000,000	162,638,000,003
	-	Oct 05, 2025	-	-	USD 400,000,000	588,000,000,000
Fixed interest rate bond payables	1.63	Oct 05, 2030	USD 300,000,000	430,470,000,000	USD 300,000,000	441,000,000,000
	1.95	Feb 17, 2031	KRW 90,000,000,000	90,000,000,000	KRW 90,000,000,000	90,000,000,000
	1.25	Apr 07, 2026	USD 400,000,000	573,960,000,000	USD 400,000,000	588,000,000,000
	2.38	Apr 07, 2031	USD 300,000,000	430,470,000,000	USD 300,000,000	441,000,000,000
	2.13	Apr 18, 2027	USD 550,000,000	789,195,000,000	USD 550,000,000	808,500,000,000
	-	Apr 18, 2025	-	-	USD 550,000,000	808,500,000,000
	2.63	Apr 18, 2032	USD 400,000,000	573,960,000,000	USD 400,000,000	588,000,000,000
	4.75	Apr 03, 2026	USD 550,000,000	789,195,000,000	USD 550,000,000	808,500,000,000
	4.88	Apr 03, 2028	USD 450,000,000	645,705,000,000	USD 450,000,000	661,500,000,000
	5.25	Nov 14, 2026	USD 300,000,000	430,470,000,000	USD 300,000,000	441,000,000,000
	4.88	Apr 03, 2027	USD 500,000,000	717,450,000,000	USD 500,000,000	735,000,000,000
	4.88	Apr 03, 2029	USD 600,000,000	860,940,000,000	USD 600,000,000	882,000,000,000
	4.13	Sep 30, 2027	USD 400,000,000	573,960,000,000	USD 400,000,000	588,000,000,000
	4.25	Sep 30, 2029	USD 500,000,000	717,450,000,000	USD 500,000,000	735,000,000,000
	4.63	Mar 31, 2028	USD 300,000,000	430,470,000,000	-	-
	4.75	Mar 31, 2030	USD 300,000,000	430,470,000,000	-	-
	3.31	Jun 18, 2028	HKD 1,000,000,000	184,410,000,012	-	-
	4.00	Sep 29, 2028	USD 500,000,000	717,450,000,000	-	-
	4.13	Sep 29, 2030	USD 300,000,000	430,470,000,000	-	-
				15,940,012,500,024		15,665,463,800,018
Less: discount on bond payables				(37,549,487,489)		(45,686,457,986)
Add: premium on bond payables				395,701,742		662,759,334
				15,902,858,714,277		15,620,440,101,366
Less: current portion				(4,161,210,000,000)		(2,953,637,800,006)
Add: current portion of discount of bond payables				3,414,578,970		1,404,564,405
				₩ 11,745,063,293,247		₩ 12,668,206,865,765

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20. Leases

(a) The Group as a lessee

For the years ended December 31, 2025 and 2024, the Group recognized lease expenses of ₩ 1,428 million and ₩ 198 million, respectively, for short-term leases with a lease term of 12 months or less, and ₩ 2,535 million and ₩ 88 million, respectively, for leases of low-value assets, defined as those with an underlying asset value of less than US\$ 5,000.

Details of right-of-use assets as of December 31, 2025 and 2024 are as follows:

(in Korean won)

		As of December 31, 2025		
		Acquisition cost	Accumulated depreciation	Book value
Land	₩	9,536,442,256	₩ (5,259,034,435)	₩ 4,277,407,821
Buildings ¹		341,204,698,568	(103,255,958,080)	237,948,740,488
Vessels		11,875,800,577	(7,670,589,082)	4,205,211,495
Vehicles		14,721,143,998	(11,947,369,707)	2,773,774,291
Others		237,097,689,583	(172,683,182,778)	64,414,506,805
	₩	614,435,774,982	₩ (300,816,134,082)	₩ 313,619,640,900

¹ The Group Holds a right of pre-emption, exercisable from 2026, in relation to the lease contract with a carrying amount of ₩ 229,397 million.

(in Korean won)

		As of December 31, 2024		
		Acquisition cost	Accumulated depreciation	Book value
Land	₩	9,968,449,745	₩ (4,682,520,713)	₩ 5,285,929,032
Buildings ¹		346,554,887,853	(93,528,079,901)	253,026,807,952
Vessels		13,079,697,924	(9,150,424,175)	3,929,273,749
Vehicles		13,315,605,597	(11,218,129,570)	2,097,476,027
Others		237,041,224,216	(167,725,789,630)	69,315,434,586
	₩	619,959,865,335	₩ (286,304,943,989)	₩ 333,654,921,346

¹ The Group Holds a right of pre-emption, exercisable from 2026, in relation to the lease contract with a carrying amount of ₩ 242,569 million

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20. Leases (cont'd)

Changes in right-of-use assets for the years ended December 31, 2025 and 2024 are as follows:

(in Korean won)

	For the year ended December 31, 2025					
	Beginning balance	Increase	Depreciation	Decrease ¹	Others ²	Ending balance
Land	₩ 5,285,929,032	₩ -	₩ (954,781,797)	₩ -	₩ (53,739,414)	₩ 4,277,407,821
Buildings	253,026,807,952	1,082,170,205	(10,877,576,239)	(8,221,854)	(5,274,439,576)	237,948,740,488
Vessels	3,929,273,749	-	(1,449,350,269)	(856,896,083)	2,582,184,098	4,205,211,495
Vehicles	2,097,476,027	108,008,791	(976,617,141)	-	1,544,906,614	2,773,774,291
Others	69,315,434,586	-	(4,290,031,341)	-	(610,896,440)	64,414,506,805
	₩ 333,654,921,346	₩ 1,190,178,996	₩ (18,548,356,787)	₩ (865,117,937)	₩ (1,811,984,718)	₩ 313,619,640,900

¹ The extension of the Block 15-1 in Vietnam mining rights led to a change in the operating arrangement, resulting in a decrease of ₩ 865 million in the related right-of-use assets.

² Others include the effect of lease modification, changes in exchange rates and others.

(in Korean won)

	For the year ended December 31, 2024					
	Beginning balance	Increase	Depreciation	Decrease ¹	Others ²	Ending balance
Land	₩ 5,725,102,289	₩ -	₩ (921,242,595)	₩ -	₩ 482,069,338	₩ 5,285,929,032
Buildings	233,329,944,740	225,951,839	(10,593,002,350)	(868,473,383)	30,932,387,106	253,026,807,952
Vessels	12,277,063,864	-	(3,964,655,760)	(5,504,750,447)	1,121,616,092	3,929,273,749
Vehicles	2,983,358,340	154,432,216	(1,059,940,879)	-	19,626,350	2,097,476,027
Others	69,587,423,280	43,646,725	(4,708,775,971)	-	4,393,140,552	69,315,434,586
	₩ 323,902,892,513	₩ 424,030,780	₩ (21,247,617,555)	₩ (6,373,223,830)	₩ 36,948,839,438	₩ 333,654,921,346

¹ The right-of-use asset recognized in relation to Block 11-2 in Vietnam was derecognized due to the sale of the asset for the year ended December 31, 2024.

² Others include the effect of lease modification, changes in exchange rates and others.

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20. Leases (cont'd)

Details of maturity analysis for lease liabilities as of December 31, 2025 and 2024 are as follows:

(in Korean won)

	As of December 31, 2025		As of December 31, 2024	
	Contractual undiscounted cash flows	Present value of contractual cash flows	Contractual undiscounted cash flows	Present value of contractual cash flows
Lease of main office building				
Within 1 year	₩ 8,868,079,992	₩ 8,660,388,184	₩ 8,868,079,996	₩ 8,657,498,688
1-5 years	43,012,783,909	37,672,747,455	41,088,879,533	35,880,950,333
More than 5 years	401,137,523,000	180,836,251,473	411,929,507,365	180,855,667,902
	<u>453,018,386,901</u>	<u>227,169,387,112</u>	<u>461,886,466,894</u>	<u>225,394,116,923</u>
Lease excluding main office building				
Within 1 year	10,810,344,946	10,391,376,752	11,648,992,186	11,034,177,989
1-5 years	24,711,844,339	23,129,381,819	26,274,963,662	23,560,360,320
More than 5 years	41,954,391,183	30,634,503,612	45,038,026,198	33,879,462,248
	<u>77,476,580,468</u>	<u>64,155,262,183</u>	<u>82,961,982,046</u>	<u>68,474,000,557</u>
Total				
Within 1 year	19,678,424,938	19,051,764,936	20,517,072,182	19,691,676,677
1-5 years	67,724,628,248	60,802,129,274	67,363,843,195	59,441,310,653
More than 5 years	443,091,914,183	211,470,755,085	456,967,533,563	214,735,130,150
	<u>₩ 530,494,967,369</u>	<u>₩ 291,324,649,295</u>	<u>₩ 544,848,448,940</u>	<u>₩ 293,868,117,480</u>

The liquidity classification of lease liabilities as of December 31, 2025 and 2024 is as follows:

(in Korean won)

	As of December 31, 2025		As of December 31, 2024	
Current	₩	19,051,764,936	₩	19,691,676,677
Non-current		272,272,884,359		274,176,440,803
	<u>₩</u>	<u>291,324,649,295</u>	<u>₩</u>	<u>293,868,117,480</u>

Changes in lease liabilities in relation to lease contracts for the years ended December 31, 2025 and 2024 are as follows:

(in Korean won)

	For the year ended December 31, 2025					
	Beginning balance	Increase	Interest expense	Decrease	Others ¹	Ending balance
Lease liabilities	₩ 293,868,117,480	₩ 1,075,300,592	₩ 11,978,200,278	₩ (20,397,943,467)	₩ 4,800,974,412	₩ 291,324,649,295

¹ Others include the effect of lease modification, derecognition of lease liabilities resulting from the extension of the Block 15-1 in Vietnam, and changes in exchange rates and others.

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20. Leases (cont'd)

<i>(in Korean won)</i>	For the year ended December 31, 2024					Ending balance
	Beginning balance	Increase	Interest expense	Decrease	Others ¹	
Lease liabilities	₩ 327,969,993,371	₩ 424,031,061	₩ 12,750,316,534	₩ (26,387,120,811)	₩ (20,889,102,675)	₩ 293,868,117,480

¹ Others include the effect of lease modification, derecognition of lease liabilities resulting from the sale of the Block 11-2 in Vietnam, and changes in exchange rates and others.

The amounts recognized in profit or loss relating to leases for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	For the year ended December 31, 2025	For the year ended December 31, 2024
Depreciation of right-of-use assets		
Land	₩ (954,781,797)	₩ (921,242,595)
Buildings	(10,877,576,239)	(10,593,002,350)
Vessels	(1,449,350,269)	(3,964,655,760)
Vehicles	(976,617,141)	(1,059,940,879)
Others	(4,290,031,341)	(4,708,775,971)
	<u>₩ (18,548,356,787)</u>	<u>₩ (21,247,617,555)</u>
Interest expense relating to lease liabilities, included in finance cost	₩ (11,978,200,278)	₩ (12,750,316,534)
Expense for the short-term leases	(1,428,361,331)	(197,733,030)
Expense for leases of low value underlying assets	(2,535,372,081)	(87,896,167)
Deferred gain from sale and leaseback	1,167,173,287	1,119,377,453
Interest income from the amortization of lease deposit discount	268,930,424	2,410,940,577
Gain on lease modifications	113,633,956	-
	<u>₩ (32,940,552,810)</u>	<u>₩ (30,753,245,256)</u>

(b) The Group as a lessor

The Group has entered into operating leases on its certain property, plant and equipment. The lease terms are between 1 and 40 years.

The amounts recognized in profit from operating leases for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	For the year ended December 31, 2025	For the year ended December 31, 2024
Lease income	₩ 63,555,816,129	₩ 79,883,492,387
Related to variable lease payment that does not depend on an index or a rate	43,316,271,106	23,029,441,048
	<u>₩ 106,872,087,235</u>	<u>₩ 102,912,933,435</u>

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20. Leases (cont'd)

1) Operating Lease Contracts

The maturity analysis of undiscounted operating lease payments expected to be received as of December 31, 2025 and 2024 is as follows:

<i>(in Korean won)</i>	As of December 31, 2025	As of December 31, 2024
Within 1 year	₩ 66,246,524,799	₩ 78,684,869,340
1~5 years	48,168,617,928	59,074,146,180
More than 5 years	52,888,827,768	41,766,685,170
	₩ 167,303,970,495	₩ 179,525,700,690

2) Finance Lease Contracts

There were no finance lease receivables outstanding as of December 31, 2025 and 2024.

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21. Employee Benefits

Defined contribution pension plan

The Group operates both defined contribution and defined benefit pension plans based on the choice of directors and employees. Contributions to the DC plan are separately managed by the plan's administrator. When employees terminate their employment before the benefits have vested, the Group's obligation to make contribution to the plan decreases on a pro rata basis.

Details of expenses relating to defined contribution plans for the years ended December 31, 2025 and 2024 are as follows

<i>(in Korean won)</i>	For the year ended December 31, 2025¹	For the year ended December 31, 2024¹
Cost of sales	₩ 1,114,284,510	₩ 1,668,690,431
Selling and administrative expenses ²	2,551,769,951	1,852,499,790
	₩ 3,666,054,461	₩ 3,521,190,221

¹Of the amounts recognized in profit or loss for the defined contribution retirement benefit plan, ₩ 69 million for the year ended December 31, 2025, and ₩ 79 million for the year ended December 31, 2024, have been excluded, as these amounts were capitalized as construction overheads under property, plant and equipment.

²The total expenses of ₩ 3,666 million and ₩ 3,521 million for the years ended December 31, 2025 and 2024, respectively, are contributions paid by the Group based on the payment rate as defined in retirement benefits plan. There are no unpaid amounts as of December 31, 2025.

Defined benefit pension plan

The latest actuarial calculation on both plan assets and defined benefit obligation was performed as of December 31, 2025. The Group uses the projected unit credit method to determine the present value of its defined benefit obligations, the related current service costs and past service cost.

The components of defined benefits liabilities as of December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	As of December 31, 2025	As of December 31, 2024
Present value of defined benefit obligation from funded plans	₩ 102,336,174,868	₩ 93,944,915,566
Fair value of plan assets	(113,024,741,912)	(113,591,596,969)
	₩ (10,688,567,044)	₩ (19,646,681,403)

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21. Employee Benefits (cont'd)

Changes in the present value of defined benefit obligations for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	For the year ended December 31, 2025		For the year ended December 31, 2024	
Beginning balance	₩	93,944,915,566	₩	112,366,092,088
Current service cost		7,776,590,869		9,014,846,395
Interest cost		4,008,464,659		5,588,992,228
Remeasurement components		9,483,516,359		(13,199,720,158)
Actual payments		(12,877,312,585)		(19,825,294,987)
Ending balance	₩	<u>102,336,174,868</u>	₩	<u>93,944,915,566</u>

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

<i>(in Korean won)</i>	For the year ended December 31, 2025		For the year ended December 31, 2024	
Beginning balance	₩	113,591,596,969	₩	119,084,891,999
Expected return on plan assets		1,996,930,652		5,654,418,554
Remeasurement components		1,406,257,883		(1,856,432,483)
Benefit paid by the plan		(12,877,312,592)		(20,036,281,101)
Contributions paid into the plan		8,907,269,000		10,745,000,000
Ending balance	₩	<u>113,024,741,912</u>	₩	<u>113,591,596,969</u>

Details of the fair value of plan assets as of December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	Expected rate of return²		Fair value of plan assets			
	As of December 31, 2025	As of December 31, 2024	As of December 31, 2025	As of December 31, 2024		
Others ¹	4.33%	5.05%	₩	113,024,741,912	₩	113,591,596,969

¹ Others are comprised of 28% of deposit and 72% of local and overseas securities, and debt securities as of December 31, 2025.

² The expected rate of return is calculated based on the weighted average of expected rate of returns for each type of assets. The management evaluates the expected rate of returns based on the historical rate of return trends and the analysis of the predicted market during the period when the defined benefits liabilities exist.

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21. Employee Benefits (cont'd)

Principal actuarial assumptions as of December 31, 2025 and 2024 are as follows:

<i>(in percentage, %)</i>	As of December 31, 2025	As of December 31, 2024
Discount rate	4.84	4.54
Expected rate of return on plan assets	4.33	5.05
Future salary growth	6.66	4.65

Details of expenses relating to defined benefit plans for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	For the year ended December 31, 2025	For the year ended December 31, 2024
Current service cost	₩ 7,776,590,869	₩ 9,014,846,395
Interest cost	4,008,464,659	5,588,992,228
Expected return on plan assets	(1,996,930,652)	(5,654,418,554)
Transfer to other account	(219,112,884)	(219,236,613)
	₩ 9,569,011,992	₩ 8,730,183,456

Expenses described above are recognized as the following items in the financial statements.

<i>(in Korean won)</i>	For the year ended December 31, 2025	For the year ended December 31, 2024
Cost of sales	₩ 2,598,513,273	₩ 3,296,512,871
Selling and administrative expenses	6,970,498,719	5,433,670,585
Others ¹	219,112,884	219,236,613
	₩ 9,788,124,876	₩ 8,949,420,069

¹ The amount is attributed to reclassification and it was reflected in the consolidated statement of financial position as construction in progress.

Remeasurement components recognized in other comprehensive income for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	For the year ended December 31, 2025	For the year ended December 31, 2024
Defined benefit obligations	₩ (9,483,516,359)	₩ 13,199,720,158
Return on plan assets	1,406,257,883	(1,856,432,483)
Income tax effect	888,498,437	(1,122,986,558)
	₩ (7,188,760,039)	₩ 10,220,301,117

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21. Employee Benefits (cont'd)

A sensitivity analysis for changes in key assumptions as of December 31, 2025 is as follows:

<i>(in Korean won)</i>	1% decrease	1% increase
Future salary increases rate	₩ (5,073,334,847)	₩ 5,561,585,319
Discount rate	5,554,804,910	(4,976,837,292)

The sensitivity analysis is based on a change in key assumptions, keeping all other assumptions constant. The sensitivity of the defined benefit obligation to changes in key actuarial assumptions was calculated by using the same projected unit credit method used to calculate the defined benefit obligation recognized in the consolidated statement of financial position. The methods and assumptions used for the sensitivity analysis are the same as those of 2024.

The estimated cost to be recognized in profit or loss for the next year in relation to the defined benefit plan is ₩ 6,727 million.

The weighted-average duration of the defined benefit obligation is 5.9699 years.

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22. Provisions

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

(in Korean won)	As of December 31, 2025			As of December 31, 2024		
	Current	Non-current	Total	Current	Non-current	Total
Decommissioning cost ¹	₩ 238,320,079,042	₩ 2,590,551,555,070	₩ 2,828,871,634,112	₩ 317,439,955,619	₩ 2,042,364,874,244	₩ 2,359,804,829,863
Provision for employee benefits	9,313,970,797	-	9,313,970,797	9,632,997,539	-	9,632,997,539
Provision for litigations ²	-	-	-	-	1,078,546,982	1,078,546,982
Others	237,752,326	-	237,752,326	6,405,910,993	-	6,405,910,993
	<u>₩ 247,871,802,165</u>	<u>₩ 2,590,551,555,070</u>	<u>₩ 2,838,423,357,235</u>	<u>₩ 333,478,864,151</u>	<u>₩ 2,043,443,421,226</u>	<u>₩ 2,376,922,285,377</u>

¹ The Group recognized provisions for future dismantling, removing and restoring obligations of wells and related facilities. Most of the costs incur at or after the completion of production and the management recognized its best estimations as provisions.

² The Group recognized a provision for a claim amount and interest arising from the third lawsuit related to ordinary wages as provisions for the year ended December 31, 2024.

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Notes to the consolidated financial statements

December 31, 2025 and 2024

22. Provisions (cont'd)

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

(in Korean won)

		For the year ended December 31, 2025						
		Beginning balance	Provision	Accretion expense	Payment	Reversal	Others ¹	Ending balance
Decommissioning cost ^{2,3}	₩	2,359,804,829,863	₩ 213,667,826,499	₩ 114,549,374,794	₩ (196,572,526,988)	₩ (64,296,804,069)	₩ 401,718,934,013	₩ 2,828,871,634,112
Provision for employee benefits ⁴		9,632,997,539	9,231,664,153	-	(9,319,892,993)	-	(230,797,902)	9,313,970,797
Provision for litigations ⁵		1,078,546,982	-	-	(10,124,784)	(1,033,365,141)	(35,057,057)	-
Others		6,405,910,993	-	-	-	-	(6,168,158,667)	237,752,326
	₩	2,376,922,285,377	₩ 222,899,490,652	₩ 114,549,374,794	₩ (205,902,544,765)	₩ (65,330,169,210)	₩ 395,284,920,387	₩ 2,838,423,357,235

¹ The changes in decommissioning-related deposits and the effects arising from revisions to key assumptions are included.

² The estimated decommissioning cost of ₩ 82,330 million has been deposited to the third party, and it is not allowed to be withdrawn except for decommissioning.

³ The amount of ₩ 213,668 million was recognized as other non-operating expenses in relation to decommissioning obligations for the Donghae gas field and others, where production has ended or the carrying amount has been fully impaired

⁴ The provision of ₩ 9,232 million has been reflected in employee benefits expense.

⁵ Payments were made in accordance with the judgment rendered in the third round of the ordinary wage litigation.

(in Korean won)

		For the year ended December 31, 2024						
		Beginning balance	Provision	Accretion expense	Payment	Reversal	Others ¹	Ending balance
Decommissioning cost ^{2,4,6}	₩	2,241,000,202,316	₩ 179,165,407,399	₩ 92,817,142,523	₩ (208,960,284,725)	₩ (163,189,832,568)	₩ 218,972,194,918	₩ 2,359,804,829,863
Provision for employee benefits ²		6,435,943,576	2,130,038,103	-	-	-	1,067,015,860	9,632,997,539
Provision for litigations		6,237,826,067	-	-	(5,567,803,187)	-	408,524,102	1,078,546,982
Onerous contract ⁵		17,851,162,009	-	258,936,599	(12,739,504,633)	-	(5,370,593,975)	-
Others		25,200,167,310	-	-	-	-	(18,794,256,317)	6,405,910,993
	₩	2,296,725,301,278	₩ 181,295,445,502	₩ 93,076,079,122	₩ (227,267,592,545)	₩ (163,189,832,568)	₩ 196,282,884,588	₩ 2,376,922,285,377

¹ Others include the effect of changes in scope of consolidation, sale of Block 11-2 in Vietnam and changes in exchange rates.

² The provision amount of ₩ 2,130 million is reflected in salaries.

³ The estimated decommissioning cost of ₩ 84,392 million has been deposited to the third party, and it is not allowed to be withdrawn except for decommissioning.

⁴ The provision of ₩ 97,700 million is reflected in property, plant and equipment and of ₩ 81,465 million is reflected in other non-operating expenses.

⁵ ₩ 259 million of the amount transferred in is reflected in transfer of other provision.

⁶ The reversal of ₩ 92,875 million is reflected in property, plant and equipment and of ₩ 70,315 million is reflected in reversal of other provision.

Korea National Oil Corporation and its subsidiaries
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23. Government Grants

In accordance with the accounting standards and the provisions in the standard for public enterprise and quasi-government, government grants relating to property, plant and equipment are presented as the deduction from related assets.

Details of assets and liabilities of government grants as of December 31, 2025 and 2024 are as follows:

(in Korean won)

	As of December 31, 2025			
	Assets		Liabilities	
Cash	₩	36,892,341	₩	-
Machinery		13,319,388		-
Vehicles		2,377,902		-
Oil & gas properties		581,671,296		-
Patent rights		4,353,099		-
	₩	<u>638,614,026</u>	₩	<u>-</u>

(in Korean won)

	As of December 31, 2024			
	Assets		Liabilities	
Cash	₩	22,387,336	₩	-
Machinery		14,631,601		-
Vehicles		2,878,980		-
Oil & gas properties		1,155,388,175		-
Software		944,843		-
Patent rights		4,733,341		-
	₩	<u>1,200,964,276</u>	₩	<u>-</u>

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Notes to the consolidated financial statements
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23. Government Grants (cont'd)

Changes in assets and liabilities of government grants for the years ended December 31, 2025 and 2024, are as follows:

(in Korean won)

	For the year ended December 31, 2025					
	Beginning balance	Additional grants	Offset with depreciation	Revenue recognized	Others ¹	Ending balance
Cash	₩ 22,387,336	₩ 1,464,538,859	₩ -	₩ (1,411,044,138)	₩ (38,989,716)	₩ 36,892,341
Machinery	14,631,601	-	(954,338)	-	(357,875)	13,319,388
Vehicles	2,878,980	-	(428,515)	-	(72,563)	2,377,902
Oil & gas properties	1,155,388,175	-	(73,985,634)	-	(499,731,245)	581,671,296
Software	944,843	-	(914,487)	-	(30,356)	-
Patent rights	4,733,341	-	(264,533)	-	(115,709)	4,353,099
	<u>₩ 1,200,964,276</u>	<u>₩ 1,464,538,859</u>	<u>₩ (76,547,507)</u>	<u>₩ (1,411,044,138)</u>	<u>₩ (539,297,464)</u>	<u>₩ 638,614,026</u>

¹ Include the effect of changes in exchange rates.

(in Korean won)

	For the year ended December 31, 2024					
	Beginning balance	Additional grants	Offset with depreciation	Revenue recognized	Others ¹	Ending balance
Cash	₩ 542,873,129	₩ 2,120,308,780	₩ -	₩ (2,399,909,388)	₩ (240,885,185)	₩ 22,387,336
Machinery	-	13,728,882	(152,548)	-	1,055,267	14,631,601
Vehicles	2,913,773	-	(410,967)	-	376,174	2,878,980
Oil & gas properties	1,132,083,310	-	(125,505,228)	-	148,810,093	1,155,388,175
Software	10,773,917	-	(10,520,391)	-	691,317	944,843
Patent rights	4,391,954	-	253,973	-	87,414	4,733,341
	<u>₩ 1,693,036,083</u>	<u>₩ 2,134,037,662</u>	<u>₩ (136,335,161)</u>	<u>₩ (2,399,909,388)</u>	<u>₩ (89,864,920)</u>	<u>₩ 1,200,964,276</u>

¹ Include the effect of changes in exchange rates.

Details of government grants income recognized for the years ended December 31, 2025 and 2024 are as follows:

(in Korean won)

	For the year ended December 31, 2025	For the year ended December 31, 2024
Government grants income	₩ 1,411,044,138	₩ 2,399,909,388
Offset with depreciation	76,547,507	136,335,161
	<u>₩ 1,487,591,645</u>	<u>₩ 2,536,244,549</u>

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23. Government Grants (cont'd)

Details of the government grants business by category and changes in government grants for the years ended December 31, 2025 and 2024 are as follows:

(in Korean won)

For the year ended December 31, 2025												
Provider	Business	Details	Period	Budget	Carried over from prior year	Increase		Decrease		Others ¹	Carried forward to subsequent year	
						Paid by the Company	Government grants	Paid by the Company	Government grants			
Ministry of Trade, Industry and Resources		Opinet operation and improvement	Jan. 1, 2025~ Dec. 31, 2025	W 462,000,000	W 2,050	-	W 462,000,030	W -	W 462,000,000	W -	W 2,080	
Ministry of Climate, Energy and Environment	Oil distribution structure improvement	Management of the diesel exhaust fluid sales information collection and disclosure service	Jan. 1, 2025~ Dec. 31, 2025	325,099,550	-	-	325,180,510	-	179,151,550	-	146,028,960	
		Thrifty gas station facility improvement support	Jan. 1, 2025~ Dec. 31, 2025	213,000,000	-	-	213,002,620	-	213,000,000	-	2,620	
Ministry of Trade, Industry and Resources	Project for fostering large-scale CO2 storage	Secure large-scale commercial CO2 storage through comprehensive 2D/3D physical surveys and computational reprocessing in the Korean Peninsula region	Jan. 1, 2025~ Dec. 31, 2025	56,945	-	-	56,985	-	-	-	56,985	
	CO2 storage efficiency improvement technology development research project	CO2 injection hole optimization design and injection scenario optimization technology development	Jan. 1, 2025~ Apr. 31, 2026	189,584,034	-	74,828,970	115,946,766	71,457,091	115,946,766	-	3,371,879	
Ministry of Land, Infrastructure and Transport	Development of core technologies for non-traditional oil production plant construction and support for demonstration	Non-traditional oil eco-friendly, high-yield recovery and circulation system technology development	Jan. 1, 2025~ Dec. 31, 2025	122,000,000	22,385,286	-	122,024,850	107,522,503	-	-	36,887,633	
Ministry of Employment and Labor	Support for installation cost of daycare center	Support for school teaching materials at workplace daycare centers	Jan. 1, 2025~ Dec. 31, 2025	203,527,000	-	-	203,528,520	-	203,525,020	-	3,500	
Ministry of Trade, Industry and Resources	development of conceptual and basic design technologies for floating CCS facilities and CO2 injection	development of scalable floating CCS facility and CO2 injection design technologies for operating distributed CCS storage sites in Southeast Asia (Korea-Indonesia project)	Jul. 1, 2025~ Dec. 31, 2028	19,259,896	-	2,530,540	16,741,805	2,518,091	16,741,805	-	12,449	
Ministry of Trade, Industry and Resources	assessment of CO2 sealing integrity in shale formations of the East Sea continental shelf	development of a nanotechnology-based evaluation model for CO2 sealing integrity and storage performance in shale formations of the East Sea continental shelf (Korea-UK project)	Jul. 1, 2025~ Dec. 31, 2028	6,695,002	-	688,531	6,056,773	876,574	5,845,623	-	23,107	

Korea National Oil Corporation and its subsidiaries

Notes to the consolidated financial statements

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23. Government Grants (cont'd)

(in Korean won)

For the year ended December 31, 2024															
Provider	Business	Details	Period	Budget	Carried over from prior year	Increase				Decrease			Carried forward to subsequent year		
						Issuance		Return		Others ¹					
						Paid by the Company	Government grants	Paid by the Company	Government grants						
		Opinet operation and improvement	Jan. 1, 2024~Dec. 31, 2024	W 576,000,000	W -	W 2,050	W 576,000,000	W -	W 576,000,000	W -	W -	W 2,050			
	Oil distribution structure improvement	Oil distribution information advancement project support	Jan. 1, 2024~Dec. 31, 2024	160,000,000	-	-	160,000,000	-	160,000,000	-	-	-	-		
		Thrifty gas station facility improvement support	Jan. 1, 2024~Dec. 31, 2024	278,000,000	-	-	278,000,000	-	278,000,000	-	-	-	-		
	Project for fostering large-scale CO2 storage	Secure large-scale commercial CO2 storage through comprehensive 2D/3D physical surveys and computational reprocessing in the Korean Peninsula region	Jan. 1, 2024~Dec. 31, 2024	845,265,917	-	-	845,265,917	-	845,265,917	-	-	-	-		
Ministry of Trade, Industry and Energy	Establishment of institutional foundation including revision and acceptance of CCUS legislation	Investigate CCS project policy support system and prepare support plan	Jan. 1, 2024~Jun. 30, 2024	23,190,563	-	-	23,190,563	-	23,190,563	-	-	-	-		
	CO2 storage efficiency improvement technology development research project	CO2 injection hole optimization design and injection scenario optimization technology development	Jan. 1, 2024~Dec. 31, 2024	74,676,000	-	4,597,216	14,000,000	-	18,597,216	-	-	-	-		
	CO2 underground storage stability securing technology development research project	CO2 injection well drilling design	Jan. 1, 2024~Oct. 31, 2024	50,700	-	-	29,100	-	29,100	-	-	-	-		

Korea National Oil Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

23. Government Grants (cont'd)

(in Korean won)

For the year ended December 31, 2024												
Provider	Business	Details	Period	Budget	Carried over from prior year	Increase		Decrease		Others ¹	Carried forward to subsequent year	
						Paid by the Company	Government grants	Issuance	Return			
	International joint research project to advance CCUS commercial technology and secure overseas storage	Selection of CO2 storage candidate for depleted oil and gas fields in Southeast Asia and development of business model	Jan. 1, 2024~Dec. 31, 2024	W 82,870,000	W -	W 2,570,000	W 8,300,000	W -	W 10,870,000	W -	W -	
Ministry of Land, Infrastructure and Transport	Research on prior technologies for local application of energy resource plants in the Arctic Circle	Arctic heavy oil production model conceptual design	Jan. 1, 2024~Dec. 31, 2024	113,000,000	177,037,905	-	-	-	177,037,905	-	-	
	Development of core technologies for non-traditional oil production plant construction and support for demonstration	Non-traditional oil eco-friendly, high-yield recovery and circulation system technology development	Jan. 1, 2024~Dec. 31, 2028	150,000,000	128,815,274	-	-	-	106,429,988	-	22,385,286	
Ulsan City	Future Growth Energy Hub	Research on the establishment of a strategic plan for the Ulsan South Port Project	Jan. 1, 2024~Feb. 19, 2024	236,942,500	237,019,950	-	-	-	237,019,950	-	-	
Ministry of Employment and Labor	Support for installation cost of daycare center	Support for school teaching materials at workplace daycare centers	Jan. 1, 2024~Dec. 31, 2024	215,523,200	-	-	215,523,200	-	215,523,200	-	-	

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24. Contributions for Construction

Details of contributions for construction as of December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	<u>As of December 31, 2025</u>		<u>As of December 31, 2024</u>	
Others ¹	₩	368,132,744	₩	385,895,094

¹ The amounts were offset against the depreciation of the related assets for the years ended December 31, 2025 and 2024, from cash equivalents transferred from SK Energy in accordance with the Construction of the expansion of connecting line between the Group (Ulsan branch) and SK Energy.

25. Non-Financial Liabilities

Details of non-financial liabilities as of December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	<u>As of December 31, 2025</u>				<u>As of December 31, 2024</u>			
	<u>Current</u>		<u>Non-current</u>		<u>Current</u>		<u>Non-current</u>	
Advance received	₩	25,694,137,723	₩	-	₩	27,288,018,557	₩	-
Unearned revenue ¹		66,641,545,481		11,952,661,297		117,977,666,594		13,631,775,946
Withholdings		50,133,329,814		-		62,828,748,900		-
Others		1,177,579,440		35,425,512,220		1,206,384,959		37,498,463,054
	₩	<u>143,646,592,458</u>	₩	<u>47,378,173,517</u>	₩	<u>209,300,819,010</u>	₩	<u>51,130,239,000</u>

¹The amount represents contract liabilities related to the oil stockpiling business, which are recognized as revenue over the contract period.

26. Share Capital

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

<i>(in Korean won)</i>	<u>As of December 31, 2025</u>			<u>As of December 31, 2024</u>		
	<u>Government</u>	<u>Non-government</u>	<u>Total</u>	<u>Government</u>	<u>Non-government</u>	<u>Total</u>
Share capital	₩ 10,970,870,865,075	₩ -	₩ 10,970,870,865,075	₩ 10,908,901,085,075	₩ -	₩ 10,908,901,085,075

Korea National Oil Corporation and its subsidiaries
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26. Share Capital (cont'd)

Changes in share capital for the year ended December 31, 2025 are as follows:

<i>(in Korean won)</i>	<u>Description</u>	<u>Amount</u>
Beginning balance		₩ 10,908,901,085,075
Feb 27, 2025	Contribution for oil field development	837,000,000
Mar 27, 2025	Contribution for oil stockpiling business	3,995,050,000
Apr 28, 2025	Contribution for oil stockpiling business	5,918,800,000
May 29, 2025	Contribution for oil stockpiling business	4,602,000,000
Jun 17, 2025	Contribution for oil stockpiling business	13,678,000,000
Aug 28, 2025	Contribution for oil stockpiling business	10,000,000,000
Oct 30, 2025	Contribution for oil stockpiling business	22,938,930,000
Ending balance		<u>₩ 10,970,870,865,075</u>

27. Accumulated Deficit (Separate Financial Statement basis)

Details of accumulated deficit as of December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	<u>As of December 31, 2025</u>	<u>As of December 31, 2024</u>
Accumulated deficit	₩ (15,017,661,087,965)	₩ (14,336,474,019,814)

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

<i>(in Korean won)</i>	<u>For the year ended December 31, 2025</u>	<u>For the year ended December 31, 2024</u>
Beginning balance	₩ (14,336,474,019,814)	₩ (13,885,339,103,408)
Loss for the year	(674,005,403,568)	(461,431,221,217)
Transfer of gain on revaluation to retained earnings	7,095,456	76,003,694
Remeasurement of defined benefits plan	(7,188,760,039)	10,220,301,117
Ending balance	<u>₩ (15,017,661,087,965)</u>	<u>₩ (14,336,474,019,814)</u>

Korea National Oil Corporation and its subsidiaries
Notes to the consolidated financial statements
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27. Accumulated Deficit (Separate Financial Statement basis) (cont'd)

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

<i>(in Korean won)</i>	<u>For the year ended December 31, 2025</u>	<u>For the year ended December 31, 2024</u>
Beginning balance	₩ (16,931,312,694)	₩ (27,151,613,811)
Changes during the current year	(8,077,258,476)	11,343,286,675
Income tax effects	888,498,437	(1,122,985,558)
Ending balance	<u>₩ (24,120,072,733)</u>	<u>₩ (16,931,312,694)</u>

28. Statements of Disposition of Accumulated Deficit (Separate Financial Statement basis)

The statements of disposition of accumulated deficit for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	<u>For the year ended December 31, 2025</u>	<u>For the year ended December 31, 2024</u>
	(Approval date: Feb 27,2026)	(Approval date: Feb 28,2025)
I. Undisposed deficit	₩ (15,017,661,087,965)	₩ (14,336,474,019,814)
Undisposed accumulated deficit carried over from prior years	(14,336,474,019,814)	(13,885,339,103,408)
Loss for the year	(674,005,403,568)	(461,431,221,217)
Transfer of gain on revaluation to retained earnings	7,095,456	76,003,694
Remeasurement of defined benefit plan	(7,188,760,039)	10,220,301,117
II. Undisposed deficit to be carried forward to the subsequent year	<u>₩ (15,017,661,087,965)</u>	<u>₩ (14,336,474,019,814)</u>

Korea National Oil Corporation and its subsidiaries
Notes to the consolidated financial statements
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29. Other Components of Equity

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

<i>(in Korean won)</i>	<u>As of December 31, 2025</u>	<u>As of December 31, 2024</u>
Other capital surpluses	₩ 188,817,918,884	₩ 188,817,918,884
Accumulated other comprehensive loss	(589,509,634,633)	(609,184,593,902)
	<u>₩ (400,691,715,749)</u>	<u>₩ (420,366,675,018)</u>

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

<i>(in Korean won)</i>	<u>As of December 31, 2025</u>	<u>As of December 31, 2024</u>
Assets contributed	₩ 24,954,221,211	₩ 24,954,221,211
Loss on capital reduction	(19,958,342)	(19,958,342)
Changes in interests in subsidiaries	163,883,656,015	163,883,656,015
	<u>₩ 188,817,918,884</u>	<u>₩ 188,817,918,884</u>

Details of accumulated other comprehensive loss as of December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	<u>As of December 31, 2025</u>	<u>As of December 31, 2024</u>
Revaluation surplus	₩ 360,755,081,046	₩ 429,762,175,370
Gain on valuation of equity instruments measured at fair value through other comprehensive income	21,053,515,240	20,768,614,537
Equity adjustments in equity method	(41,753,856,620)	(14,011,160,057)
Foreign currency translation differences for foreign operations	(1,099,473,049,398)	(1,204,106,926,796)
Foreign currency translation differences for presentation currency	134,188,855,588	106,329,658,952
Gain on valuation of derivative instruments	35,719,819,511	52,073,044,092
	<u>₩ (589,509,634,633)</u>	<u>₩ (609,184,593,902)</u>

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30. Revenue

Details of revenues divided on the basis of customer locations except for other income, other profit and finance income (see Notes 32, 33, and 34, respectively) for the years ended December 31, 2025 and 2024 are as follows:

	For the year ended December 31, 2025			For the year ended December 31, 2024		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Sales of goods and finished goods	₩ 30,182,104,008	₩ 2,746,786,846,529	₩ 2,776,968,950,537	₩ 34,038,980,999	₩ 3,113,912,712,780	₩ 3,147,951,693,779
Revenues from services provided	79,052,768,498	251,749,214,164	330,801,982,662	98,904,377,905	244,485,686,626	343,390,064,531
Income on government grants	1,411,044,138	-	1,411,044,138	2,399,909,388	-	2,399,909,388
Others	1,433,323,457	25,887,590,014	27,320,913,471	1,431,154,186	29,260,531,329	30,691,685,515
	₩ 112,079,240,101	₩ 3,024,423,650,707	₩ 3,136,502,890,808	₩ 136,774,422,478	₩ 3,387,658,930,735	₩ 3,524,433,353,213

Korea National Oil Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2025 and 2024

31. Selling and Administrative Expenses

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

<i>(in Korean won)</i>	For the year ended December 31, 2025		For the year ended December 31, 2024	
Salaries	₩	111,004,207,839	₩	108,800,733,545
Severance and retirement benefits		9,522,268,670		7,377,731,047
Employee benefits		12,806,520,889		10,826,687,151
Insurance		1,671,097,862		2,267,246,457
Depreciation		17,085,763,469		17,569,699,190
Amortization		4,154,480,904		3,932,655,589
Bad debt expenses		160,536,354		19,672,656,738
Reversal of bad debt allowances		(5,786,219,368)		-
Commission expense		25,527,841,030		24,418,623,647
Advertising expense		447,350,881		1,132,219,147
Training		2,009,801,446		1,969,117,952
Vehicle		636,171,052		705,578,684
Publication		244,578,377		243,806,065
Promotional expense		306,283,468		237,420,810
Rental expense		2,535,372,081		1,991,785,717
Communication		650,672,534		576,741,307
Taxes and dues		8,153,100,306		13,475,919,644
Supplies expense		2,220,251,194		1,853,942,076
Utilities expense		889,543,414		1,330,372,188
Repairs		4,796,900,551		4,256,629,960
Ordinary research and development expense		4,811,568,631		3,381,506,202
Travel expense		1,980,692,443		1,742,379,233
Clothing expense		79,846,446		12,794,937
Association expense		379,461,466		435,716,277
Sales promotional expense		19,105,037		71,857,249
Sales commissions		67,060,861,859		128,046,503,198
Other selling and administrative expenses		21,262,241,366		15,280,628,453
	₩	<u>294,630,300,201</u>	₩	<u>371,610,952,463</u>

Details of other selling and administrative expenses for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	For the year ended December 31, 2025		For the year ended December 31, 2024	
Rewards expense	₩	44,374,160	₩	61,477,934
Litigation expense		3,276,451,997		2,074,411,643
Promotion expense		562,885,890		241,307,703
Overhead expense for production		16,403,619,041		11,140,305,954
Other administrative expenses		53,284,553		96,559,227
Miscellaneous expense		921,625,725		1,666,565,992
	₩	<u>21,262,241,366</u>	₩	<u>15,280,628,453</u>

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32. Other Income and Expenses

Details of other income for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	For the year ended December 31, 2025	For the year ended December 31, 2024
Reversal of other provisions	₩ 65,330,169,225	₩ 70,315,023,235
Reversal of other bad debt allowance	601,445,531	3,759,491,671
Gain on assets contributed	-	339,639,681
Gain on debt exemption ¹	185,022,619,659	-
Compensation and indemnity	3,201,444,000	24,255,861
Rental income	438,950,539	401,328,186
Others	9,189,800,140	23,427,698,670
	₩ 263,784,429,094	₩ 98,267,437,304

¹ It arose as the repayment obligation was waived following the termination of the exploration project (gas hydrate), which did not reach commercial production.

Details of others in other income for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	For the year ended December 31, 2025	For the year ended December 31, 2024
Tax refund	₩ 41,694,456	₩ -
Gain resulting from inventory inspection	2,191,821,130	1,961,854,977
Other income from overseas fields	195,023,738	596,710,110
Other non-operating income	6,761,260,816	20,869,133,583
	₩ 9,189,800,140	₩ 23,427,698,670

Details of other expenses for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	For the year ended December 31, 2025	For the year ended December 31, 2024
Decommissioning costs	₩ 101,773,823,414	₩ 77,508,254,000
Other bad debt expense	5,107,282,189	11,153,228,519
Donations	2,266,295,154	877,475,436
Others	120,080,043,969	19,261,438,373
	₩ 229,227,444,726	₩ 108,800,396,328

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32. Other Income and Expenses (cont'd)

Details of others in other expenses for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	<u>For the year ended December 31, 2025</u>	<u>For the year ended December 31, 2025</u>
Adjusted expense resulting from inventory inspection	₩ 2,601,041,127	₩ 1,863,770,479
Other expenses from overseas fields	-	38,332,285
Other non-operating expenses ¹	<u>117,479,002,842</u>	<u>17,359,335,609</u>
	<u>₩ 120,080,043,969</u>	<u>₩ 19,261,438,373</u>

¹ It includes an additional amount of ₩ 111,790 million recognized during the current year in relation to decommissioning obligations for the Donghae gas field and other sites.

33. Other Gain and Loss

Details of other gain and loss for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	<u>For the year ended December 31, 2025</u>	<u>For the year ended December 31, 2024</u>
Gain on disposal of property, plant and equipment	₩ 13,712,526,229	₩ 20,286,387,995
Gain on disposal of intangible assets other than goodwill	61,539,758	-
Gain on disposal of non-current non-financial asset	357,888,480,258	230,432,152,696
Reversal of impairment loss on property, plant and equipment	-	17,422,906,353
Gain on foreign currency translation (other than finance income)	30,570,700,777	28,407,823,750
Gain on foreign currency transactions (other than finance income)	55,289,772,440	54,525,942,621
Gain on insurance	3,742,272,211	1,198,118,177
Other gains	13,744,611,598	6,504,462,780
Loss on disposal of property, plant and equipment	(207,362,435)	(26,004,320)
Loss on disposal of intangible assets other than goodwill ¹	(131,166,938,319)	(28,401,405)
Revaluation decrease on property, plant and equipment	(179,102,497)	-
Impairment loss on property, plant and equipment	(1,155,671,905,179)	(63,316,741,849)
Impairment loss on intangible assets other than goodwill ²	(189,959,399,672)	(5,998,281,263)
Impairment loss on goodwill	(159,586,943,505)	(141,619,406,636)
Loss on foreign currency translation (other than finance cost)	(29,590,724,893)	(45,327,936,262)
Loss on foreign currency transactions (other than finance cost)	(52,821,782,369)	(48,077,989,983)
Other losses	<u>(3,756,273,413)</u>	<u>(7,239,736,413)</u>
	<u>₩ (1,247,930,529,011)</u>	<u>₩ 47,143,296,241</u>

¹ The gas hydrate exploration project was terminated as it did not reach commercial production following the closure of the development program and the execution of a termination agreement among the participating institutions. Accordingly, a disposal loss of ₩ 131,123 million, resulting from the full write-off of the associated acquisition costs, is included.

² Impairment loss recognized during the current year include ₩ 116,218 million for the domestic continental shelf, where no commercially viable hydrocarbons were discovered, and ₩ 73,741 million related to the suspension of exploration activities by Dana Petroleum Ltd.

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33. Other Gain and Loss (cont'd)

Details of accumulated other gains for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	For the year ended December 31, 2025	For the year ended December 31, 2024
Gain on stockpile oil quantity adjustment	₩ 6,027,861,373	₩ 3,453,165,538
Gain on duty from stockpile lease	332,433,230	1,123,624,655
Miscellaneous gains	7,384,316,995	1,927,672,587
	₩ 13,744,611,598	₩ 6,504,462,780

Details of accumulated other losses for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	For the year ended December 31, 2025	For the year ended December 31, 2024
Loss on duty from stockpile lease	₩ 1,939,681,037	₩ 3,252,083,582
Loss on disposal of stored items	153,368,407	136,304,745
Loss on cancellation of debt exemption	-	297,804,137
Miscellaneous losses	1,663,223,969	3,553,543,949
	₩ 3,756,273,413	₩ 7,239,736,413

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34. Finance income

Details of finance income for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	For the year ended December 31, 2025	For the year ended December 31, 2024
Interest income	₩ 21,360,030,369	₩ 42,148,486,879
Dividend income	5,928,794	6,076,531
Gain on valuation of financial assets measured at fair value through profit or loss	156,455,436	-
Gain on valuation of financial liabilities measured at fair value through profit or loss	-	2,469,799,151
Gain on transactions of financial liabilities measured at fair value through profit or loss	-	56,825,476,544
Gain on transactions of derivative financial instruments	2,371,272,042	1,951,771,986
Gain on foreign currency translation	24,239,149,127	115,253,543,508
Gain on foreign currency transactions	15,362,498,748	15,850,967,497
	<u>₩ 63,495,334,516</u>	<u>₩ 234,506,122,096</u>

Details of interest income by sources included in finance income for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	For the year ended December 31, 2025	For the year ended December 31, 2024
Cash and cash equivalents	₩ 20,660,221,656	₩ 40,657,849,879
Loans and receivables	699,808,713	1,490,637,000
	<u>₩ 21,360,030,369</u>	<u>₩ 42,148,486,879</u>

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35. Finance costs

Details of finance costs for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	For the year ended December 31, 2025	For the year ended December 31, 2024
Interest expenses	₩ 657,734,636,046	₩ 566,041,136,125
Loss on valuation of financial assets measured at fair value through profit or loss	29,502,512,480	10,973,309,968
Loss on transactions of derivative financial instruments	1,839,258,267	7,338,385,625
Loss on foreign currency translation	73,899,423,732	156,847,222,997
Loss on foreign currency transactions	20,975,357,078	56,444,254,146
Other financial costs	114,549,374,808	93,076,079,122
	<u>₩ 898,500,562,411</u>	<u>₩ 890,720,387,983</u>

Details of interest expenses by sources included in finance costs for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	For the year ended December 31, 2025	For the year ended December 31, 2024
Short-term borrowings	₩ 21,208,550,413	₩ 24,407,001,297
Long-term borrowings	45,349,577,013	45,379,523,541
Bond payables	573,675,338,838	456,208,359,320
Derivative liabilities	5,522,969,504	27,182,251,383
Lease liability	11,978,200,278	12,750,322,099
Other financial liabilities	-	113,678,485
	<u>₩ 657,734,636,046</u>	<u>₩ 566,041,136,125</u>

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36. Income Tax Expense

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

<i>(in Korean won)</i>	For the year ended December 31, 2025	For the year ended December 31, 2024
Current income tax	₩ 523,472,965,681	₩ 529,956,308,308
Deferred tax directly charged to equity	9,104,031,457	18,265,413,815
Changes in deferred taxes arising from temporary differences	(353,261,058,050)	144,862,049,328
Adjustments for prior periods	35,002,717,356	(17,390,914,495)
Income tax expense	<u>₩ 214,318,656,444</u>	<u>₩ 675,692,856,956</u>

Reconciliations of profit before income tax to income tax expense for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	For the year ended December 31, 2025	For the year ended December 31, 2024
Profit(Loss) before income tax	₩ (1,036,013,642,994)	₩ 867,223,767,757
Income tax expense computed at the statutory rate	₩ (102,565,350,656)	₩ 200,328,690,352
Adjustments:		
Non-taxable income	(41,214,610,418)	(30,191,636,903)
Non-deductible expenses	85,361,025,948	42,151,627,770
Tax credits and reduction	(13,381,583)	(106,955,578)
Temporary differences not recognized in deferred tax assets	175,428,399,637	158,443,130,210
Differences in tax rates in overseas entities	(55,306,454,640)	348,901,524,886
Effect of special taxes	117,626,310,800	(26,442,609,286)
	<u>179,315,939,088</u>	<u>693,083,771,451</u>
Adjustment for prior periods	35,002,717,356	(17,390,914,495)
Income tax expense	<u>₩ 214,318,656,444</u>	<u>₩ 675,692,856,956</u>
Effective tax rate ¹	-	77.91%

¹ The average effective tax rate was not calculated as it resulted in a negative rate for the year ended December 31, 2025.

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36. Income Tax Expense (cont'd)

The expected applicable statutory tax rate for the years ended December 31, 2025 and 2024 December 31, is 9.9% and 23.1%, respectively, which is the statutory income tax rate in Korea where the Group is domiciled.

Income tax recognized as accumulated other comprehensive income for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	For the year ended December 31, 2025		For the year ended December 31, 2024	
Revaluation of financial assets measured at fair value through other comprehensive income	₩	284,900,703	₩	3,069,943,886
Net change in the unrealized fair value of derivative using cash flow hedge accounting		(4,249,622,699)		16,318,456,487
Revaluation gain		12,180,255,016		-
Remeasurement components		888,498,437		(1,122,986,558)
	₩	<u>9,104,031,457</u>	₩	<u>18,265,413,815</u>

Changes in deferred income tax assets (liabilities) recognized in the consolidated statements of financial position for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>		For the year ended December 31, 2025				
	Beginning balance	Amounts recognized in profit or loss	Amounts recognized in other comprehensive income	Others	Ending balance	
Deferred income tax on temporary differences						
Investment in associates	₩ (13,635,825,840)	₩ (1,465,846,115)	₩ -	₩ 312,521,187	₩ (14,789,150,768)	
Financial guarantee liabilities	(1,859,082,540)	1,798,655,465	-	60,427,075	-	
Bad debt allowance	(7,857,480,750)	7,602,085,900	-	255,394,850	-	
Financial assets measured at fair value through other comprehensive income	-	(284,900,703)	284,900,703	-	-	
Intangible assets other than goodwill	(1,827,210)	56,377	-	44,132	(1,726,701)	
Accrued expenses	5,302,319,400	(5,129,976,184)	-	(172,343,216)	-	
Asset retirement obligation	2,065,980,630	(1,998,828,976)	-	(67,151,654)	-	
Property, plant and equipment	(9,278,640)	(924,855)	-	212,616	(9,990,879)	
Land	(242,501,429,730)	(3,663,638,236)	12,180,255,016	5,866,271,341	(228,118,541,609)	
Gain (loss) on valuation of derivative	(3,155,602,141)	1,142,172,736	1,910,861,427	102,567,978	-	
Defined benefit obligations	(441,943,740)	(460,919,372)	888,498,437	14,364,675	-	
Others	9,275,757,513	(24,019,393,581)	-	(435,630,360)	(15,179,266,428)	
	<u>(252,818,413,048)</u>	<u>(26,481,457,544)</u>	<u>15,264,515,583</u>	<u>5,936,678,624</u>	<u>(258,098,676,385)</u>	
Deferred tax assets of subsidiaries	860,616,500,103	286,141,563,534	(6,160,484,126)	(18,053,203,504)	1,122,544,376,007	
Deferred tax liabilities of subsidiaries	(614,889,965,742)	84,496,920,603	-	15,435,411,259	(514,957,633,880)	
	<u>245,726,534,361</u>	<u>370,638,484,137</u>	<u>(6,160,484,126)</u>	<u>(2,617,792,245)</u>	<u>607,586,742,127</u>	
	₩ (7,091,878,687)	₩ 344,157,026,593	₩ 9,104,031,457	₩ 3,318,886,379	₩ 349,488,065,742	

Based on the estimated future taxable income, there is no expected amount available from the tax loss carryforwards that can be utilized as of December 31, 2025.

Temporary differences not recognized in deferred tax assets are ₩ 17,108,433 million and unused tax losses are ₩ 3,861,094 million as of December 31, 2025.

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36. Income Tax Expense (cont'd)

(in Korean won)

	For the year ended December 31, 2024				
	Beginning balance	Amounts recognized in profit or loss	Amounts recognized in other comprehensive income	Others	Ending balance
Deferred income tax on temporary differences					
Investment in associates and others	₩ (11,960,567,237)	₩ -	₩ -	₩ (1,675,258,603)	₩ (13,635,825,840)
Financial guarantee liabilities	(1,630,680,971)	-	-	(228,401,569)	(1,859,082,540)
Bad debt allowance	(9,625,814,554)	2,891,799,914	-	(1,123,466,110)	(7,857,480,750)
Financial assets measured at fair value through other comprehensive income	(2,902,084,815)	-	3,069,943,886	(167,859,071)	-
Intangible assets other than goodwill	(1,355,159)	(261,884)	-	(210,167)	(1,827,210)
Accrued expenses	4,285,987,520	386,010,432	-	630,321,448	5,302,319,400
Asset retirement obligation	2,261,773,933	(475,619,826)	-	279,826,523	2,065,980,630
Property, plant and equipment	(8,281,816)	151,402	-	(1,148,226)	(9,278,640)
Land	(212,729,978,912)	22,830,297	-	(29,794,281,115)	(242,501,429,730)
Gain (loss) on valuation of derivative	(3,510,422,446)	177,033,692	608,421,011	(430,634,398)	(3,155,602,141)
Defined benefit obligations	-	712,916,883	(1,122,986,558)	(31,874,065)	(441,943,740)
Others	11,387,788,682	(3,439,699,768)	-	1,327,668,599	9,275,757,513
	<u>(224,433,635,775)</u>	<u>275,161,142</u>	<u>2,555,378,339</u>	<u>(31,215,316,754)</u>	<u>(252,818,413,048)</u>
Deferred tax assets of subsidiaries	880,266,894,589	(148,345,591,109)	15,710,035,476	112,985,161,147	860,616,500,103
Deferred tax liabilities of subsidiaries	<u>(525,112,599,696)</u>	<u>(15,057,033,176)</u>	<u>-</u>	<u>(74,720,332,870)</u>	<u>(614,889,965,742)</u>
	<u>355,154,294,893</u>	<u>(163,402,624,285)</u>	<u>15,710,035,476</u>	<u>38,264,828,277</u>	<u>245,726,534,361</u>
	<u>₩ 130,720,659,118</u>	<u>₩ (163,127,463,143)</u>	<u>₩ 18,265,413,815</u>	<u>₩ 7,049,511,523</u>	<u>₩ (7,091,878,687)</u>

Based on the estimated future taxable income, there is no expected amount available from the tax loss carryforwards that can be utilized as of December 31, 2024.

Temporary differences not recognized in deferred tax assets are ₩ 17,171,423 million and unused tax losses are ₩ 5,002,891 million as of December 31, 2024.

Details of deferred income tax assets (liabilities) recognized in the consolidated statements of financial position as of December 31, 2025 and 2024 are as follows:

(in Korean won)	As of December 31, 2025	As of December 31, 2024
Deferred income tax assets	₩ 1,122,544,375,051	₩ 860,616,499,132
Deferred income tax liabilities	<u>(773,056,309,309)</u>	<u>(867,708,377,819)</u>
	<u>₩ 349,488,065,742</u>	<u>₩ (7,091,878,687)</u>

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36. Income Tax Expense (cont'd)

Pillar Two Model Rules

The Group is a multinational enterprise subject to K-IFRS 1012 'International Tax Reform – Pillar Two Model Rules' and is required to apply the temporary exception to the accounting for deferred taxes arising from the implementation of the Pillar Two model rules.

The Group assessed its potential exposure to Pillar Two income taxes based on the 2024 country-by-country report and 2025 financial information of its constituent entities. No income tax expense was recognized as the Group's effective tax rate under Pillar Two exceeds 15% in most jurisdictions where it operates and the safe harbor provisions have been applied.

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37. Expenses Classified by Nature

Expenses classified by nature for the year ended December 31, 2025 are as follows:

(in Korean won)

	For the year ended December 31, 2025			
	Changes in inventories	Selling and administrative expenses	Cost of sales	Total
Changes in inventories - merchandise	₩ 5,186,509,272	₩ -	₩ -	₩ 5,186,509,272
Changes in inventories - finished goods	(7,726,574,025)	-	-	(7,726,574,025)
Changes in inventories - others	(6,580,152,308)	-	-	(6,580,152,308)
Purchases of inventories	-	-	(7,649,024,635)	(7,649,024,635)
Salaries	-	111,004,207,839	222,542,963,551	333,547,171,390
Severance and retirement benefits	-	9,522,268,670	3,769,468,386	13,291,737,056
Other employee benefits	-	12,806,520,889	6,088,153,630	18,894,674,519
Insurance	-	1,671,097,862	13,798,804,310	15,469,902,172
Depreciation	-	17,085,763,469	667,155,071,759	684,240,835,228
Amortization	-	4,154,480,904	70,081,098,043	74,235,578,947
Bad debt expenses	-	160,536,354	-	160,536,354
Reversal of other bad debt allowances	-	(5,786,219,368)	-	(5,786,219,368)
Commissions and fees	-	25,527,841,030	105,674,332,292	131,202,173,322
Advertising expense	-	447,350,881	410,928,965	858,279,846
Education and training	-	2,009,801,446	1,345,409,866	3,355,211,312
Vehicle maintenance	-	636,171,052	2,520,950,486	3,157,121,538
Books and printing	-	244,578,377	9,569,066	254,147,443
Business development	-	306,283,468	57,274,563	363,558,031
Rental expense	-	2,535,372,081	34,712,543,479	37,247,915,560
Communications	-	650,672,534	430,699,686	1,081,372,220
Transport	-	-	98,906,873,511	98,906,873,511
Taxes and dues	-	8,153,100,306	75,969,520,778	84,122,621,084
Supplies	-	2,220,251,194	13,970,893,399	16,191,144,593
Utilities	-	889,543,414	62,233,988,861	63,123,532,275
Repairs	-	4,796,900,551	217,314,066,505	222,110,967,056
Research and development	-	4,811,568,631	4,004,279,425	8,815,848,056
Travel	-	1,980,692,443	790,134,303	2,770,826,746
Clothing expenses	-	79,846,446	389,273,390	469,119,836
Association fee	-	379,461,466	1,769,651,436	2,149,112,902
Sales promotion	-	19,105,037	-	19,105,037
Sales commissions	-	67,060,861,859	11,789,975,434	78,850,837,293
Others	-	21,262,241,366	237,834,625,438	259,096,866,804
	₩ (9,120,217,061)	₩ 294,630,300,201	₩ 1,845,921,525,927	₩ 2,131,431,609,067

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37. Expenses Classified by Nature (cont'd)

Expenses classified by nature for the year ended December 31, 2024 are as follows:

(in Korean won)

	For the year ended December 31, 2024			
	Changes in inventories	Selling and administrative expenses	Cost of sales	Total
Changes in inventories - merchandise	₩ 5,256,118,754	₩ -	₩ -	₩ 5,256,118,754
Changes in inventories - finished goods	3,403,124,058	-	-	3,403,124,058
Changes in inventories - others	25,522,722,974	-	-	25,522,722,974
Purchases of inventories	-	-	15,770,474,522	15,770,474,522
Salaries	-	108,800,733,545	183,118,693,226	291,919,426,771
Severance and retirement benefits	-	7,377,731,047	4,965,203,643	12,342,934,690
Other employee benefits	-	10,826,687,151	5,267,624,648	16,094,311,799
Insurance	-	2,267,246,457	11,407,893,542	13,675,139,999
Depreciation	-	17,569,699,190	694,005,151,360	711,574,850,550
Amortization	-	3,932,655,589	66,347,205,088	70,279,860,677
Bad debt expenses	-	19,672,656,738	-	19,672,656,738
Commissions and fees	-	24,418,623,647	86,423,356,926	110,841,980,573
Advertising expense	-	1,132,219,147	250,175,756	1,382,394,903
Education and training	-	1,969,117,952	1,502,340,235	3,471,458,187
Vehicle maintenance	-	705,578,684	2,528,079,970	3,233,658,654
Books and printing	-	243,806,065	26,596,246	270,402,311
Business development	-	237,420,810	54,073,623	291,494,433
Rental expense	-	1,991,785,717	28,210,298,809	30,202,084,526
Communications	-	576,741,307	871,410,295	1,448,151,602
Transport	-	-	94,055,831,439	94,055,831,439
Taxes and dues	-	13,475,919,644	70,671,866,605	84,147,786,249
Supplies	-	1,853,942,076	5,061,941,606	6,915,883,682
Utilities	-	1,330,372,188	66,899,498,881	68,229,871,069
Repairs	-	4,256,629,960	183,770,411,995	188,027,041,955
Research and development	-	3,381,506,202	3,257,285,679	6,638,791,881
Travel	-	1,742,379,233	655,685,646	2,398,064,879
Clothing expenses	-	12,794,937	149,942,321	162,737,258
Association fee	-	435,716,277	1,021,517,999	1,457,234,276
Sales promotion	-	71,857,249	-	71,857,249
Sales commissions	-	128,046,503,198	11,849,745,711	139,896,248,909
Others	-	15,280,628,453	307,061,010,175	322,341,638,628
	₩ 34,181,965,786	₩ 371,610,952,463	₩ 1,845,203,315,946	₩ 2,250,996,234,195

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38. Categories of Financial Instruments

Details of current financial assets by category as of December 31, 2025 are as follows:

(in Korean won)

	As of December 31, 2025			
	Fair value through profit or loss	Amortized costs ¹	Fair value – hedging instruments	Total
Cash and cash equivalents	₩ -	₩ 507,058,764,508	₩ -	₩ 507,058,764,508
Current portion of financial assets measured at fair value through profit or loss	126,006,924,724	-	-	126,006,924,724
Short-term financial instruments	-	939,431,082	-	939,431,082
Current derivative assets	-	-	7,220,332,758	7,220,332,758
Trade and other receivables	-	558,615,873,562	-	558,615,873,562
	₩ 126,006,924,724	₩ 1,066,614,069,152	₩ 7,220,332,758	₩ 1,199,841,326,634

¹ The fair values of the above financial assets measured at amortized cost do not significantly differ from their carrying amounts.

Details of non-current financial assets by category as of December 31, 2025 are as follows:

(in Korean won)

	As of December 31, 2025				
	Fair value through profit or loss	Fair value through other comprehensive income	Amortized costs ¹	Fair value – hedging instruments	Total
Non-current financial assets measured at fair value through profit or loss ²	₩ 510,256,029,667	₩ -	₩ -	₩ -	₩ 510,256,029,667
Non-current financial assets measured at fair value through other comprehensive income	-	1,097,776,444	-	-	1,097,776,444
Long-term loans	-	-	65,745,430,615	-	65,745,430,615
Long-term financial instruments	-	-	70,736,173,782	-	70,736,173,782
Non-current derivative assets	-	-	-	64,223,936,007	64,223,936,007
Long-term trade and other receivables	-	-	16,340,878,547	-	16,340,878,547
	₩ 510,256,029,667	₩ 1,097,776,444	₩ 152,822,482,944	₩ 64,223,936,007	₩ 728,400,225,062

¹ The fair values of the above financial assets measured at amortized cost do not significantly differ from their carrying amount.

² Loans to related parties and accrued income from related parties are included.(see Note 42)

Korea National Oil Corporation and its subsidiaries
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38. Categories of Financial Instruments (cont'd)

Details of current financial liabilities by category as of December 31, 2025 are as follows:

(in Korean won)

	As of December 31, 2025		
	Amortized costs ¹	Fair value – hedging instruments	Total
Short-term borrowings	₩ 482,373,220,234	₩ -	₩ 482,373,220,234
Current portion of long-term borrowings	348,829,000,014	-	348,829,000,014
Current portion of bond payables	4,157,795,421,030	-	4,157,795,421,030
Current derivative liabilities	-	362,747,412	362,747,412
Trade and other payables	836,750,380,353	-	836,750,380,353
	<u>₩ 5,825,748,021,631</u>	<u>₩ 362,747,412</u>	<u>₩ 5,826,110,769,043</u>

¹ The fair values of the above financial liabilities measured at amortized costs do not significantly differ from their carrying amount.

Details of non-current financial liabilities by category as of December 31, 2025 are as follows:

(in Korean won)

	As of December 31, 2025		
	Amortized costs ¹	Fair value – hedging instruments	Total
Long-term borrowings	₩ 244,219,096,360	₩ -	₩ 244,219,096,360
Bond payables	11,745,063,293,247	-	11,745,063,293,247
Non-current derivative liabilities	-	6,154,000,340	6,154,000,340
Long-term trade and other payables	278,532,746,655	-	278,532,746,655
	<u>₩ 12,267,815,136,262</u>	<u>₩ 6,154,000,340</u>	<u>₩ 12,273,969,136,602</u>

¹ The fair values of the above financial liabilities measured at amortized cost do not significantly differ from their carrying amount.

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38. Categories of Financial Instruments (cont'd)

Details of current financial assets by category as of December 31, 2024 are as follows:

(in Korean won)

	As of December 31, 2024			
	Fair value through profit or loss	Amortized costs ¹	Fair value – hedging instruments	Total
Cash and cash equivalents	₩ -	₩ 336,637,883,066	₩ -	₩ 336,637,883,066
Current portion of financial assets at fair value through profit or loss	128,295,761,013	-	-	128,295,761,013
Short-term financial instruments	-	690,112,800	-	690,112,800
Current derivative assets	-	-	27,044,937,564	27,044,937,564
Trade and other receivables	-	608,455,146,183	-	608,455,146,183
	<u>₩ 128,295,761,013</u>	<u>₩ 945,783,142,049</u>	<u>₩ 27,044,937,564</u>	<u>₩ 1,101,123,840,626</u>

¹ The fair values of the above financial assets measured at amortized cost do not significantly differ from their carrying amount.

Details of non-current financial assets by category as of December 31, 2024 are as follows:

(in Korean won)

	As of December 31, 2024				
	Fair value through profit or loss	Fair value through other comprehensive income	Amortized costs ¹	Fair value – Hedging instruments	Total
Non-current financial assets measured at fair value through profit or loss ²	₩ 556,816,048,160	₩ -	₩ -	₩ -	₩ 556,816,048,160
Non-current financial assets measured at fair value through other comprehensive income	-	1,124,629,850	-	-	1,124,629,850
Long-term loans	-	-	65,171,134,908	-	65,171,134,908
Long-term financial instruments	-	-	7,984,478,357	-	7,984,478,357
Non-current derivative assets	-	-	-	31,117,297,409	31,117,297,409
Long-term trade and other receivables	-	-	19,044,648,327	-	19,044,648,327
	<u>₩ 556,816,048,160</u>	<u>₩ 1,124,629,850</u>	<u>₩ 92,200,261,592</u>	<u>₩ 31,117,297,409</u>	<u>₩ 681,258,237,011</u>

¹ The fair values of the above financial assets measured at amortized costs do not significantly differ from their carrying amount.

² Loans to related parties and accrued income from related parties are included.

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38. Categories of Financial Instruments (cont'd)

Details of current financial liabilities by category as of December 31, 2024 are as follows:

(in Korean won)

	As of December 31, 2024		
	Amortized costs ¹	Fair value – hedging instruments	Total
Short-term borrowings	₩ 633,900,000,035	₩ -	₩ 633,900,000,035
Current portion of long-term borrowings	47,499,999,985	-	47,499,999,985
Current portion of bond payables	2,952,233,235,601	-	2,952,233,235,601
Current derivative liabilities	-	29,363,799,765	29,363,799,765
Trade and other payables	769,692,132,021	-	769,692,132,021
	₩ 4,403,325,367,642	₩ 29,363,799,765	₩ 4,432,689,167,407

¹ The fair values of the above financial liabilities measured at amortized costs do not significantly differ from their carrying amount.

Details of non-current financial liabilities by category as of December 31, 2024 are as follows:

(in Korean won)

	As of December 31, 2024		
	Amortized costs ¹	Fair value – hedging instruments	Total
Long-term borrowings	₩ 799,459,555,507	₩ -	₩ 799,459,555,507
Bond payables	12,668,206,865,765	-	12,668,206,865,765
Non-current derivative liabilities	-	2,916,640,847	2,916,640,847
Long-term trade and other payables	332,832,713,126	-	332,832,713,126
	₩ 13,800,499,134,398	₩ 2,916,640,847	₩ 13,803,415,775,245

¹ The fair values of the above financial liabilities measured at amortized cost do not significantly differ from their carrying amount.

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38. Categories of Financial Instruments (cont'd)

Net gain or loss by financial instruments for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	For the year ended December 31, 2025	For the year ended December 31, 2024
Financial assets measured at fair value through profit of loss		
Loss on valuation, net	₩ (29,346,057,044)	₩ (10,973,309,968)
Gain on transaction	-	56,825,476,544
Financial assets measured at amortized costs		
Interest income	21,360,030,369	42,148,486,879
Gain (loss) on foreign currency transactions, net	(533,751,500)	873,733,930
Loss on foreign currency translation, net	(42,401,031,362)	(56,265,928,628)
Bad debt expenses	(160,536,354)	(19,672,656,738)
Other bad debt expenses	(5,107,282,189)	(11,153,228,519)
Reversal of bad debt allowance	5,786,219,368	3,759,491,671
Reversal of other bad debt allowance	601,445,531	-
Financial assets measured at fair value through other comprehensive income		
Dividend income	5,928,794	6,076,531
Other comprehensive gain (loss), net of tax	284,900,703	(27,939,946,611)
Financial assets designated as hedging instruments		
Gain on transactions of derivatives	2,371,271,346	389,921,208
Gain (loss) on foreign currency translation, net	49,424,698,553	(47,691,889,419)
Other comprehensive gain (loss), net of tax	(13,865,399,363)	(7,761,195,269)
Financial liabilities measured at fair value through profit or loss		
Gain on valuation	-	2,469,799,151
Financial liabilities measured at amortized cost		
Interest expense	(652,211,666,542)	(538,858,883,728)
Loss on foreign currency transactions, net	(2,611,116,759)	(35,019,067,941)
Gain (loss) on foreign currency translation, net	(55,703,965,912)	45,444,026,046
Financial liabilities designated as hedging instruments		
Loss on transactions, net	(1,839,257,571)	(5,776,534,847)
Interest expense	(5,522,969,504)	(27,182,252,397)
Other comprehensive gain (loss), net of tax	(2,487,825,218)	(11,992,756,900)
	₩ (731,956,364,654)	₩ (648,370,639,005)

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39. Netting Agreements

Offsetting of financial assets and financial liabilities

As of December 31, 2025 and 2024, financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements are as follows:

(in Korean won)

		As of December 31, 2025										
		Gross amounts recognized as financial instruments	Gross amounts of recognized financial instruments set off in the statement of financial position	Net amounts of financial instruments presented in the statement of financial position	Related amounts not set off in the statement of financial position		Net amount ²					
					Financial instruments	Collateral received or pledged						
Financial assets												
Derivative ¹	₩	71,444,268,765	₩	-	₩	71,444,268,765	₩	(6,516,747,752)	₩	-	₩	64,927,521,013
Financial liabilities												
Derivative ¹	₩	6,516,747,752	₩	-	₩	6,516,747,752	₩	(6,516,747,752)	₩	-	₩	-

¹ Some of derivative contracts are made under International Swaps and Derivative Association (ISDA) master netting agreements.

² In general, under such agreements the amounts owed by each counter party on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances (i.e. when a default occurs), all standing transactions under the agreement are terminated, the termination value is assessed and only a single amount is payable in settlement of all transactions.

(in Korean won)

		As of December 31, 2024										
		Gross amounts recognized as financial instruments	Gross amounts of recognized financial instruments set off in the statement of financial position	Net amounts of financial instruments presented in the statement of financial position	Related amounts not set off in the statement of financial position		Net amount ²					
					Financial instruments	Collateral received or pledged						
Financial assets												
Derivative ¹	₩	58,162,234,973	₩	-	₩	58,162,234,973	₩	(32,280,440,612)	₩	-	₩	25,881,794,361
Financial liabilities												
Derivative ¹	₩	32,280,440,612	₩	-	₩	32,280,440,612	₩	(32,280,440,612)	₩	-	₩	-

¹ Some of derivative contracts are made under International Swaps and Derivative Association (ISDA) master netting agreements.

² In general, under such agreements the amounts owed by each counter party on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances (i.e. when a default occurs), all standing transactions under the agreement are terminated, the termination value is assessed and only a single amount is payable in settlement of all transactions.

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40. Risk Management

(a) Capital management

The primary objective of the Group's capital management is to maintain a strong credit rating and sound capital ratios in order to support its business operations and maximize shareholder's value. To maintain a sound capital structure, management periodically reviews the Group's capital structure through a combination of short- and long-term borrowings and issuance of share capital. The Group's capital structure comprise equity and net debt, defined as borrowings and bonds less cash and cash equivalents and borrowing. No changes were made in the objectives, policies or processes for managing capital for the year ended December 31, 2025.

The Group's debt-to-equity ratios as of December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	As of December 31, 2025	As of December 31, 2024
Total borrowings and debt securities (A)	₩ 16,978,280,030,885	₩ 17,101,299,656,893
Cash and cash equivalents (B)	507,058,764,508	336,637,883,066
Net borrowings and debt securities (A – B = C)	16,471,221,266,377	16,764,661,773,827
Total equity (D)	(2,529,031,978,793)	(1,321,613,713,140)
Total invested capital (C + D = E)	₩ 13,942,189,287,584	₩ 15,443,048,060,687
Net borrowings and debt securities-to-total invested capital ratio (C/E)	118.14%	108.56%

(b) Financial risk management

The Group is exposed to various risks related to its financial instruments such as credit risk, market risk (currency risk, interest rate risk and price risk) and liquidity risk.

(i) Risk management structure

The Board of Directors is responsible for establishing and overseeing the Group's risk management framework. Management regularly updates the risk policies for each category of risk and assesses their continued relevance and effectiveness. The objective of these policies is to identify risks that could materially impact the Group's financial performance and to mitigate avoid or eliminate such risks to an acceptable level. Risk management policies are reviewed periodically to reflect current market conditions and the Group's operational activities. The Group continuously enhances its risk management practices through real time monitoring and support from external experts. The Audit Committee oversees the Group's compliance with the risk management policies and procedures and evaluates the effectiveness of the overall risk management framework.

Korea National Oil Corporation and its subsidiaries
Notes to the consolidated financial statements
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40. Risk Management (cont'd)

(b) Financial risk management (cont'd)

(ii) Credit risk

Credit risk is the risk of potential financial loss to the Group if a customer or counterparty to a financial instrument fails to fulfill its contractual obligations. This risk primarily arises from the Group's exposure to trade receivables, investment securities, derivative instruments and financial guarantee contracts.

Credit risk also arises from transactions with financial institutions, including those involving cash and cash equivalents, various deposits, and financial instruments such as derivative contracts. The Group manages this exposure by conducting transactions only with banks that hold high international credit ratings. In addition, the Group has implemented a credit risk management policy under which counterparties must meet a minimum credit rating threshold, assessed based on their financial condition, historical experience, and other relevant factors.

① Exposure to credit risk

The carrying amounts of financial assets and the contractual guarantee amounts represent the Group's maximum exposure to credit risk. Details of the Group's maximum exposure to credit risk as of December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	As of December 31, 2025	As of December 31, 2024
Derivative assets	₩ 71,444,268,765	58,162,234,973
Financial assets at amortized costs	712,377,787,588	701,345,520,575
Financial assets measured at fair value through profit or loss	636,262,954,391	685,111,809,173
Financial guarantee contracts ¹	115,796,430,000	118,629,000,000

¹ It represents the maximum amount of financial guarantee provided by the Group (see Note 42).

② Impairment loss

The Group maintains an allowance for doubtful accounts to recognize expected losses until it determines that the asset is uncollectible. Once an asset is determined to be uncollectible, the related allowance is written off against the carrying amount of the financial asset. Further disclosures relating to impairment of assets are provided as follows:

Impairment losses of accounts receivable and other receivables: *Note 8*

Impairment losses of long-term loans: *Note 10*

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40. Risk Management (cont'd)

(b) Financial risk management (cont'd)

(iii) Market risk

① Crude oil price risk

Crude oil price risk refers to the potential fluctuation in the Group's profit or cash flows resulting from changes in international crude oil market prices. To mitigate this risk and secure product margins, the Group enters into derivative contracts based on anticipated movements in crude oil prices. Assuming all other variables remain constant, the estimated impact on the Group's profit before tax from crude oil price fluctuations for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	For the year ended December 31, 2025		For the year ended December 31, 2024	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
Increase (decrease) of profit before tax	₩ 233,106,543,054	₩ (233,106,543,054)	₩ 269,778,690,720	₩ (269,778,690,720)

② Interest rate risk

The Group is exposed to interest rate risk arising from borrowings that bear floating interest rates. A change of 100 basis points in interest rates, either an increase or decrease, would result in a corresponding change in the Group's profit or loss and total equity as of and for the year ended December 31, 2025. To mitigate the impact of, interest rate fluctuations, the Group utilizes interest rate swap contracts as part of its risk management strategy.

Excluding the impact of derivative transactions, the following analysis reflects the Group's total exposure to interest rate fluctuations. The analysis assumes that all other variables remain constant and is based on the same methodology applied in prior reporting periods. The impact on profit or loss is as follows:

<i>(in Korean won)</i>	For the year ended December 31, 2025		For the year ended December 31, 2024	
	Increase by 100bp	Decrease by 100bp	Increase by 100bp	Decrease by 100bp
Increase (decrease) of profit before tax	₩ (26,732,984,262)	₩ 26,732,984,262	₩ (16,716,435,612)	₩ 16,716,435,612

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40. Risk Management (cont'd)

(b) Financial risk management (cont'd)

(iii) Market risk (cont'd)

③ Foreign currency risk

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Group is exposed to foreign exchange risk due to sales, purchase, borrowing and transactions that are denominated in currencies other than the functional currency, the United States dollar. To mitigate currency risk from fluctuations in foreign exchange rates, the Group enters into derivative contracts including interest rate swaps and currency swaps.

Excluding the impact of derivative instruments, the Group's exposures to foreign currency risk as of December 31, 2025 and December 31, 2024 are as follows:

(in foreign currencies and Korean won)

	Currency unit	As of December 31, 2025		As of December 31, 2024	
		Foreign currencies	Korean won equivalent	Foreign currencies	Korean won equivalent
Financial assets					
Denominated in foreign currencies	KRW	183,060,530,020 ₩	183,060,530,020	165,802,728,840 ₩	165,802,728,840
	VND	-	-	60,891,282,100	3,490,897,203
	CAD	197,640	207,080,076	-	-
	NOK	3,519,186	502,443,149	14,124,548	1,831,304,171
	EUR	55,118,456	92,914,312,039	-	-
			₩ 276,684,365,284		₩ 171,124,930,214
Financial liabilities					
Denominated in foreign currencies	KRW	651,270,117,595 ₩	651,270,117,595	652,626,684,570 ₩	652,626,684,570
	EUR	64,220,674	108,258,107,604	60,905,575	93,112,443,060
	SGD	196,346	219,416,672	-	-
	HKD	1,001,001,098	184,569,237,100	159,138,758	30,130,695,884
	CHF	200,408,249	363,138,087,812	396,772,382	645,313,776,257
	VND	-	-	4,058,435,900	232,670,130
	CAD	6,011,220	6,298,339,786	-	-
	GBP	103,889,999	200,754,939,463	14,871,823	27,418,793,094
			₩ 1,514,508,246,032		₩ 1,448,835,062,995

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40. Risk Management (cont'd)

(b) Financial risk management (cont'd)

(iii) Market risk (cont'd)

③ Foreign currency risk (cont'd)

The exchange rates applied for each of the years ended December 31, 2025 and 2024 and as of December 31, 2025 and 2024 are as follows:

<i>(in USD per one foreign currency)</i>	Average rates		Reporting date spot rate	
	For the year ended December 31, 2025	For the year ended December 31, 2024	As of December 31, 2025	As of December 31, 2024
	KRW	0.0007	0.0007	0.0007
EUR	1.1309	1.0818	1.1748	1.0400
CAD	0.7160	0.7301	0.7302	0.6966
SGD	0.7655	0.7482	0.7788	0.7354
HKD	0.1283	0.1282	0.1285	0.1288
CHF	1.2073	1.1360	1.2628	1.1064
VND(100)	0.0038	0.0040	0.0038	0.0039
NOK	0.0965	0.0930	0.0995	0.0882
GBP	1.3191	1.2778	1.3467	1.2542

As of December 31, 2025 and 2024, the effect of a 5% depreciation or appreciation in each functional currency's exchange rate against the U.S. Dollar on profit before tax assuming all other variables held constant, is as follows:

<i>(in Korean won)</i>	As of December 31, 2025		As of December 31, 2024	
	Increase by 5%	Decrease by 5%	Increase by 5%	Decrease by 5%
	Increase (decrease) of profit before tax			
KRW	₩ (23,203,605,060)	₩ 23,203,605,060	₩ (22,585,650,991)	₩ 22,585,650,991
EUR	(760,410,235)	760,410,235	(18,667,937,224)	18,667,937,224
CAD	(301,871,607)	301,871,607	-	-
SGD	(10,873,886)	10,873,886	-	-
HKD	(9,146,911,297)	9,146,911,297	(1,397,879,815)	1,397,879,815
CHF	(17,996,454,500)	17,996,454,500	(29,938,608,318)	29,938,608,318
GBP	(9,949,044,703)	9,949,044,703	(66,493,183,712)	66,493,183,712
VND	-	-	151,161,788	(151,161,788)
NOK	24,899,978	(24,899,978)	126,577,330	(126,577,330)

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40. Risk Management (cont'd)

(b) Financial risk management (cont'd)

(iii) Market risk (cont'd)

③ Liquidity risk

Details of contractual maturities of financial liabilities and other contractual obligations as of December 31, 2025 are as follows:

(in Korean won)

		As of December 31, 2025					
	Book value	Contractual cash flows ¹	Less than 1 year	1 ~ 2 years	2 ~ 5 years	More than 5 years	
Short-term borrowings	₩ 482,373,220,234	₩ 486,286,925,324	₩ 486,286,925,324	₩ -	₩ -	₩ -	
Bond payables	15,902,858,714,277	17,273,807,257,399	4,705,849,480,114	4,559,854,385,777	6,891,085,297,465	1,117,018,094,043	
Long-term borrowings ²	593,048,096,374	617,566,860,673	365,911,501,504	148,186,516,664	180,536,248	103,288,306,257	
Lease liabilities	291,324,649,295	530,494,967,369	19,678,424,938	20,667,957,176	47,056,671,072	443,091,914,183	
Trade and other payables	823,958,477,713	823,958,477,714	817,698,615,417	-	-	6,259,862,297	
Derivative liabilities	6,516,747,752	6,516,747,752	362,747,412	-	6,154,000,340	-	
Financial guarantee liabilities ³	-	115,796,430,000	115,796,430,000	-	-	-	
	₩ 18,100,079,905,645	₩ 19,854,427,666,231	₩ 6,511,584,124,709	₩ 4,728,708,859,617	₩ 6,944,476,505,125	₩ 1,669,658,176,780	

¹ Contractual cash flows include the estimated interest payments but exclude the effects of offsetting contracts.

² Borrowings and trade and other payables include accrued interest related to success repayable loans prescribed in the Act on the Special Accounts for Energy and Resources-Related Projects ("SAER") for which cash flows are not fixed.

³ Financial guarantee commitment limits have been classified based on their maturity.

As of December 31, 2025 the Group reported a working capital (current assets minus current liabilities) deficit of ₩ 4,780,310 million as of December 31, 2025. The Group's management anticipates that the Group will be able to meet its working capital requirements, capital expenditures and business expansion needs for the foreseeable future. This expectation is based on availability of funding through money market instruments, existing credit sources, and borrowing arrangement, projected operating cash flows, anticipated capital contributions from the Government, and existing cash and cash equivalents as of December 31, 2025.

Korea National Oil Corporation and its subsidiaries

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40. Risk Management (cont'd)

(b) Financial risk management (cont'd)

(iii) Market risk (cont'd)

④ Other price risk

Other price risk is the risk that the fair value or future cash flows of financial instruments may fluctuate due to changes in market prices other than interest rate risk and foreign currency risk. The Group's marketable equity securities are exposed to market price risk arising from the fluctuation in the price of the securities. However, management considers the impact of these on the Group's financial statements to be immaterial.

(c) Fair value measurement

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has performed all significant fair value measurements, including fair values classified at Level 3 in the fair value hierarchy. These assessments are performed by each relevant department, and material assessment results are reported directly to the responsible executives.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of K-IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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40. Risk Management (cont'd)

(c) Fair value measurement (cont'd)

(i) Fair value and book value of financial assets and liabilities as of December 31, 2025 and 2024 are as follows:

(in Korean won)

	As of December 31, 2025		As of December 31, 2024	
	Book value	Fair value	Book value	Fair value
Assets recognized at fair value				
Financial assets measured at fair value through other comprehensive income	₩ 1,097,776,444	₩ 1,097,776,444	₩ 1,124,629,850	₩ 1,124,629,850
Financial assets measured at fair value through profit or loss	636,262,954,391	636,262,954,391	685,111,809,173	685,111,809,173
Currency swap	71,032,919,338	71,032,919,338	57,960,437,430	57,960,437,430
Other derivative assets	411,349,427	411,349,427	201,797,543	201,797,543
	<u>₩ 708,804,999,600</u>	<u>₩ 708,804,999,600</u>	<u>₩ 744,398,673,996</u>	<u>₩ 744,398,673,996</u>
Assets recognized at amortized costs¹				
Cash and cash equivalent	₩ 507,058,764,508	₩ 507,058,764,508	₩ 336,637,883,066	₩ 336,637,883,066
Short-term financial instruments	939,431,082	939,431,082	690,112,800	690,112,800
Loans	65,745,430,615	65,745,430,615	65,171,134,908	65,171,134,908
Long-term financial instruments	70,736,173,782	70,736,173,782	7,984,478,357	7,984,478,357
Trade receivables and other receivables	574,956,752,109	574,956,752,109	627,499,794,510	627,499,794,510
	<u>₩ 1,219,436,552,096</u>	<u>₩ 1,219,436,552,096</u>	<u>₩ 1,037,983,403,641</u>	<u>₩ 1,037,983,403,641</u>
Liabilities recognized at fair value				
Currency swap	₩ -	₩ -	₩ 28,984,811,701	₩ 28,984,811,701
Interest rate swap	6,154,000,340	6,154,000,340	-	-
Other derivative liabilities	362,747,412	362,747,412	3,295,628,911	3,295,628,911
	<u>₩ 6,516,747,752</u>	<u>₩ 6,516,747,752</u>	<u>₩ 32,280,440,612</u>	<u>₩ 32,280,440,612</u>
Liabilities recognized at amortized costs				
Bond payables without collateral	₩ 15,902,858,714,277	₩ 15,902,858,714,277	₩ 15,620,440,101,366	₩ 15,620,440,101,366
Bank borrowings	1,075,421,316,608	1,075,421,316,608	1,480,859,555,527	1,480,859,555,527
Trade and payables	1,115,283,127,008	1,115,283,127,008	1,102,524,845,147	1,102,524,845,147
	<u>₩ 18,093,563,157,893</u>	<u>₩ 18,093,563,157,893</u>	<u>₩ 18,203,824,502,040</u>	<u>₩ 18,203,824,502,040</u>

¹ The fair values of the financial assets and liabilities measured at amortized costs do not significantly differ from their book values.

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40. Risk Management (cont'd)

(c) Fair value measurement (cont'd)

(ii) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, classified as Level 1, 2, or 3, based on the degree to which the fair value is observable:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3: Inputs that are not based on observable market data.

Fair values of financial instruments by hierarchy level as of December 31, 2025 are as follows:

(in Korean won)

	As of December 31, 2025			
	Level 1	Level 2	Level 3	Total
Financial assets				
measured at fair value				
Through other				
comprehensive income	₩ -	₩ -	₩ 1,097,776,444	₩ 1,097,776,444
Through profit or loss	-	-	636,262,954,391	636,262,954,391
Derivative assets	-	71,444,268,765	-	71,444,268,765
	<u>₩ -</u>	<u>₩ 71,444,268,765</u>	<u>₩ 637,360,730,835</u>	<u>₩ 708,804,999,600</u>
Financial liabilities				
measured at fair value				
Derivative liabilities	₩ -	₩ 6,516,747,752	₩ -	₩ 6,516,747,752
	<u>₩ -</u>	<u>₩ 6,516,747,752</u>	<u>₩ -</u>	<u>₩ 6,516,747,752</u>

There were no changes in the fair value hierarchy levels of the financial instruments for the year ended December 31, 2025.

Korea National Oil Corporation and its subsidiaries
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40. Risk Management (cont'd)

(c) Fair value measurement (cont'd)

(ii) Fair value hierarchy (cont'd)

Fair values of financial instruments by hierarchy level as of December 31, 2024 are as follows:

(in Korean won)

	As of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Financial assets				
measured at fair value				
Through other				
comprehensive income	₩ -	₩ -	₩ 1,124,629,850	₩ 1,124,629,850
Through profit or loss	-	-	685,111,809,173	685,111,809,173
Derivative assets	201,797,499	57,960,437,474	-	58,162,234,973
	<u>₩ 201,797,499</u>	<u>₩ 57,960,437,474</u>	<u>₩ 686,236,439,023</u>	<u>₩ 744,398,673,996</u>
Financial liabilities				
measured at fair value				
Derivative liabilities	₩ 6,289,668,038	₩ 25,990,772,574	₩ -	₩ 32,280,440,612
	<u>₩ 6,289,668,038</u>	<u>₩ 25,990,772,574</u>	<u>₩ -</u>	<u>₩ 32,280,440,612</u>

There were no changes in the fair value hierarchy levels of the financial instruments for the year ended December 31, 2024.

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40. Risk Management (cont'd)

(c) Fair value measurement (cont'd)

(ii) Fair value hierarchy (cont'd)

The valuation method and significant unobservable input variables used for the fair value measurement of financial assets and liabilities classified as level 3 as of December 31, 2025 are as follows.

(in Korean won)

As of December 31, 2025					
Classification	Methods	Type	Book value	Significant, unobservable input variable	Range
Financial assets measured at fair value through other comprehensive income	Net book value	Private Equity Fund	w 1,097,776,444	1	1
Financial assets measured at fair value through profit or loss	Discounted Cash Flow Method	Debt securities	636,262,954,391	Risk-adjusted discount rate	13.87% ²

¹ The financial instruments are presented at their carrying amounts, which represent reasonable approximation of their fair values.

² The security was measured at fair value using a discount rate of 13.87%. If the discount rate changes by 50bp to 13.37% or 14.37%, the measured value increases by ₩ 9,995 million or decreases by ₩ 9,751 million.

Korea National Oil Corporation and its subsidiaries
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40. Risk Management (cont'd)

(c) Fair value measurement (cont'd)

(ii) Fair value hierarchy (cont'd)

The valuation method and significant unobservable input variables used for the fair value measurement of financial assets and liabilities classified as level 3 as of December 31, 2024 are as follows.

(in Korean won)

As of December 31, 2024						
Classification	Methods	Type	Book value	Significant, unobservable input variable	Range	
Financial assets measured at fair value through other comprehensive income ¹	Discounted Cash Flow Method	Private Equity Fund	₩	–	Weighted average cost of capital	31.69%
					LNG selling price	4.26~9.26/MMBtu
Financial assets measured at fair value through other comprehensive income	Net book value	Private Equity Fund	1,124,629,850	²	²	
Financial assets measured at fair value through profit or loss	Discounted Cash Flow Method	Debt securities	685,111,809,173	Risk-adjusted discount rate	14.58% ³	
Financial liabilities measured at fair value through profit or loss ¹	Net book value	Debt securities	-	²	²	

¹ The financial instruments were fully written down for the year ended December 31, 2024.

² The financial instruments are presented at their carrying amounts, which represent reasonable approximation of their fair values.

³ The fair value of the bond was discounted to 14.58%. If the discount rate changes by 50bp to 14.08% or 15.08%, the measured value increases by ₩ 10,829 million or decreases by ₩ 10,543 million.

Korea National Oil Corporation and its subsidiaries
Notes to the consolidated financial statements
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40. Risk Management (cont'd)

(c) Fair value measurement (cont'd)

(ii) Fair value hierarchy (cont'd)

Changes in financial instruments classified as fair value level 3 for the year ended December 31, 2025 are as follows:

(in Korean won)

	For the year ended December 31, 2025						
Classification ¹	Beginning balance	Acquisition	Profit or loss	Disposal	Others	Ending balance	
Financial assets measured at fair value through profit or loss	₩ 685,111,809,173	₩ 143,999,775	₩ (29,346,057,044)	₩ (3,000,895,436)	₩ (16,645,902,077)	₩	636,262,954,391
Financial assets measured at fair value through other comprehensive income	1,124,629,850	-	-	-	(26,853,406)		1,097,776,444
	<u>₩ 686,236,439,023</u>	<u>₩ 143,999,775</u>	<u>₩ (29,346,057,044)</u>	<u>₩ (3,000,895,436)</u>	<u>₩ (16,672,755,483)</u>		<u>₩ 637,360,730,835</u>

Changes in financial instruments classified as fair value level 3 for the year ended December 31, 2024 are as follows:

(in Korean won)

	For the year ended December 31, 2024							
Classification ¹	Beginning balance	Acquisition	Profit or loss	Other comprehensive income	Disposal	Others	Exchange rate effect	Ending balance
Financial assets measured at fair value through profit or loss	₩ 611,053,826,278	₩ 275,474,857	₩ (10,973,309,968)	₩ -	₩ -	-	₩ 84,755,818,006	₩ 685,111,809,173
Financial assets measured at fair value through other comprehensive income	30,300,785,308	-	-	(31,009,890,319)	-	-	1,833,734,861	1,124,629,850
Financial liabilities measured at fair value through profit or loss	57,951,394,770	-	(2,469,799,151)	-	(59,409,982,001)	2,722,093,750	1,206,292,632	-
	<u>₩ 699,306,006,356</u>	<u>₩ 275,474,857</u>	<u>₩ (13,443,109,119)</u>	<u>₩ (31,009,890,319)</u>	<u>₩ (59,409,982,001)</u>	<u>₩ 2,722,093,750</u>	<u>₩ 87,795,845,499</u>	<u>₩ 686,236,439,023</u>

Korea National Oil Corporation and its subsidiaries
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41. Transaction with Government and Public Institution

Transactions with government and public institution for the years ended December 31, 2025 and 2024 are as follows:

(in Korean won)

Counter party	Transaction	Income		Expenses	
		For the year ended December 31, 2025	For the year ended December 31, 2024	For the year ended December 31, 2025	For the year ended December 31, 2024
Ministry of Trade, Industry and Resources	Gain on debt exemption	₩ 185,022,619,659	₩ -	₩ -	₩ -
Ministry of Trade, Industry and Resources	Loss on cancellation of debt exemption	-	-	-	297,804,137
Ministry of Trade, Industry and Resources	Government grants income	1,411,044,138	2,399,909,388	-	-
Ministry of Trade, Industry and Resources	Assets contributed	-	339,639,681	-	-
		<u>₩ 186,433,663,797</u>	<u>₩ 2,739,549,069</u>	<u>₩ -</u>	<u>₩ 297,804,137</u>

The outstanding assets and liabilities, arising from the transactions with government and public institution as of December 31, 2025 and 2024 are as follows:

(in Korean won)

Counter party	Transaction	Receivables		Payables	
		As of December 31, 2025	As of December 31, 2024	As of December 31, 2025	As of December 31, 2024
Ministry of Trade, Industry and Resources	Long-term accrued expenses	₩ -	₩ -	₩ 1,133,362,940	₩ 53,558,784,090
Ministry of Trade, Industry and Resources	Borrowings based on SAER	-	-	103,288,306,070	240,572,266,818
Ministry of Trade, Industry and Resources	Government grants for others	-	-	581,671,296	1,155,388,175
Ministry of Trade, Industry and Resources	Government grants for software	-	-	-	944,843
		<u>₩ -</u>	<u>₩ -</u>	<u>₩ 105,003,340,306</u>	<u>₩ 295,287,383,926</u>

Korea National Oil Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2025 and 2024

42. Related Parties

The Group's major related parties as of December 31, 2025 are as follows:

Type	Related parties
Ultimate parent company	The government of the Republic of Korea
Associates	Oilhub Korea Yeosu Co., Ltd. Korea GS E&P Pte. Ltd. Parallel Holdings LLC ¹ KNOC Nigerian East Oil Company Ltd. ¹ KNOC Nigerian West Oil Company Ltd. ¹
Joint ventures	Korea Energy Terminal Co., Ltd. Donghae Floating Offshore Wind Power Co., Ltd.

¹ As of December 31, 2025, the entities are scheduled to be liquidated.

Korea National Oil Corporation and its subsidiaries
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42. Related Parties (cont'd)

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

(in Korean won)		Profits		Losses	
		For the year ended December 31, 2025	For the year ended December 31, 2024	For the year ended December 31, 2025	For the year ended December 31, 2024
Transaction					
Oilhub Korea Yeosu Co., Ltd. ¹	Lease service revenue	₩ 2,203,667,369	₩ 2,066,899,728	₩ -	₩ -
KOREA GS E&P Pte. Ltd.	Other income	115,782,646	-	-	-
KNOC Nigerian East Oil Company Ltd.	Other income	14,425,108	14,293,487	-	-
	Loss on valuation of financial asset measured at fair value through profit or loss	-	-	63,999,900	-
KNOC Nigerian West Oil Company Ltd.	Other income	14,425,108	14,293,487	-	-
	Loss on valuation of financial asset measured at fair value through profit or loss	-	-	79,999,875	-
KNOC Inam Ltd. ²	Reversal of bad debt allowance	218,707,200	-	-	-
K.K. Korea Kamchatka Co. Ltd. ²	Reversal of bad debt allowance	106,365,587	3,759,491,671	-	-
KNOC Ferghana Ltd. ²	Reversal of bad debt allowance	126,140,119	-	-	-
KNOC Ferghana2 Ltd. ²	Loss on valuation of financial asset measured at fair value through profit or loss	-	-	-	275,474,857
	Gain on valuation of financial asset measured at fair value through profit or loss	156,455,436	-	-	-
	Other income	-	335,319,479	-	-
Korea Energy Terminal Co., Ltd.	Other income	1,027,088,472	1,485,158,984	-	-
Donghae Floating Offshore Wind Power Co., Ltd.	Lease service revenue	35,427,941	-	-	-
	Other income	751,004,807	-	-	-
Deep Basin Partnership	Other expenses	-	-	-	311,308,113
	Other income	-	661,471,981	-	-
HKMS Partnership	Other income	-	113,421,402	-	-
		₩ 4,769,489,793	₩ 8,450,350,219	₩ 143,999,775	₩ 586,782,970

¹ This is the amount for the lease contract for land in Yeosu branch office.

² It includes transactions up to the date of liquidation.

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42. Related Parties (cont'd)

The receivables and payables arising from the transactions with related parties as of December 31, 2025 and 2024 are as follows:

(in Korean won)

Transaction	Receivables ¹		Payables	
	As of December 31, 2025	As of December 31, 2024	As of December 31, 2025	As of December 31, 2024
Donghae Floating Offshore Wind Power Co., Ltd. Deposit received	₩ -	₩ -	₩ 13,727,057	₩ -
Parallel Holdings LLC Long-term account receivables ²	15,973,667,419	16,519,689,480	-	-
	₩ 15,973,667,419	₩ 16,519,689,480	₩ 13,727,057	₩ -

¹ The above receivables are the amount before the allowance for doubtful accounts is reflected.

² As of December 31, 2025, the Group has recognized a 100% allowance for doubtful accounts for such loans.

The Group recognized a reversal of bad debt allowance of ₩ 451 million and ₩ 3,759 million from the related-party receivables above for the years ended December 31, 2025 and 2024, respectively. No impairment losses were recognized in either period.

Loans to related parties as of December 31, 2025 and 2024 are as follows:

(in Korean won)

	As of December 31, 2025	As of December 31, 2024
Associates		
KNOC Nigerian East Oil Company Ltd. ¹	₩ 34,714,749,371	₩ 35,497,778,898
KNOC Nigerian West Oil Company Ltd. ¹	36,581,732,887	37,393,894,383
KNOC Ferghana2 Ltd. ²	-	27,106,228,508
Joint ventures		
KNOC Inam Ltd. ²	-	34,763,979,785
K.K. Korea Kamchatka Co. Ltd. ²	-	165,643,736,507
KNOC Ferghana Ltd. ²	-	38,432,474,829
	₩ 71,296,482,258	₩ 338,838,092,910

¹ As of December 31, 2025, it has been classified into a financial asset measured at fair value through profit or loss on the consolidated statement of financial position. The above loans are the contractual amount before the accumulated valuation gain (loss) are reflected.

² Decreased for the year ended December 31, 2025, due to the dissolution and liquidation distribution of the local equity-accounted investees.

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42. Related Parties (cont'd)

Changes in loans to related parties for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	<u>For the year ended December 31, 2025</u>	<u>For the year ended December 31, 2024</u>
Beginning Balance	₩ -	₩ -
Loans ¹	143,999,775	275,474,857
Repayments ²	(607,669,095)	(3,759,491,671)
Reversal of bad debt allowance	451,213,517	3,759,491,671
Gain (loss) on valuation	12,455,803	(275,474,857)
Ending balance	<u>₩ -</u>	<u>₩ -</u>

¹ For the year ended December 31, 2025, the Group provided loans of ₩ 64 million and ₩ 80 million to KNOC Nigerian East Oil Company Ltd. and KNOC Nigerian West Oil Company Ltd., associates of the Group, respectively. Loans granted for the year ended December 31, 2024, consisted solely of loans to the associate, KNOC Ferghana2 Ltd.

² For the year ended December 31, 2025, the Group received repayments of ₩ 157 million, ₩ 219 million, ₩ 106 million, and ₩ 126 million from KNOC Ferghana2 Ltd., an associate, and KNOC Inam Ltd., K.K. Korea Kamchatka Co., Ltd., and KNOC Ferghana Ltd., joint ventures of the Group, respectively. For the year ended December 31, 2024, the Group received a repayment of ₩ 3,759 million from its joint venture, K.K. Korea Kamchatka Co., Ltd.

There are no borrowings from the related parties as of December 31, 2025.

As of December 31, 2025, details of the payment guarantee provided by the Group to the related parties are as follows:

<i>(in USD)</i>				
<u>provider</u>	<u>Beneficiary</u>	<u>Description</u>	<u>Amount</u>	<u>Maturity</u>
		Bank Loan Payment Guarantee	USD 10,800,000	Jul 5, 2026
		Bank Loan Payment Guarantee	USD 18,000,000	Jul 5, 2026
Korea National Oil Corporation	Korea GS E&P Pte. Ltd. ¹	Bank Loan Payment Guarantee	USD 13,500,000	Jul 2, 2026
		Bank Loan Payment Guarantee	USD 9,900,000	Jul 3, 2026
		Bank Loan Payment Guarantee	USD 13,500,000	Jul 5, 2026
		Bank Loan Payment Guarantee	USD 15,000,000	Jul 5, 2026

¹ It is the payment guarantee provided indirectly through GS Energy Corporation. In June 2025, the maturity was extended by one year.

As of December 31, 2025, the Group is not provided with any guarantees from the related parties.

As of December 31, 2025, there is no loans agreement with the related parties.

For the year ended December 31, 2025, the Group received capital contribution amounting to ₩ 61,970 million (₩121,159 million for the year ended December 31, 2024) by the Government of the Republic of Korea, the ultimate parent company. (See Note 26)

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42. Related Parties (cont'd)

The Parent Company made an equity investment of 8,648 million in Donghae Floating Offshore Wind Power Co., Ltd. for the year ended December 31, 2025.

The compensations to the Parent Company's key management personnel for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	<u>For the year ended December 31, 2025</u>	<u>For the year ended December 31, 2024</u>
Salaries	₩ 654,794,920	₩ 621,317,860
Severance and retirement benefits	<u>37,898,990</u>	<u>39,063,660</u>
	<u>₩ 692,693,910</u>	<u>₩ 660,381,520</u>

Dividends received from related parties for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean Won)</i>	<u>For the year ended December 31, 2025</u>	<u>For the year ended December 31, 2024</u>
Associates		
Korea GS E&P Pte. Ltd.	₩ -	₩ 28,643,580,000
Oilhub Korea Yeosu Co. Ltd.	1,945,489,625	-
Joint ventures		
HKMS Partnership	-	12,329,340,038
	<u>₩ 1,945,489,625</u>	<u>₩ 40,972,920,038</u>

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43. Additional Cash Flow Statement Information

Non-Cash Transactions

Material non-cash operating and financing transactions excluded from the statements of cash flows for the years ended December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	For the year ended December 31, 2025	For the year ended December 31, 2024
Bond payables transferred to current portion	₩ 4,122,412,506,987	₩ 2,726,517,315,626
Long-term borrowings transferred to current portion	401,511,088,194	41,135,294,846
Changes in right-of-use assets due to the modification of leases	5,479,832,149	(5,271,900,261)
Changes in right-of-use assets due to new leases	1,190,178,996	424,030,780
Other account payables in relation to the acquisition of the property, plant and equipment	(16,033,283,392)	68,125,809
Construction in progress transferred to other accounts	61,378,669,049	7,310,019,072
Changes in restoration assets due to the revaluation of provisions	208,855,473,129	4,016,615,042
Equity adjustments arising from investments in equity-method investees	(27,742,696,563)	(21,846,680,399)
Reclassification of accounts due to classification as assets held for sale	106,080,622,977	-
Revaluation of land classified as property, plant and equipment	(81,359,356,382)	-

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43. Additional Cash Flow Statement Information (cont'd)

Change in liabilities from financing activities for the years ended December 31, 2025 and 2024 are as follows:

(in Korean won)

	For the year ended December 31, 2025					
	Beginning balance	Cash flow	Changes in non-cash			Ending balance
			Change in exchange rate	Change in fair value	Others ¹	
Lease liability	₩ 293,868,117,480	₩ (8,419,743,189)	₩ 6,410,180,206	₩ -	₩ (533,905,202)	₩ 291,324,649,295
Short-term borrowings	633,900,000,035	(136,457,605,807)	33,093,086,781	-	(48,162,260,775)	482,373,220,234
Long term borrowings	799,459,555,507	-	281,040,628	-	(555,521,499,775)	244,219,096,360
Current portion of long-term borrowings	47,499,999,985	(104,402,331,449)	2,681,604,343	-	403,049,727,135	348,829,000,014
Bond payables	12,668,206,865,765	3,438,965,722,785	48,218,761,991	-	(4,410,328,057,294)	11,745,063,293,247
Current portion of bond payables ²	2,952,233,235,601	(2,904,956,304,376)	47,321,779,215	-	4,063,196,710,590	4,157,795,421,030
Assets held to hedge risk of bond payable ²	58,162,234,973	-	49,424,697,885	(9,598,423,402)	(26,544,240,691)	71,444,268,765
Liabilities held to hedge risk of bond payable ²	32,280,440,612	-	-	5,428,660,673	(31,192,353,533)	6,516,747,752

¹ Others include transfer to current portions and amortization to present value, gain on debt exemption.

² The assets and liabilities above are comprised of currency swap and interest swap derivative and included in the cash flow of related bond payables.

(in Korean won)

	For the year ended December 31, 2024					
	Beginning balance	Cash flow	Changes in non-cash			Ending balance
			Change in exchange rate	Change in fair value	Others ¹	
Lease liability	₩ 327,969,993,371	₩ (26,387,120,811)	₩ (37,930,642,114)	₩ -	₩ 30,215,887,034	₩ 293,868,117,480
Short-term borrowings	386,929,787,691	173,137,135,823	(124,287,981,837)	-	198,121,058,358	633,900,000,035
Long term borrowings	639,827,752,047	-	(16,828,717,041)	-	176,460,520,501	799,459,555,507
Current portion of long-term borrowings	497,483,310,796	(388,303,552,156)	(423,636,504)	-	(61,256,122,151)	47,499,999,985
Bond payables	10,413,377,006,788	3,521,704,935,817	(73,485,478,889)	-	(1,193,389,597,951)	12,668,206,865,765
Current portion of bond payables ²	3,154,066,670,906	(3,321,865,367,088)	(23,286,384,795)	-	3,143,318,316,578	2,952,233,235,601
Assets held to hedge risk of bond payable ²	200,024,267,518	-	(47,691,889,419)	5,146,861,228	(99,317,004,354)	58,162,234,973
Liabilities held to hedge risk of bond payable ²	16,864,847,973	-	(2,008,077,386)	5,380,497,362	12,043,172,663	32,280,440,612

¹ Others include transfer to current portion and amortization to present value.

² The assets and liabilities above are comprised of currency swap and interest swap derivative and included in the cash flow of related bond payables.

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44. Contingencies and Commitments

Details of significant litigations pending against the Group as of December 31, 2025 are as follows:

(in USD)

Court	Plaintiff	Defendant	Description¹	Amount	Status
Nigeria Lagos State Court ¹	AAA company and Dr. Owolabi	The Parent Company	Claims for damages equivalent to brokerage fees, claims for contribution to acquisition of a mining site	USD 100,000,000	In first trial

¹ Dr. Owolabi and others are engaged in a lawsuit demanding that the Group pays for the cooperation to acquire Nigerian mining rights. The Group currently believes that it has no obligations, and as of December 31, 2025, it has not recognized any provisions for these litigations.

As of December 31, 2025, in addition to the above lawsuits, the Group was a defendant in 3 lawsuits with total claims amounting to ₩ 1,106 million. The Group was also a plaintiff in 2 lawsuits, with total claims amounting to ₩ 296 million and USD 4 million.

There are no loan guarantees provided by the Group to non-related parties as of December 31, 2025.

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44. Contingencies and Commitments (cont'd)

As of December 31, 2025, the payment guarantees provided by the Company to others are as follows:

(in thousands of USD, Korean won)

Details of contract¹	Financial institutions	Credit line		Current Balance
Trade finance	Development Bank of Singapore ²	USD	240,000,000	USD -
	Bank of America ²	USD	150,000,000	USD -
	ING Bank ²	USD	400,000,000	USD -
	Standard Chartered Bank ²	USD	10,000,000	USD -
	Credit Agricole ²	USD	100,000,000	USD -
Credit line	Development Bank of Singapore ²	USD	240,000,000	-
	Mizuho Bank	USD	400,000,000	USD -
	Bank of America ²	USD	150,000,000	USD -
	ING Bank ²	USD	400,000,000	USD -
	Credit Agricole ²	USD	100,000,000	USD -
	Standard Chartered Bank ²	USD	10,000,000	USD -
	Export-Import Bank of Korea	USD	550,000,000	USD 210,000,000
	Nonghyup Bank	USD	300,000,000	USD 130,000,000
Bank overdraft	Korea Development Bank	KRW	59,375,000,000	KRW 59,375,000,000
	iM Bank	KRW	80,000,000,000	KRW -
	Hana Bank	KRW	230,000,000,000	KRW 24,000,000,000
		USD	45,000,000	USD -

¹ The details of the agreements above do not include provisions related to success repayable borrowings.

² Credit lines for trade finance and loans are managed on a consolidated basis.

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44. Contingencies and Commitments (cont'd)

As of December 31, 2025, details of guarantees the Group received from others are as follows:

(in foreign currencies)

Provider	Beneficiary	Description	Currency	Amount	Details
Gibsons Energy Inc.	Harvest Operations Corp.	Foreign currency payment	CAD	15,000,000	Oil/Gas/NGL Sales Payment Guarantee
Plains All American Pipeline LLP	Harvest Operations Corp.	Foreign currency payment	USD	50,000,000	Oil/NGL Sales Payment Guarantee
Tidal Energy Marketing Inc.	Harvest Operations Corp.	Foreign currency payment	CAD	20,000,000	Oil/Gas/NGL Sales Payment Guarantee
Trafigura Beheer BV	Harvest Operations Corp.	Foreign currency payment	CAD	25,000,000	Oil/Gas/NGL Sales Payment Guarantee
Societe Generale	Dana Petroleum Limited	Performance Bond	EUR	129,945,940	Restoration performance guarantee
DNB	Dana Petroleum Limited	Performance Bond	GBP	38,139,812	Restoration performance guarantee
DNB	Dana Petroleum Limited	Performance Bond	EUR	37,440,654	Restoration performance guarantee
DNB	Dana Petroleum Limited	Performance Bond ¹	GBP	37,941,535	Restoration performance guarantee
Standard Chartered	Dana Petroleum Limited	Performance Bond	EUR	87,963,935	Restoration performance guarantee
DNB	Dana Petroleum Limited	Performance Bond ¹	USD	750,000	Restoration performance guarantee

¹ For the guarantee details above, 100% of the guarantee amount is secured by cash assets..

In relation to the investment agreement for Korea Energy Terminal Co., Ltd., the Parent Company entered into a Joint Venture Agreement with SK Gas Co., Ltd. on November 13, 2019 to advance the Ulsan North Port project. As of December 31, 2025, the Parent Company has contributed ₩ 144,676 million and is obligated to fund its proportionate share of the remaining ₩ 85,549 million in equity capital, in accordance with the capital contribution ratio agreed among the participating entities. The total equity funding requirement is subject to change based on potential future adjustments in total project investment costs and amendments to applicable laws and regulations.

Korea National Oil Corporation and its subsidiaries

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44. Contingencies and Commitments (cont'd)

As of December 31, 2025, other significant contingencies and commitments related to the Group's subsidiaries are as follows:

(i) Dana Petroleum Limited and its subsidiaries

The Parent Company provided a payment guarantee of borrowings of Dana Petroleum Limited, a subsidiary, entered into with the Export-Import Bank of Korea and others, up to USD 300 million. As of December 31, 2025, the outstanding guaranteed amount was USD 50 million. As of December 31, 2025, the Group provided a performance guarantee of GBP 216 million to participating companies for the expenses that will incur for restoration of the sites, decommissioning, dismantling, removal and disposal of the facilities and structures after the completion of Dana Petroleum Limited's oil field.

The Group provided a restoration performance guarantee of EUR 167 million and GBP 38 million to banks that issue letter of credit for the expenses that will incur for restoration of the sites, decommissioning, dismantling, removal and disposal of the facilities and structures which is required for issuance of letter of credit.

(ii) Harvest Operations Corp. and its subsidiaries

As of December 31, 2025, the performance guarantee L/C issued by Harvest Operations Corp. amounts to CAD 18 million, and the contractual commitments related to purchase and transportation amount to CAD 38 million

(iii) ANKOR E&P Holdings Corp. ("ANKOR") and its subsidiaries

The Group has provided a guarantee amounting to USD 90 million to Chubb Limited and other parties in respect of site restoration obligations for oil and gas fields operated by ANKOR.

(iv) KNOC Yemen Ltd.

The Group had been in discussions with the local acquirer YICOM regarding the transfer of business in connection with the withdrawal of its subsidiary, KNOC Yemen Ltd. However, the discussions have been suspended due to civil war occurred in Yemen. Depending on the resumption and outcome of such negotiations, at settlement payable or receivable between the Group and YICOM may arise, but the amount cannot be reasonably estimated at this time.

Korea National Oil Corporation and its subsidiaries
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44. Contingencies and Commitments (cont'd)

(v) KNOC Eagle Ford Corp. and its subsidiaries

Details of agreements with financial institutions of KNOC Eagle Ford Corp. and its subsidiaries are as follows:

(in USD)

Agreement	Financial Institution	Credit line amount	Executed amount
Credit line	Standard Chartered Bank	USD 100,000,000	USD -
	Sumitomo Mitsui Banking Corporation	70,000,000	-
	Bank of America	25,000,000	-
	Mizuho Bank	30,000,000	-
	USD 225,000,000	USD -	

The Parent Company provided a payment guarantee of up to USD 90 million for borrowings entered into by its subsidiary, KNOC Eagle Ford Corporation with the Export-Import Bank of Korea and other lenders of which, the full amount has been executed. In addition, the Parent Company provided a guarantee of USD 48 million to Chubb Limited and other parties in respect of site restoration obligations.

Pursuant to the limited partnership agreement of KOA Energy LP, KNOC Eagle Ford Corporation is obligated to acquire the common shares in KOA Energy LP held by KIA Energy LP on February 3, 2027.

(vi) KNOC Caspian LLP and its subsidiaries

KNOC Caspian LLP's production contract stipulates annual mandatory investment amount. Under Kazakhstan's Subsoil Law, 1% of production costs must be invested in an R&D fund, and 1% of the annual investment amount must be contributed to training fund. In addition, there are other obligations in Kazakhstan, including contributions to a liquidation fund. If these obligations are not fulfilled, the Group may be required to pay levies to the Kazakhstan government. The mandatory investment amount for 2025 is expected to be KZT 20,964 million. In relation to capital transactions with the Parent Company, a total amount of up to USD 17 million may be imposed depending on the interpretation of the local tax authority.

(vii) Altius Holding Inc. and subsidiaries

Altius Holding Inc.'s production contract stipulates annual mandatory investment amounts. Under Kazakhstan's Subsoil Law, 1% of production costs must be invested in an R&D fund, and 1% of the annual investment amount must be contributed to a training fund. In addition, there are other obligations in Kazakhstan, including contributions to a liquidation fund. If these obligations are not fulfilled, the Group may be required to pay levies to the Kazakhstan government. The mandatory investment amount for 2025 is expected to be KZT 3,013 million.

Korea National Oil Corporation and its subsidiaries
Notes to the consolidated financial statements
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45. Assets Held for Sale

Details of assets held for sale as of December 31, 2025 and 2024 are as follows:

<i>(in Korean won)</i>	December 31, 2025	December 31, 2024
Disposal group held for sale ¹	₩ 106,080,622,977	₩ -
Liabilities Included in the disposal group classified as held for sale	-	-

¹ As of December 31, 2025, due to the cessation of production at the Western Isles field of Dana Petroleum Ltd., the Group decided to dispose of the FPSO and is currently negotiating with potential bidders. As the sale is considered highly probable and expected to be completed within one year, the asset has been classified as a non-current asset held for sale.

As of December 31, 2025 and December 31, 2024, the primary assets included in the disposal group held for sale consist of oil and gas producing assets, and there are no liabilities associated with the disposal group.

46. Restatement of the consolidated financial statements

During 2025, to conform to current year presentation, the Group made retrospective adjustments to the 2024 comparative financial statements to separately present the foreign currency translation adjustments related to translating the Company's financial statements in the equity items that will not be reclassified subsequently to profit or loss. The followings summarize the impacts on the Group's consolidated financial statements of comprehensive loss and changes in equity for the year ended December 31, 2024.

<i>(in Korean won)</i>	Impact of restatement		
	As previously reported	Adjustments	As restated
Profit for the year	₩ 191,530,910,801	₩ -	₩ 191,530,910,801
Other comprehensive income (loss)			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences for presentation currency	-	(173,037,000,235)	(173,037,000,235)
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences for foreign operations, net of tax	(198,089,985,147)	173,037,000,235	(25,052,984,912)
Other comprehensive loss for the year, net of tax	(257,410,263,209))	-	(257,410,263,209))
Total comprehensive loss for the year	(65,879,352,408)	-	(65,879,352,408)

Korea National Oil Corporation and its subsidiaries
Notes to the consolidated financial statements
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46. Restatement of the consolidated financial statements (cont'd)

<i>(in Korean won)</i>	Impact of restatement		
	Other components of equity (Attributable to owner of the Company)		
	As previously reported	Adjustments	As restated
Balance as of January 1, 2024	₩ (117,899,420,474)	₩ -	₩ (117,899,420,474)
Total comprehensive income (loss) for the year			
Profit (loss) for the year	(302,467,254,544)	-	(302,467,254,544)
Other comprehensive loss			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences for presentation currency	-	(173,037,000,235)	(173,037,000,235)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences for foreign operations, net of tax	(198,089,985,147)	173,037,000,235	(25,052,984,912)
Transactions with owner of the Company, recognized directly in equity			
Balance as of December 31, 2024	(420,366,675,018)	-	(420,366,675,018)

47. Events After the Reporting Period

In January 2026, Harvest Operations Corp., a subsidiary, entered into an agreement to sell all assets held by its subsidiary, Deep Basin Partnership, along with the Bilbo assets, for total consideration of approximately CAD 160 million. The transaction was completed on February 18, 2026.

48. Date of Authorization of Issue

The consolidated financial statements as of and for the year ended December 31, 2025 were approved for issue by the Board of Directors on February 27, 2026.