

# Hyosung Corporation

Separate financial statements  
for the years ended December 31, 2022 and 2021  
with the independent auditor's report

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## **Independent auditor's report**

(English Translation of a Report Originally Issued in Korean)

### **The Shareholders and Board of Directors Hyosung Corporation**

#### **Opinion**

We have audited the accompanying separate financial statements of Hyosung Corporation (the "Company"), which comprise the separate statement of financial position as of December 31, 2022 and 2021, and the separate statements of profit or loss, separate statements of other comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS").

We also have audited, in accordance with Korean Standards on Auditing ("KSA"), the Company's internal control over financial reporting ("ICFR") as of December 31, 2021, based on criteria established in Conceptual Framework for designing and operating ICFR established by the Operating Committee of ICFR (the "ICFR Committee"), and our report dated March 9, 2023 expressed an unqualified opinion thereon.

#### **Basis for opinion**

We conducted our audit in accordance with KSA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the separate financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the separate 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.

#### **Key audit matter**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **(1) Impairment test of investments in the associate, Hyosung Heavy Industries Corporation**

As described in Note 15 to the separate financial statements, the book value of the investment in the associate, Hyosung Heavy Industries Corporation is KRW 402,675 million as of December 31, 2022.

The Company assesses whether there is an indication that an associate may be impaired on annual basis. As of December 31, 2022, there was an indication of impairment on the investment in the associate due to the continuous decline of stock prices in active markets. Accordingly, the Company identified an indication of the impairment and performed an impairment test on the investment. The Company performs the impairment test on the investment with an indication of impairment. The impairment amount of the investments with indication of impairment is determined as the difference between the investments' book value and the higher of value in use and fair value. The determination of key assumptions used in estimating the value in use of investment involves management's judgment, such as long-term business plans, discount rate, and permanent growth rate.

Therefore, considering the involvement of management's judgments for assumptions on valuation of investments and its bias that may exist,

we determined the impairment test on the investment in the associate, Hyosung Heavy Industries Corporation for which the investments are significant as a key audit matter.

We performed the following audit procedures regarding the key audit matter:

- Assessed the qualification and independence of the external specialists involved by management of the Company.
- Involved our internal valuation specialists to evaluate the appropriateness of the valuation model and discount rate used by the Company for estimating the value in use.
- Assessed the business plan approved by management in order to assess the rationality of key inputs such as estimated sales, operating expenses and growth rate of the investee used in calculating the value in use by the Company and comparing them with information from observable market data.
- Performed an independent recalculation to assess the accuracy of the value in use by involving our internal valuation specialists.
- Compared the estimated cash flows in prior year to the actual result in current year to evaluate the accuracy of the management's estimates.

### **Responsibilities of management and those charged with governance for the separate financial statements**

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

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

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

### **Auditor's responsibilities for the audit of the separate financial statements**

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with KSA 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 separate financial statements.

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

- Identify and assess the risks of material misstatement of the separate 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Yong Soo Jung.



March 9, 2023

This audit report is effective as of March 9, 2023, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the independent auditor's report date to the time this report is used. Such events and circumstances could significantly affect the accompanying separate financial statements and may result in modifications to this report.

# Hyosung Corporation

Separate financial statements  
for the years ended December 31, 2022 and 2021

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

Hyun-Joon Cho and Kyoo-Young Kim  
Chief Executive Officers  
Hyosung Corporation

**Hyosung Corporation**  
**Separate statements of financial position**  
**as of December 31, 2022 and 2021**

(Korean won in millions)

	Notes	Dec 31, 2022	Dec 31, 2021
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	4,6,34	₩ 27,215	₩ 32,894
Trade and other receivables	4,7,13,17,34,35	131,802	138,977
Due from customers for contract work	7,34	33	656
Other current financial assets	4,8,34,35	208,999	205,596
Other current assets	16	24,741	34,413
Inventories	9	12,210	8,645
		<u>405,000</u>	<u>421,181</u>
<b>Non-current assets:</b>			
Long-term trade and other receivables	4,7,13,17,34	14,031	35,668
Property, plant and equipment	10,13,20,35	538,258	543,457
Investment property	11,13	6,158	6,743
Intangible assets	12	40,204	42,392
Investments in subsidiaries	14	847,625	851,354
Investments in associates and joint ventures	2,15,35	1,055,632	1,156,852
Net defined benefit assets	21	8,522	-
Other non-current financial assets	4,8,34,35	43,250	30,183
Other non-current assets	16	23,980	23,999
		<u>2,577,660</u>	<u>2,690,648</u>
<b>Total assets</b>		<b>₩ 2,982,660</b>	<b>₩ 3,111,829</b>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Trade and other payables	4,17,18,34	₩ 94,625	₩ 107,712
Due to customers for contract work	7,34	32	37
Short-term borrowings and current portion of long term borrowi	4,7,19,33,34,35	243	828
Other current financial liabilities	4,8,13,33,34	10,338	9,740
Current tax liabilities		2,516	4,138
Other current liabilities	7,22	23,535	36,352
		<u>131,289</u>	<u>158,807</u>
<b>Non-current liabilities:</b>			
Long-term trade and other payables	4,17,18,34	25,916	21,893
Long-term borrowings	4,19,33,34	491	627
Net defined benefit liabilities	21	-	1,493
Deferred tax liabilities	30	221,804	253,244
Other non-current financial liabilities	4,8,13,33,34	19,308	23,075
Other non-current liabilities	22	493	185
		<u>268,012</u>	<u>300,517</u>
<b>Total liabilities</b>		<b>399,301</b>	<b>459,324</b>
<b>Equity</b>			
Share capital	23,34	105,355	105,355
Share premium	34	451,188	451,188
Retained earnings	2,23,34	6,488,547	6,571,275
Other components of equity	2,23,34	(4,461,731)	(4,475,313)
<b>Total equity</b>		<b>₩ 2,583,359</b>	<b>₩ 2,652,505</b>
<b>Total liabilities and equity</b>		<b>₩ 2,982,660</b>	<b>₩ 3,111,829</b>

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

**Hyosung Corporation**  
**Separate statements of profit or loss**  
**for the years ended December 31, 2022 and 2021**

(Korean won in millions, except for earnings per share)

	<b>Notes</b>	<b>2022</b>		<b>2021</b>	
<b>Revenue</b>	2,17,24,25	₩	749,996	₩	1,050,666
<b>Cost of sales</b>	17,27		706,778		536,117
<b>Gross profit</b>			43,218		514,549
Selling and administrative expenses	17,26,27		72,529		74,392
<b>Operating profit (loss)</b>			(29,311)		440,157
Other income	28		11,597		13,036
Other expenses	28		11,660		2,805
Finance income	29		35,597		12,706
Finance costs	29		23,980		8,567
<b>Profit (loss) before income tax</b>			(17,757)		454,527
Income tax expenses (benefit)	30		(32,096)		23,654
<b>Profit for the year</b>		₩	14,339	₩	430,873
<b>Earnings per share (in Korean won)</b>	31	₩	720	₩	21,642

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

**Hyosung Corporation**  
**Separate statements of other comprehensive income**  
**for the years ended December 31, 2022 and 2021**

(Korean won in millions)

	<b>Notes</b>	<b>2022</b>	<b>2021</b>
<b>Profit for the year</b>		₩ 14,339	₩ 430,873
<b>Other comprehensive loss</b>		43,339	53,240
<b>Items that will not be subsequently reclassified to profit or loss (net of tax):</b>		-	-
Net gain (loss) on equity instruments at fair value through OCI	4,8,30	(5,491)	489
Remeasurements gain (loss) on net defined benefit liabilities	21,30	4,203	(15,222)
Shares of remeasurement gain (loss) of subsidiaries and associates	14,15,30	23,385	(5,904)
<b>Items that may be subsequently reclassified to profit or loss (net of tax):</b>		-	-
Net gain on valuation of investments in subsidiaries and associates	14,15,30	21,242	73,877
<b>Other comprehensive income for the year, net of tax</b>		<u>43,339</u>	<u>53,240</u>
<b>Total comprehensive income for the year</b>		<u>₩ 57,678</u>	<u>₩ 484,113</u>

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

Hyosung Corporation  
 Separate statements of changes in equity  
 for the years ended December 31, 2022 and 2021  
 (Korean won in millions)

	Share capital	Share premium	Retained earnings	Other components of equity	Total
<b>As of January 1, 2021</b>	₩ 105,355	₩ 451,188	₩ 6,261,075	₩ (4,549,679)	₩ 2,267,939
<b>Total comprehensive income:</b>					
Profit for the year	-	-	430,873	-	430,873
Net gain on equity instruments at fair value through OCI	-	-	-	489	489
Remeasurements loss on net defined benefit liabilities	-	-	(15,222)	-	(15,222)
Share of remeasurement loss of subsidiaries, associates and joint venture	-	-	(5,904)	-	(5,904)
Net gain on valuation of investments in subsidiaries, associates and joint venture	-	-	-	73,877	73,877
<b>Transactions with owners of the parent:</b>					
Dividend (Note 32)	-	-	(99,547)	-	(99,547)
<b>As of December 31, 2021</b>	<u>₩ 105,355</u>	<u>₩ 451,188</u>	<u>₩ 6,571,275</u>	<u>₩ (4,475,313)</u>	<u>₩ 2,652,505</u>
<b>As of January 1, 2022</b>	₩ 105,355	₩ 451,188	₩ 6,573,695	₩ (4,475,281)	₩ 2,654,957
Adoption of Amendment to IAS 16 (Note 2)	-	-	₩ (2,421)	₩ (31)	₩ (2,452)
<b>As of January 1, 2022(After Adoption)</b>	₩ 105,355	₩ 451,188	₩ 6,571,274	₩ (4,475,312)	₩ 2,652,505
<b>Total comprehensive income:</b>					
Profit for the year	-	-	14,339	-	14,339
Net loss on equity instruments at fair value through OCI	-	-	-	(5,491)	(5,491)
Remeasurements gain on net defined benefit liabilities	-	-	4,203	-	4,203
Share of remeasurement gain of subsidiaries, associates and joint venture	-	-	23,385	-	23,385
Net gain on valuation of investments in subsidiaries, associates and joint venture	-	-	-	21,242	21,242
<b>Transactions with owners of the parent:</b>					
Dividend (Note 32)	-	-	(129,411)	-	(129,411)
Others	-	-	4,756	(2,169)	2,588
<b>As of December 31, 2022</b>	<u>₩ 105,355</u>	<u>₩ 451,188</u>	<u>₩ 6,488,546</u>	<u>₩ (4,461,730)</u>	<u>₩ 2,583,360</u>

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

**Hyosung Corporation**  
**Separate statements of cash flows**  
**for the years ended December 31, 2022 and 2021**

(Korean won in millions)

	Notes	2022	2021
<b>Cash flows from operating activities:</b>			
Profit for the year		₩ 14,339	₩ 430,873
Cash generated from operations	33	31,308	(402,125)
Working capital adjustments	33	(2,361)	84,682
Income taxes paid		(4,681)	(9,438)
Interest paid		(1,044)	(942)
Interest received		7,940	4,020
Dividend received		141,050	62,130
<b>Net cash flows provided by operating activities:</b>		<b>186,551</b>	<b>169,200</b>
<b>Cash flows from investing activities:</b>			
Collection of short-term loans		12	-
Proceeds from sales of FVOCI		422	3,904
Proceeds from sales of FVPL		3,577	3,008
Collection of long-term loans		1,700	-
Proceeds from disposal of property, plant and equipment		73	5
Proceeds from disposal of intangible assets		434	2,430
Proceeds from disposal of investments in subsidiaries		-	15,318
Proceeds from disposal of investments in associates		3,282	-
Liquidation of subsidiaries.		-	3,233
Proceeds from disposal of long-term financial instruments		39	802
Increase in merger		-	18
Increase in long-term loans		-	(20,050)
Acquisition of other FVOCI		(20,100)	(1,850)
Acquisition of other FVPL		(489)	(207)
Increase in long-term deposits		(124)	(548)
Acquisition of property, plant and equipment		(13,269)	(11,855)
Acquisition of intangible assets		(2,664)	(4,850)
Acquisition of investments in associates		(11,943)	-
Acquisition of investments in subsidiaries		(10,100)	(108)
<b>Net cash flows used in investing activities</b>		<b>(49,150)</b>	<b>(10,750)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from short-term borrowings		6,808	1,163
Government grants received		1,654	2,613
Repayment of short-term borrowings		(7,473)	(21,400)
Repayment of current portion of long-term borrowings		(136)	(136)
Payments of lease liabilities		(14,521)	(11,322)
Dividends paid		(129,411)	(99,547)
Repayment of government grants		(1)	(934)
<b>Net cash used in financing activities</b>		<b>(143,080)</b>	<b>(129,563)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(5,679)</b>	<b>28,887</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>32,894</b>	<b>4,007</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>₩ 27,215</b>	<b>₩ 32,894</b>

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

## 1. Company information

Hyosung Corporation (the “Company”) was established on November 3, 1966, primarily manufactures and sells synthetic fiber products and electronic products, and is engaged in construction, international trade and other related business activities. As a result of the spin-off dated on June 1, 2018, the Company was separated into the surviving company; Hyosung Corporation that manages the equities and investments of the subsidiaries, and newly established companies; Hyosung TNC Corporation, Hyosung Heavy Industries Corporation, Hyosung Advanced Materials Corporation and Hyosung Chemical Corporation that operate business in textile and trading, heavy industries and construction, industrial materials and chemical products, respectively.

As of December 31, 2022, the shareholders of the Company are as follows:

Shareholder	Number of Shares	Percentage of Ownership (%)
Cho Seok-Rae	2,057,443	9.76
Cho Hyun-Joon	4,623,736	21.94
Cho Hyun-Sang	4,513,596	21.42
Song Gwang-Ja	101,387	0.48
Cho Yang-Rae and others	153,126	0.73
Others	8,460,116	40.16
Treasury shares	1,161,621	5.51
Total	21,071,025	100

## 2. Significant accounting policies

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

### 2.1 Basis of financial statement preparation

The Company prepares statutory financial statements in accordance with International Financial Reporting Standards enacted by the Act on External Audit of Stock Companies (“KIFRS”). The accompanying separate financial statements have been translated into English from the Korean separate financial statements. In the event of any differences in interpreting the financial statements or the independent auditor’s report thereon, Korean version, which is used for regulatory reporting purposes, shall prevail.

The separate financial statements have been prepared on a historical cost basis, except for certain assets that are measured at fair values. The separate financial statements are presented in Korean won (KRW) except when otherwise indicated.

## 2. Significant accounting policies (cont'd)

### 2.2 Changes in accounting policy and disclosures

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

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2022. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

#### **Onerous Contracts – Costs of Fulfilling a Contract – Amendments to KIFRS 1037**

An onerous contract is a contract under which the unavoidable of meeting the obligations under the contract costs (i.e., the costs that the Group cannot avoid because it has the contract) exceed the economic benefits expected to be received under it.

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services including both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract and costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Company applied the amendments to the contracts for which it had not fulfilled all of its obligations at the beginning of the reporting period.

Prior to the application of the amendments, the Company had not identified any contracts as being onerous as the unavoidable costs under the contracts, which were the costs of fulfilling them, comprised only incremental costs directly related to the contracts. As a result of the amendments, certain other directly related costs have been included by the Company in determining the costs of fulfilling the contracts.

In accordance with the transitional provisions, the Company applies the amendments to contracts for which it has not yet fulfilled all of its obligations, at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application) and has not restated its comparative information. This standard is not applicable to the Company.

#### **Reference to the Conceptual Framework – Amendments to KIFRS 1103**

The amendments replace a reference to a previous version of the International Accounting Standards Board (IASB)'s *Conceptual Framework* with a reference to the current version issued in March 2018 without significantly changing its requirements.

The amendments add an exception to the recognition principle of KIFRS 1103 *Business Combinations* to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of KIFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets* or KIFRS Interpretation 2121 *Levies*, if incurred separately. The exception requires entities to apply the criteria in KIFRS 1037 or KIFRS Interpretation 2121, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date.

The amendments also add a new paragraph to KIFRS 1103 to clarify that contingent assets do not qualify for recognition at the acquisition date.

In accordance with the transitional provisions, the Company applies the amendments prospectively, i.e., to business combinations occurring after the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). This standard is not applicable to the Company.

## 2. Significant accounting policies (cont'd)

### 2.2 Changes in accounting policy and disclosures (cont'd)

#### (1) New and amended standards and interpretations (cont'd)

##### Proceeds before Intended Use – Amendments to KIFRS 1016 Property, plant and equipment

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

In accordance with the transitional provisions, the Group applies the amendments retrospectively only to items of Property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment (the date of initial application).

The effects of the amendments are as follows.

#### A. Statements of financial position (KRW in millions)

	Before amendment	Changed amount	After amendment
1. Adjustment details			
Investments in associates and joint ventures	1,159,303	(2,451)	1,156,852
Other components of equity	(4,475,282)	(31)	(4,475,313)
Retained earnings	6,573,695	(2,420)	6,571,275
2. Impact of total assets	3,114,280	(2,451)	3,111,829
3. Impact of total liabilities	459,324	-	459,324
4. Impact of total equity	2,654,956	(2,451)	2,652,505

#### B. statements of other comprehensive income (loss) (KRW in millions)

	Before amendment	Changed amount	After amendment
1. Adjustment details			
Revenue	442,401	(2,420)	439,981
Net gain (loss) on valuation of investments in subsidiaries and associates	73,908	(31)	73,877
2. Profit (loss) for the year	433,293	(2,420)	430,873
3. Total comprehensive income (loss) for the year	486,564	(2,451)	484,113

## 2. Significant accounting policies (cont'd)

### 2.2 Changes in accounting policy and disclosures (cont'd)

#### (1) New and amended standards and interpretations (cont'd)

##### **KIFRS 1101 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter**

The amendment permits a subsidiary that elects to apply paragraph D16(1) of KIFRS 1101 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to KIFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(1) of KIFRS 1101. These amendments had no impact on the financial statements of the Company as it is not a first-time adopter.

##### **KIFRS 1109 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities**

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. There is no similar amendment proposed for KIFRS 1039 Financial Instruments: Recognition and Measurement. In accordance with the transitional provisions, the Group applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment (the date of initial application).

These amendments had no impact on the financial statements of the Company as there were no modifications of the financial instruments during the period.

##### **KIFRS 1041 Agriculture – Taxation in fair value measurements**

The amendment removes the requirement in paragraph 22 of KIFRS 1041 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of KIFRS 1041. These amendments had no impact on the financial statements of the Company as it did not have assets in scope of KIFRS 1041 as of the reporting date.

## **2. Significant accounting policies (cont'd)**

### **2.2 Changes in accounting policy and disclosures (cont'd)**

#### (2) Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's separate financial statements are disclosed below.

#### **KIFRS 1117 Insurance Contracts**

KIFRS 1117 Insurance Contracts issued in 2021 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, KIFRS 1117 will replace KIFRS 1104 Insurance Contracts that was issued in 2007. KIFRS 1117 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of KIFRS 1117 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in KIFRS 1104, which are largely based on grandfathering previous local accounting policies, KIFRS 1117 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of KIFRS 1117 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

KIFRS 1117 is effective for reporting periods beginning on or after January 1, 2023, with comparative figures required. Early application is permitted, provided the entity also applies KIFRS 1109 and KIFRS 1115 on or before the date it first applies KIFRS 1117. This standard is not applicable to the Company.

#### **Amendments to KIFRS 1001: Classification of Liabilities as Current or Non-current**

The amendments to paragraphs 69 to 76 of KIFRS 1001 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That Classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

#### **Definition of Accounting Estimates - Amendments to KIFRS 1008**

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Company's financial statements.

## 2. Significant accounting policies (cont'd)

### 2.2 Changes in accounting policy and disclosures (cont'd)

#### (2) Standards issued but not yet effective (cont'd)

##### **Disclosure of Accounting Policies - Amendments to KIFRS 1001**

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments are applicable for annual periods beginning on or after January 1, 2023 with earlier application permitted. The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

##### **Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to KIFRS 1012**

The amendments narrow the scope of the initial recognition exception under KIFRS 1012, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability should also be recognised for all deductible and taxable temporary differences associated with leases and decommissioning obligations. The Company is currently assessing the impact of the amendments.

## **2. Significant accounting policies (cont'd)**

### **2.3 Investment in subsidiaries, associates and joint ventures**

An associate is an entity over which the parent has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Company's investments in subsidiaries, associates and joint ventures are accounted for using the equity method. They are initially recognized at cost and adjusted thereafter to recognize the Company's share of the changes in net assets of the subsidiaries, associates and joint ventures. Goodwill relating to the subsidiaries, associates and joint ventures is included in the carrying amount of the investment and is not amortized or otherwise tested for impairment.

The separate statement of profit or loss and other comprehensive income reflects the Company's share of the results of operations of the subsidiaries, associate or joint venture. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognized directly in the equity of the subsidiaries, associate or joint venture, the Company recognizes its share of any changes, when applicable, in the separate statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the subsidiaries, associate or joint venture are eliminated to the extent of the interest in the subsidiaries, associate or joint venture.

The aggregate of the Company's share of profit or loss of an subsidiaries, associate and a joint venture is shown on the face of the separate statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the subsidiaries, associate or joint venture.

The financial statements of the subsidiaries, associate or joint venture are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognize any impairment loss on its investment in its subsidiaries, associates and joint ventures. At each reporting date, the Company determines whether there is objective evidence that the investment in the subsidiaries, associate or joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiaries, associate or joint venture and its carrying value, and then recognizes the loss as 'Share of profit of an subsidiaries, associate and a joint venture' in the separate statement of profit or loss and other comprehensive income.

Upon loss of significant influence over the associate, joint control over the joint venture or control over the subsidiary, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the subsidiaries, associate or joint venture upon loss of control, significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

## **2. Significant accounting policies (cont'd)**

### **2.4 Current versus non-current classification**

The Company presents assets and liabilities in the separate statement of financial position based on current/non-current classification.

An asset is current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading.
- expected to be realized within twelve months after the reporting period, or
  
- cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle.
- it is held primarily for the purpose of trading.
- it is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax liabilities are classified as non-current liabilities.

### **2.5 Fair value measurement**

The Company measures financial instruments at their fair value as of the end of the reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either;

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous must be accessible by the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

## **2. Significant accounting policies (cont'd)**

### **2.5 Fair value measurement (cont'd)**

All assets and liabilities for which fair value is measured or disclosed in the separate financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the separate financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing the categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purposes of fair value disclosure, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- Quantitative disclosure of the fair value measurement hierarchy - Note 4
- Investment properties - Note 11
- Investments in associates and joint ventures - Note 15

### **2.6 Foreign currency translation**

Items included in the separate financial statements of the Company are measured using Korean won (KRW), the currency of the primary economic environment in which the entity operates (“functional currency”). The separate financial statements are presented in Korean won.

Transactions in foreign currency are initially recorded by the Company at functional currency spot rates at the date the transaction first qualifies for recognition.

Foreign exchange gains and losses resulting from the settlement of such transactions are from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss is also recognized in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

## **2. Significant accounting policies (cont'd)**

### **2.7 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### (1) Financial assets

##### 1) Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not measured at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedients are measured at the transaction price determined under KIFRS 1115.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, the cash flows need be composed exclusively of solely payments of principal and interest (SPPI) This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets is related to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

##### 2) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

##### ① Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets measured at amortized cost include trade and other receivables, finance lease receivables, and other financial assets.

## **2. Significant accounting policies (cont'd)**

### **2.7 Financial instruments (cont'd)**

#### ② Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the separate statement of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

#### ③ Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under KIFRS 1032 'Financial Instruments: Presentation' and are not held for investment.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the separate statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company may also elect to classify irrevocably its non-listed equity investments under this category.

#### ④ Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated or required upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the separate statement of financial position at fair value with net changes in fair value recognized in the separate statement of profit or loss.

This category includes derivatives and listed equity instruments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity instruments are recognized in profit or loss at the time the rights are established.

## **2. Significant accounting policies (cont'd)**

### **2.7 Financial instruments (cont'd)**

#### 3) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

When the Company has transferred substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

#### 4) Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions – Note 3
- Trade and other receivables – Note 7

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## **2. Significant accounting policies (cont'd)**

### **2.7 Financial instruments (cont'd)**

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument.

The Company considers debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category by the credit rating agency to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Company uses the ratings from an independent credit rating agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

#### **(2) Financial liabilities**

##### **1) Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

##### **2) Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

###### **① Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as of fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by KIFRS 1109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the separate statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in KIFRS 1109 are satisfied. The Company has not designated any financial liability as of fair value through profit or loss.

## **2. Significant accounting policies (cont'd)**

### **2.7 Financial instruments (cont'd)**

#### ② Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

#### 3) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the separate statement of profit or loss.

#### (3) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the separate statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### **2.8 Cash and cash equivalents**

Cash and cash equivalents in the separate statement of financial position consist of ordinary deposits, small amounts of cash and short-term deposits with maturities of three months or less from the acquisition date.

### **2.9 Derivative instruments**

Derivatives are initially recognized at fair value on the date when a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized in profit or loss within "finance income (costs)".

### **2.10 Inventories**

Inventories are valued at the lower of cost and net realizable value. Cost of inventories consists of the purchase price, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined using the moving-weighted average method except for in-transit inventories which are determined using the specific identification method.

### **2.11 Non-current assets held for sale (or disposal groups)**

The Company classifies non-current assets or disposal groups as held for sale if their carrying amounts will be recovered principally through a sale or distribution rather than through continuing use. Such non-current assets and disposal groups classified as held for sale or as held for distribution are measured at the lower of their carrying amount and fair value less costs to sell or to distribute.

## 2. Significant accounting policies (cont'd)

### 2.12 Property, plant and equipment

Construction in progress is stated at cost, net of accumulated impairment losses, and property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Property, plant and equipment transferred from customers are initially measured at the fair value at the date on which control is obtained.

The Company does not depreciate land. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets, as follows:

	Useful Life
Buildings	20, 40 years
Structures	20, 40 years
Machinery	8 ~ 10 years
Vehicles	5 years
Tools and equipment	5 years
Lease assets	1 ~ 30 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the separate statement of profit or loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### 2.13 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 2.14 Government grants

Government grants are recognized at their fair value where there is a reasonable assurance that the grant will be received. Government grants related to assets are presented in the separate statement of financial position by deducting the grant in arriving at the carrying amount of the asset, and the government grants related to income are recognized as 'other income' at the time of recognition or deducted from expenses related to the purpose of the government grants.

## 2. Significant accounting policies (cont'd)

### 2.15 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

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

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

	Useful life
Industrial rights	5~10 years
Facility usage right	10~25 years
Other intangible assets	5 years

An intangible asset is derecognized upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the separate statement of profit or loss.

### 2.16 Investment property

Investment property is a property held to earn rentals or for capital appreciation or both. Investment properties are measured initially at cost. After recognition as an asset, investment property is carried at cost less accumulated depreciation and impairment losses. The Company depreciates investment properties, except for land, over their useful lives of 40 years and investment properties related to leases over the lease terms using the straight-line method.

Investment properties are derecognized either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition. The consideration (amount) to be included in the profit or loss arising from the disposal of investment property is calculated in accordance with the requirements for the calculation of transaction prices in KIFRS 1115.

## **2. Significant accounting policies (cont'd)**

### **2.16 Investment property (cont'd)**

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

### **2.17 Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognized in the separate statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the separate statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill or intangible assets with indefinite useful lives are not subject to amortization and are tested annually for impairment.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

## **2. Significant accounting policies (cont'd)**

### **2.18 Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) 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. recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the separate statement of profit or loss and other comprehensive income net of any reimbursement. The expense relating to a provision is presented in the separate statement of profit and loss net of any reimbursement.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

In addition, if an event occurred in the past but the Company has a potential obligation of which the existence is identified when an uncertain future event occurs, or if the past event or transaction causes a current obligation but resources are not likely to flow out of the Company, or if an amount required to perform the current obligation cannot be reliably estimated, the Company recognizes a contingent liability and discloses such a liability in its separate financial statements.

### **2.19 Taxes**

#### **(1) Current income tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that enacted or substantively enacted by the reporting date.

Current tax relating to items recognized directly in equity is recognized in equity and not in the separate statements of profit or loss and other comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### **(2) Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- the Company is able to control the timing of the reversal of the temporary difference relating to deferred tax liabilities associated with investments in subsidiaries, associates and joint ventures, and it is probable that the temporary difference will not reverse in the foreseeable future

## **2. Significant accounting policies (cont'd)**

### **2.19 Taxes (cont'd)**

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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 date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### **(3) Sales tax**

Revenue, expenses and assets are recognized net of the amount of sales tax. However, when the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the separate statement of financial position.

## **2. Significant accounting policies (cont'd)**

### **2.20 Employee benefits**

The Company operates both defined contribution and defined benefit pension plans.

#### (1) Defined contribution plan

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The contributions are recognized as an expense when an employee has rendered service.

#### (2) Defined benefit plan

The Company operates a defined benefit plan that defines an amount of pension benefit that an employee will receive on retirement, dependent on one or more factors such as years of service and compensation.

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is reflected immediately in other comprehensive income in the period in which they occur and will not be reclassified to profit or loss.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation under 'cost of sales' and 'selling and administrative expenses' in the separate statements of profit or loss and other comprehensive income:

## **2. Significant accounting policies (cont'd)**

### **2.21 Revenue from contracts with customers**

#### **(1) Identifying performance obligations**

In accordance with KIFRS 1115, the Company identifies distinct performance obligations in contracts with customers and differentiates the time of recognition of the revenue from contracts with customers depending on whether a performance obligation is fulfilled at a point in time or over a period of time.

#### **(2) Performance obligations satisfied at a point in time**

Revenue from the sale of goods is recognized when the assets are transferred and performance obligations are fulfilled, and performance obligations satisfied at a point in time are fulfilled at the point in time when the control of the goods or services is transferred to the customer.

#### **(3) Performance obligations satisfied over time**

In accordance with KIFRS 1115, the revenue is recognized over time by measuring progress only if the Company's performance creates or enhances an asset that the customer controls as the asset is

created or enhanced or the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

#### **(4) Incremental costs of obtaining a contract**

In accordance with KIFRS 1115, the Company recognizes the incremental costs of obtaining a contract with customer as an asset if the Company expects to recover those costs. Incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained is recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

#### **(5) Variable consideration**

The Company estimates an amount of variable consideration by using the expected value which the Company expects to better predict the amount of consideration. The Company recognizes revenue with transaction price including variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the refund period has lapsed. The refund liability is measured at the amount of consideration received or will be received for which the Company does not expect to be entitled.

#### **(6) Significant financing component**

With implementation of KIFRS 1115, when calculating the transaction price, the Company should recognize the revenue as an amount that reflects the price of the good or the service customer paid in cash, if the customer or the Company has a significant financial benefit when the goods or services are transferred due to the agreed payment date between contracting parties.

## **2. Significant accounting policies (cont'd)**

### **2.22 Leases**

The Company 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.

#### (1) Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### 1) Right-of-use assets

The Company 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. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment, refer Note 2.17 Impairment of non-financial assets.

##### 2) Lease liabilities

At the commencement date of the lease, the Company 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 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 Company and payments of penalties for terminating the lease, if the lease term reflects the Company 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.

In calculating the present value of lease payments, the Company 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.

The Company classifies lease liabilities as interest-bearing borrowings.

## **2. Significant accounting policies (cont'd)**

### **2.22 Leases (cont'd)**

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

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

#### (2) Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the separate statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

### **2.23 Treasury shares**

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration is accounted for as other components of equity.

### **2.24 Cash dividend**

The Company recognizes a liability to pay a dividend when the distribution is authorized and the distribution is no longer at the discretion of the Company. A distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

### **2.25 Approval of separate financial statements**

The separate financial statements were authorized for issue in accordance with a resolution of the Board of Directors on February 23, 2023 and are subject to change with approval of shareholders at their Annual General Meeting.

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

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the separate financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### **(1) Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that non-financial assets may be impaired. The Company performs impairment tests for intangible assets with indefinite useful lives and goodwill every year or when there is an indication of impairment. The Company performs impairment tests for other non-financial assets if there is an indication that their book value is not recoverable. To calculate use value, management estimates expected future cash flows arising from cash generating units (CGU) or assets and selects an appropriate discount rate to compute the present value of the expected future cash flows.

#### **(2) Pension benefits**

The cost of the defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

To determine an appropriate discount rate, management refers to the interest rate of corporate bonds rated AA or higher. Mortality rates are based on publicly available tables, and future wage growth rates and future pension growth rates are based on the Company's average salary increase rate

#### **(3) Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the separate statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

**3. Significant accounting judgments, estimates and assumptions (cont'd)**

(4) Calculation of incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (i.e., leases that are not of the functional currency of subsidiaries).

(5) Deferred tax and corporate tax

Recognition and measurement of deferred tax assets and liabilities require the management's judgment, in particular, whether to recognize if the scope of deferred tax assets is affected by management's judgment and assumption in the future. In addition, in accordance with the "Special Taxation for Investment and Promoting Win-win Cooperation", The Company shall pay an additional corporate tax calculated by the method prescribed by the tax law. Accordingly, as the Company considers the tax effects from reflux taxes when computing its corporate income tax, the Company's corporate tax may change arising from changes in investment, wage growth, etc.

(6) Calculation of loss allowance for trade and other receivables

The Company estimates the amount of loss incurred by taking into account the age of the receivables, history of bad debt in the past, and other economic and industrial environment factors in order to calculate the loss allowance for trade and other receivables.

4. Financial assets and financial liabilities

A. Financial assets

Financial assets of the Company as of December 31, 2022 and 2021 are as follows (KRW in millions):

December 31, 2022				
	Financial assets at FVPL	Financial assets at FVOCI	Financial assets at amortized cost	Total
Cash and cash equivalents	-	-	27,215	27,215
Trade and other receivables	-	-	131,802	131,802
Other financial assets	208,951	48	-	208,999
Long-term trade and other receivables	-	-	14,031	14,031
Other non-current financial assets	17,459	24,698	1,094	43,251
Total	226,410	24,746	174,142	425,298

December 31, 2021				
	Financial assets at FVPL	Financial assets at FVOCI	Financial assets at amortized cost	Total
Cash and cash equivalents	-	-	32,894	32,894
Trade and other receivables	-	-	138,977	138,977
Other financial assets	205,173	423	-	205,596
Long-term trade and other receivables	-	-	35,668	35,668
Other non-current financial assets	19,305	9,783	1,095	30,183
Total	224,478	10,206	208,634	443,318

4. Financial assets and financial liabilities (cont'd)

B. Financial liabilities

Financial liabilities of the Company as of December 31, 2022 and 2021 are as follows (KRW in millions):

	Financial liabilities at amortized cost	
	December 31, 2022	December 31, 2021
Trade and other payables	94,625	107,712
Short-term borrowings and current portion of long-term borrowings	243	828
Other current financial liabilities	10,338	9,740
Long-term trade and other payables	25,916	21,893
Long-term borrowings	491	627
Other non-current financial liabilities	19,308	23,075
Total	150,921	163,875

C. Net profit and loss by financial instrument category

Net profit and loss for financial instruments incurred for the years ended December 31, 2022 and 2021 are as follows (KRW in millions):

	2022	2021
Financial assets at amortized cost		
Interest income	8,021	4,192
Gain (loss) on foreign currency transactions	5,383	882
Gain (loss) on foreign currency translation	2,307	566
Bad debt expenses	(304)	(35)
Other bad debt expenses	110	299
Others	(5)	(3)
Financial assets at FVPL		
Loss on disposal of financial assets	328	(13)
Valuation gain (loss) on financial assets	914	184
Dividend income	448	1,378
Financial assets at FVOCI		
Valuation gain on financial assets	(5,491)	489
Dividend income	4,006	301
Financial liabilities at amortized cost		
Interest expenses	(1,044)	(1,080)
Gain (loss) on foreign currency transactions	(3,883)	(501)
Gain (loss) on foreign currency translation	(404)	(88)

**4. Financial assets and financial liabilities (cont'd)**

D. Fair value hierarchy

Details of the carrying amounts and fair values of the Company's financial instruments that are measured at fair value as of December 31, 2022 and 2021 are as follows (KRW in millions):

	December 31, 2022		December 31, 2021	
	Book Value	Fair Value	Book Value	Fair Value
Financial assets at FVPL (Equity instrument)	15,373	15,373	17,228	17,228
Financial assets at FVPL (Debt instruments)	2,086	2,086	2,077	2,077
Financial assets at FVPL (Beneficiary certificates)	208,951	208,951	205,173	205,173
Financial assets at FVOCI (Listed securities)	7,180	7,180	5,509	5,509
Financial assets at FVOCI (Non-listed securities)	17,518	17,518	4,226	4,226
Financial assets at FVOCI (Debt instruments)	48	48	471	471

There is no significant difference between the carrying amount and fair value of the Company's financial instruments, excluding fair value financial assets measured at cost for which the fair value of equity instruments cannot be reliably measured as they lack a quoted market price in an active market.

Items that are measured at fair value or for which the fair value is disclosed are categorized by the fair value hierarchy levels, and the defined levels are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2)
- Inputs for the asset or liability that are not based on observable market data (Level 3)

Fair value hierarchy classifications of the financial instruments that are measured at fair value or its fair value disclosed as of December 31, 2022 and 2021 are as follows (KRW in millions):

December 31, 2022				
	Level 1	Level 2	Level 3(*1)	Total
Financial assets at FVPL (Equity instruments)	-	-	15,373	15,373
Financial assets at FVPL (Debt instruments)	-	-	2,086	2,086
Financial assets at FVPL (Beneficiary certificates)	-	208,951	-	208,951
Financial assets at FVOCI (Equity instruments)	7,180	12,056	5,462	24,698
Financial assets at FVOCI (Debt instruments)	-	47	1	48
Total	7,180	221,054	22,922	251,156

(\*1) The company uses the Discounted Cash Flow method, the Comparable Company Comparison method, and the Risk-adjusted Discount rate model for fair value-measured financial assets classified in Level 3, and the main input variables include the discount rate and growth rate.

**4. Financial assets and financial liabilities (cont'd)**

December 31, 2021				
	Level 1	Level 2	Level 3(*1)	Total
Financial assets at FVPL (Equity instruments)	-	-	17,228	17,228
Financial assets at FVPL (Debt instruments)	-	-	2,077	2,077
Financial assets at FVPL (Beneficiary certificates)	-	205,173	-	205,173
Financial assets at FVOCI (Equity instruments)	5,509	-	4,226	9,735
Financial assets at FVOCI (Debt instruments)	-	470	1	471
Total	5,509	205,643	23,532	234,684

(\*1) The company uses the Discounted Cash Flow method, the Comparable Company Comparison method, and the Risk-adjusted Discount rate model for fair value-measured financial assets classified in Level 3, and the main input variables include the discount rate and growth rate.

There were no transfers between fair value hierarchy levels for the year ended December 31, 2022.

**E. Valuation techniques and inputs**

The Company uses the following valuation techniques and inputs for the fair value of financial instruments classified as Level 3 in the fair value hierarchy (KRW in millions):

	Fair value as of December 31, 2022	Level	Valuation methods	Inputs	Range of inputs
Financial assets at FVPL	15,373	3	Net asset value method and others	Stock price, sales, others	N/A
Financial assets at FVPL (Debt instruments)	2,086	3	Estimated sale price valuation method	Estimated sale price	N/A
Financial assets at FVOCI (Equity instruments)	5,462	3	Profit approach method	Stock price, Net income, others	N/A

**F. Restricted financial instruments**

Restricted financial instruments as of December 31, 2022 and 2021 are follows (KRW in millions):

	Details	December 31, 2022	December 31, 2021
Other non-current financial assets	Restricted for checking account and lease deposits	1,094	1,094

**5. Segment information**

In accordance with KIFRS 1108 'Operating Segments', the Company discloses its operating segments in the consolidated financial statements, but not in the separate financial statements.

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**6. Cash and cash equivalents**

Cash and cash equivalents as of December 31, 2022 and 2021 consist of the followings (KRW in millions):

	December 31, 2022	December 31, 2021
Cash on hand	30	30
Bank deposits, others	27,185	32,864
Total	27,215	32,894

**7. Trade and other receivables**

A. Trade and other receivables as of December 31, 2022 and 2021 are as follows (KRW in millions):

	December 31, 2022			December 31, 2021		
	Receivable amount	Allowance for doubtful accounts	Carrying amount	Receivable amount	Allowance for doubtful accounts	Carrying amount
Trade receivables	98,830	(556)	98,274	122,525	(252)	122,273
Other receivables	42,982	(9,454)	33,528	26,268	(9,564)	16,704
Subtotal	141,812	(10,010)	131,802	148,793	(9,816)	138,977
Long-term other receivables	14,031	-	14,031	35,668	-	35,668
Total	155,843	(10,010)	145,833	184,461	(9,816)	174,645

The Company has transferred trade receivables to the financial institutions in exchange for cash. The outstanding balances that have not been collected as of December 31, 2022 is KRW 107 million (2021: KRW 692 million). The Company may retain an obligation to compensate a bank for debtors' failure to make payment when they become due; therefore, the transaction has been accounted for as a collateralized borrowing (See note 19, 35)

7. Trade and other receivables (cont'd)

B. Details of other receivables as of December 31, 2022 and 2021 are as follows (KRW in millions):

	December 31, 2022	December 31, 2021
Other receivables		
Non-trade receivables	1,353	1,204
Short-term loans	20,000	-
Short-term deposits	966	1,700
Accrued income	700	681
Finance lease receivables	10,509	13,119
Subtotal	33,528	16,704
Long-term other receivables		
Long-term loans	38	20,050
Long-term deposits	10,869	11,603
Long-term accrued income	-	-
Long-term finance lease receivables	3,124	4,015
Subtotal	14,031	35,668
Total	47,559	52,372

C. Details of contract assets and contract liabilities as of December 31, 2022 and 2021 are as follows (KRW in millions):

	December 31, 2022	December 31, 2021
Contract assets		
Contract assets for research services (*1)	33	656
Contract liabilities		
Contract liabilities for freight forwarding (*2)	9,988	22,389
Contract assets for research services (*1)	32	38
Total	10,020	22,427

(\*1) It has been accounted for as due from customers for contract work and due to customers for contract work.

(\*2) It has been accounted for as unearned revenues.

7. Trade and other receivables (cont'd)

D. The aging analysis of trade receivables and other receivables as of December 31, 2022 and 2021 are as follows (KRW in millions):

		December 31, 2022		
		Receivable amount	Expected loss rate	Allowance for doubtful accounts
Trade receivables	Current	94,687	0.082%	78
	Past due but not impaired			
	Up to 3 months	3,270	2.417%	79
	4 ~ 6 months	287	21.929%	63
	7 ~ 12 months	372	37.502%	140
	Over 12 months	196	90.934%	178
	Impaired receivables	18	100%	18
	Subtotal	98,830	-	556
Other receivables	Current	33,528	-	-
	Impaired receivables	9,454	100%	9,454
	Subtotal	42,982	-	9,454
Total		141,812	-	10,010

		December 31, 2021		
		Receivable amount	Expected loss rate	Allowance for doubtful accounts
Trade receivables	Current	119,575	0.039%	46
	Past due but not impaired			
	Up to 3 months	2,146	1.743%	37
	4 ~ 6 months	139	4.240%	6
	7 ~ 12 months	92	6.835%	6
	Over 12 months	573	27.289%	157
	Impaired receivables	-	-	-
	Subtotal	122,525	-	252
Other receivables	Current	16,704	-	-
	Impaired receivables	9,564	100%	9,564
	Subtotal	26,268	-	9,564
Total		148,793	-	9,816

E. Individually impaired receivables mainly relate to customers that are experiencing unexpected economic difficulties. The Company expects that a portion of their receivables will be recovered. If the Company determines that no objective evidence of impairment exists for an individually assessed receivables, those will be collectively assessed for impairment.

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**7. Trade and other receivables (cont'd)**

F. The changes in allowance for doubtful accounts for the years ended December 31, 2022 and 2021 are as follows (KRW in millions):

	2022		2021	
	Trade receivables	Other receivables	Trade receivables	Other receivables
January 1	252	9,564	-	9,863
merger	-	-	217	-
Increase	304	-	35	-
Reversal	-	(110)	-	(299)
December 31	556	9,454	252	9,564

The maximum exposure to credit risk is the book value of each receivables as of December 31, 2022 mentioned above.

**8. Other financial assets and liabilities**

A. Other financial assets and liabilities as of December 31, 2022 and 2021 are as follows (KRW in millions):

	December 31, 2022			December 31, 2021		
	Current	Non-current	Total	Current	Non-current	Total
<b>Other financial assets</b>						
Financial assets at amortized cost	-	1,094	1,094	-	1,095	1,095
Financial assets at FVOCI	48	24,698	24,746	423	9,783	10,206
Financial assets at FVPL	208,951	17,459	226,410	205,173	19,305	224,478
Total	208,999	43,251	252,250	205,596	30,183	235,779
<b>Other financial liabilities</b>						
Lease liabilities	10,338	19,308	29,646	9,740	23,075	32,815

B. The carrying amount of other financial assets by category as of December 31, 2022 and 2021 are as follows (KRW in millions):

	December 31, 2022	December 31, 2021
<b>Financial assets at amortized cost</b>		
Debt securities	1,094	1,095
<b>Financial assets at FVPL:</b>		
Beneficiary certificates	208,951	205,173
Equity securities that are not traded in an active market	15,373	17,228
Capital investments, etc.	2,086	2,077
Subtotal	226,410	224,478
<b>Financial assets at FVOCI</b>		
Equity securities that are traded in an active market	7,180	5,509
Equity securities that are not traded in an active market	17,518	4,226
Debt securities	48	471
Subtotal	24,746	10,206
Total	252,250	235,779

8. Other financial assets and liabilities (cont'd)

C. Details of equity securities as of December 31, 2022 and 2021 are as follows (KRW in millions):

	Classification	Carrying amount	
		December 31, 2022	December 31, 2021
Marketable equity securities			
Dong Anh EEMC (Vietnam Transformer)	FVOCI	5,945	3,461
Kumho Tire Co., Ltd.	FVOCI	1,235	2,048
Subtotal		7,180	5,509
Non-marketable equity securities			
Kyunghnam Newspaper	FVOCI	5	5
KMA Consultants Inc.	FVOCI	180	180
Gangwon-do Min Daily	FVOCI	20	20
The Korea Economic Daily	FVOCI	2,874	1,738
Namwoo Ad	FVOCI	333	333
Uiwang Baegun Project	FVOCI	100	100
BERTIS Inc.	FVOCI	1,750	1,750
Jeonbuk Innovation Startup Fund	FVOCI	100	100
Hanjin Kal Fund	FVOCI	12,056	-
Jeonbuk Innovation Startup Fund 2nd	FVOCI	100	-
TransLink Capital	FVPL	1,344	1,829
Uiwang Industrial Complex PFV Co., Ltd.	FVPL	100	100
Digital Health Fund (HIKARI FUND)	FVPL	1,529	1,289
Creative Economy Fund	FVPL	4,166	4,275
Leo 9th Youth Startup Fund	FVPL	5,324	4,814
Carbon Growth Fund	FVPL	2,910	4,921
Subtotal		32,891	21,454
Total		40,071	26,963

D. Changes in financial assets at FVPL for the years ended December 31, 2022 and 2021 are as follows (KRW in millions):

	2022	2021
January 1	224,478	356,622
Acquisition	1,328,814	205,380
Disposal	(1,327,796)	(337,708)
Valuation gain (loss)	914	184
December 31	226,410	224,478

8. Other financial assets and liabilities (cont'd)

E. Changes in financial assets at FVOCI for the years ended December 31, 2022 and 2021 are as follows (KRW in millions):

	2022	2021
January 1	10,206	11,569
Acquisition	20,100	1,850
Disposal	(421)	(3,913)
Valuation gain (loss)	(5,139)	700
December 31	24,746	10,206

9. Inventories

A. Details of inventories as of December 31, 2022 and 2021 are as follows (KRW in millions):

	December 31, 2022			December 31, 2021		
	Acquisition cost	Valuation allowance	Carrying amount	Acquisition cost	Valuation allowance	Carrying amount
Finished goods	3,257	(136)	3,121	1,997	(58)	1,939
Semi-finished goods	6,009	(298)	5,711	4,867	(162)	4,705
Raw materials	1,606	(50)	1,556	265	(13)	252
Sub-materials	1,433	(27)	1,406	1,465	(19)	1,446
Others	417	(1)	416	303	-	303
Total	12,722	(512)	12,210	8,897	(252)	8,645

Meanwhile, the valuation allowance for inventories added to cost of sales for the year ended December 31, 2022 is KRW 260 million, and the reversal of valuation allowance for inventories deducted from cost of sales for the year ended December 31, 2021 is KRW 107 million.

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**10. Property, plant and equipment**

A. Details of property, plant and equipment as of December 31, 2022 and 2021 are as follows (KRW in millions):

	December 31, 2022				December 31, 2021			
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Carrying amount	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Land	443,088	-	-	443,088	443,105	-	-	443,105
Buildings	61,339	(32,753)	-	28,586	61,300	(31,217)	-	30,083
Structures	15,542	(5,529)	(1)	10,012	15,448	(4,993)	(1)	10,454
Machinery	221,370	(196,279)	(3,425)	21,666	219,347	(192,772)	(3,425)	23,150
Vehicles	837	(709)	-	128	996	(832)	-	164
Tools and equipment	54,750	(46,974)	(26)	7,750	53,870	(45,187)	(26)	8,657
Construction in progress	14,638	-	-	14,638	8,833	-	-	8,833
Machinery in transit	27	-	-	27	129	-	-	129
Right-of-use assets	29,729	(8,025)	(9,341)	12,363	32,343	(13,461)	-	18,882
Total	841,320	(290,269)	(12,793)	538,258	835,371	(288,462)	(3,452)	543,457

B. Changes in property, plant and equipment for the years ended December 31, 2022 and 2021 are as follows (KRW in millions):

	2022						
	January 1	Acquisition	Disposal	Depreciation	Transfer	Others	December 31
Land	443,105	-	(17)	-	-	-	443,088
Buildings	30,083	-	-	(1,536)	39	-	28,586
Structures	10,454	4	-	(536)	90	-	10,012
Machinery	25,005	1,045	-	(5,645)	2,854	-	23,259
(Government subsidies)	(1,855)	(152)	-	414	-	-	(1,593)
Vehicles	164	-	-	(48)	12	-	128
Tools and equipment	8,792	798	(5)	(3,496)	1,784	-	7,873
(Government Subsidies)	(135)	(40)	-	52	-	-	(123)
Construction in progress	8,833	10,265	-	-	(4,460)	-	14,638
Machinery in transit	129	217	-	-	(319)	-	27
Right-of-use assets	18,882	11,593	(131)	(8,640)	-	(9,341)	12,363
Total	543,457	23,730	(153)	(19,435)	-	(9,341)	538,258

## 10. Property, plant and equipment (cont'd)

2021							
	January 1	Acquisition	Disposal	Depreciation	Transfer (*1)	Others	December 31
Land	443,105	-	-	-	-	-	443,105
Buildings	31,599	-	-	(1,535)	19	-	30,083
Structures	10,977	-	-	(533)	10	-	10,454
Machinery	21,890	2,230	-	(5,713)	6,598	-	25,005
(Government subsidies)	(1,382)	(1,016)	-	543	-	-	(1,855)
Vehicles	108	99	-	(50)	7	-	164
Tools and equipment	8,898	1,129	-	(3,704)	2,392	77	8,792
(Government subsidies)	(152)	(51)	-	68	-	-	(135)
Construction in progress	9,301	6,079	-	-	(6,547)	-	8,833
Machinery in transit	130	2,501	-	-	(2,502)	-	129
Right-of-use assets	20,798	2,717	-	(5,344)	-	711	18,882
Total	545,272	13,688	-	(16,268)	(23)	788	543,457

(\*1) The amount transferred to intangible assets is 23 million.

Some of land, buildings, machinery, and others are pledged as collateral to financial institutions in relation to the Company's borrowings (see Note 35).

## 11. Investment properties

A. Details of investment properties as of December 31, 2022 and 2021 are as follows (KRW in millions):

	December 31, 2022			December 31, 2021		
	Acquisition cost	Accumulated depreciation	Carrying amount	Acquisition cost	Accumulated depreciation	Carrying amount
Land	5,487	-	5,487	5,487	-	5,487
Buildings	1,005	(451)	554	1,004	(424)	580
Right-of-use assets	327	(210)	117	920	(244)	676
Total	6,819	(661)	6,158	7,411	(668)	6,743

B. Changes in investment properties for the years ended December 31, 2022 and 2021 are as follows (KRW in millions):

	January 1	Depreciation	Transfer (*1)	December 31
Land	5,487	-	-	5,487
Buildings	580	(26)	-	554
Right-of-use assets	676	(156)	(403)	117
Total	6,743	(182)	(403)	6,158

(\*1) The amount transferred to Finance lease receivables.

## 11. Investment properties (cont'd)

2021					
	January 1	Disposal	Depreciation	Transfers and others	December 31
Land	5,487	-	-	-	5,487
Buildings	636	(31)	(25)	-	580
Right-of-use assets	324	-	(220)	572	676
Total	6,447	(31)	(245)	572	6,743

C. Rental income from investment properties recognized in the Company's statement of profit or loss for the year ended December 31, 2022 is KRW 13,739 million (2021: KRW 7,579 million) and rental expense including depreciation expense is KRW 3,743 million (2021: KRW 3,808 million).

D. Fair value of investment properties as of December 31, 2022 is KRW 20,260 million (2021: KRW 18,884 million). The fair value was estimated based on the land value publicly published.

## 12. Intangible assets

A. Changes in intangible assets for the years ended December 31, 2022 and 2021 are as follows (KRW in millions):

2022					
	January 1	Acquisition	Disposal	Amortization	December 31
Industrial property rights	157	99	-	(57)	199
Others	14,590	2,042	(434)	(4,360)	11,838
Memberships	27,645	523	-	-	28,168
Total	42,392	2,664	(434)	(4,417)	40,205

2021							
	January 1	Acquisition	Disposal	Amortization	Transfer (*1)	Merger	December 31
Industrial property rights	139	72	-	(54)	-	-	157
Others	16,084	2,563	-	(4,221)	23	141	14,590
Memberships	27,861	2,214	(2,430)	-	-	-	27,645
Total	44,084	4,849	(2,430)	(4,275)	23	141	42,392

(\*1) The amount transferred from Construction in progress is KRW 23 million.

### 13. Leases

A. Changes in right-of-use assets for the year ended December 31, 2022 and 2021 are as follows (KRW in millions):

2022								
	January 1	Increase	Depreciation	Termination	Transfer (*1)	Change of contract	Impairment	December 31
Buildings	17,734	4,219	(2,808)	-	-	18	(9,341)	9,822
Vehicles	1,103	999	(595)	(128)	-	(21)	-	1,358
Others	45	6,375	(5,237)	-	-	-	-	1,183
Investment properties	676	-	(156)	-	(403)	-	-	117
Total	19,558	11,593	(8,796)	(128)	(403)	(3)	(9,341)	12,480

(\*1) Transfer to finance lease receivables.

2021						
	January 1	Increase	Depreciation	Change of contract, others	Merger	December 31
Buildings	18,437	1,315	(2,700)	-	682	17,734
Vehicles	761	912	(599)	-	29	1,103
Others	1,600	490	(2,045)	-	-	45
Investment properties	324	-	(220)	572	-	676
Total	21,122	2,717	(5,564)	572	711	19,558

B. Changes in lease liabilities for the year ended December 31, 2022 and 2021 are as follows (KRW in millions):

2022							
	January 1	Increase	Interest expenses	Principal repayments	Termination	Change of contract	December 31
Lease liabilities	32,815	11,535	820	(15,341)	(128)	(55)	29,646

2021							
	January 1	Increase	Interest expenses	Principal repayments	Change of contract, others	Merger	December 31
Lease liabilities	41,088	2,717	785	(12,107)	(363)	695	32,815

13. Leases (cont'd)

C. The amounts recognized in profit or loss in relation to the leases for the years ended December 31, 2022 and 2021 are as follows (KRW in millions):

	2022	2021
Depreciation of right-of-use assets	8,796	5,564
Interest expenses relating to lease liabilities	820	785
Interest income relating to lease receivables	332	482
Short-term lease payments	228	3,541
Expenses relating to leases of low-value assets that are not short-term leases	15	14
Variable lease payments not included in lease liabilities	276	283
Impairment loss	9,341	-

D. The total investments of finance leases and the present value of the minimum lease payments as of December 31, 2022 and 2021 are as follows (KRW in millions):

	2022	2021
Within one year	9,955	7,215
1 ~ 2 years	3,043	2,380
2 ~ 3 years	-	446
Total lease payments	12,998	10,041
Deduction: Unrealized finance income	(187)	(301)
Present value of unguaranteed residual value	822	7,394
Net lease investments	13,633	17,134

E. The Company estimated the recoverable amount for the impairment review of the right-of-use assets with identified signs of impairment. The Company has determined the recoverable value of the right-of-use asset identified as the value in use. The value in use is calculated by discounting the expected future cash flows associated with the right-of-use assets at an appropriate discount rate, and the main assumptions used in the calculation of the value of use reflected management's assessment, which was determined by considering external and internal information (historical information).

The discount rate applied to the calculation of the present value of future cash flows is 6.29%, and cash flows are estimated for the same period as the remaining lease period.

As a result of reviewing the damage to the licensed asset, the company recognized an impairment loss of KRW 9,341 million, judging that the recoverable amount was not within the carrying amount.

**14. Investments in subsidiaries**

A. The carrying amount of investments in subsidiaries as of December 31, 2022 and 2021 are as follows (KRW in millions):

Subsidiary	Location	Ownership (%)	Acquisition cost	December 31, 2022	December 31, 2021
HYOSUNG TNS INC.	Korea	54.02	75,178	154,396	173,083
Hyosung GoodSprings, Inc.	Korea	100	74,361	68,660	62,201
Hyosung Investment & Development Corporation	Korea	58.75	34,798	374,343	405,426
Taeansolarfarm Corp.	Korea	100	1,880	2,881	2,775
Gongdeok Gyeongwoo Development Corporation (*1)	Korea	73.33	4,400	-	-
Hana Alternative Investmentlandchip 39th Real Estate Investment Trust Co., Ltd. (*2)	Korea	100	32,000	2,400	5,188
Hyosung ventures Co., Ltd. (*3)	Korea	100	10,000	9,019	-
Hyosung Holdings USA, Inc.	USA	100	89,589	183,705	153,311
Hyosung Brasil Participacoes LTDA	Brazil	100	8,607	93	98
Hyosung Resource (Australia) PTY Ltd.	Australia	100	14,985	1,001	937
Hyosung RUS.	Russia	100	1,692	8,588	6,178
PT. HYOSUNG JAKARTA(*4)	Indonesia	-	-	-	2,864
Forza Motors Korea Corp.	Korea	100	20,001	42,539	39,293
Total			367,491	847,625	851,354

(\*1) The application of equity method was discontinued as the book value of investments in subsidiaries became less than zero ("0") due to accumulated equity method losses.

(\*2) The equity ratio that considers actual ownership according to the contract between shareholders.

(\*3) It was newly acquired during the current term.

(\*4) It was sold during the current term, and the disposal loss is KRW 277 million.

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**14. Investments in subsidiaries (cont'd)**

B. Details of valuation of subsidiaries in equity method for the years ended December 31, 2022 and 2021 are as follows (KRW in millions):

Subsidiary	2022					December 31
	January 1	Acquisition (disposal)	Gain (loss) on equity method	Other comprehensive income (loss)	Others.	
HYOSUNG TNS INC.	173,083	-	806	404	(19,897)	154,396
Hyosung GoodSprings, Inc.	62,201	-	3,628	-	2,831	68,660
Hyosung Investment & Development Corporation	405,426	-	2,095	17,351	(50,529)	374,343
Taeansolarfarm Corp.	2,775	-	503	-	(397)	2,881
Hana Alternative Investmentlandchip 39th Real Estate Investment Trust Co., Ltd.	5,188	-	(1,811)	-	(977)	2,400
Hyosung ventures Co., Ltd	-	10,000	(981)	-	-	9,019
Hyosung Holdings USA, Inc.	153,311	-	19,856	10,538	-	183,705
Hyosung Brasil Participacoes LTDA	98	-	(17)	12	-	93
Hyosung Resource (Australia) PTY Ltd.	937	100	(32)	(4)	-	1,001
Hyosung RUS.	6,178	-	(2,666)	5,076	-	8,588
PT. HYOSUNG JAKARTA	2,864	(2,550)	(397)	83	-	-
Forza Motors Korea Corp.	39,293	-	3,024	-	222	42,539
Total	851,354	7,550	24,008	33,460	(68,747)	847,625

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**14. Investments in subsidiaries (cont'd)**

Subsidiary	2021						December 31
	January 1	Acquisition (disposal)	Gain (loss) on equity method	Other comprehensive income (loss)	Merger	Others.	
HYOSUNG TNS INC.	180,134	-	17,701	3,138	-	(27,890)	173,083
Hyosung GoodSprings, Inc.	61,123	-	1,718	-	-	(640)	62,201
Hyosung Investment & Development Corporation	220,600	-	178,442	17,658	-	(11,274)	405,426
Hyosung Trans World co., Ltd.	12,445	-	983	-	(13,421)	(7)	-
Taeansolarfarm Corp.	2,910	-	434	-	-	(569)	2,775
Hana Alternative Investmentlandchip 39th Real Estate Investment Trust Co., Ltd.	-	-	(1,199)	-	-	6,387	5,188
Hyosung Holdings USA, Inc.	130,650	-	12,340	10,321	-	-	153,311
Hyosung (H.K) LIMITED	1,918	(1,987)	(2)	71	-	-	-
Hyosung Brasil Participacoes LTDA	103	-	(7)	2	-	-	98
Hyosung Sumiden Steel Cord (Nanjing) Co., Ltd	1,067	(1,043)	(62)	38	-	-	-
Hyosung Resource (Australia) PTY Ltd.	846	108	(40)	23	-	-	937
Hyosung RUS.	4,319	-	1,469	390	-	-	6,178
PT. HYOSUNG JAKARTA	2,614	-	59	191	-	-	2,864
Forza Motors Korea Corp.	34,016	-	5,144	-	-	133	39,293
Others	138	(136)	(7)	5	-	-	-
Total	652,883	(3,058)	216,973	31,837	(13,421)	(33,860)	851,354

C. Significant transactions in equity changes that were not recognized due to the discontinuation of the application of the equity method as of December 31, 2022 is as follows (KRW in millions):

Subsidiary	January 1	Changes	December 31
Gongdeok Gyeongwoo Development Corporation	(20,487)	(785)	(21,272)

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**14. Investments in subsidiaries (cont'd)**

D. The financial information of significant subsidiaries that was adjusted to the carrying amount of the equity in the subsidiaries as of December 31, 2022 is as follows (KRW in millions):

Subsidiary	Net assets	Ownership (%)	Share of net assets	Fair value difference-Undepreciated balance	Intercompany transactions, others	Carrying amount
HYOSUNG TNS INC.	283,808	54.02	153,304	1,222	(130)	154,396
Hyosung Good Springs, Inc.	68,660	100	68,660	-	-	68,660
Hyosung Investment & Development Corporation	637,184	58.75	374,343	-	-	374,343
Taeansolarfarm Corp.	2,881	100	2,881	-	-	2,881
Hana Alternative Investmentlandchip 39th Real Estate Investment Trust Co., Ltd	2,400	100	2,400	-	-	2,400
Hyosung ventures Co., Ltd	9,019	100	9,019	-	-	9,019
Hyosung Holdings USA, Inc.	183,747	100	183,747	-	(42)	183,705
Hyosung Brasil Participacoes LTDA	96	100	96	-	(3)	93
Hyosung Resource (Australia) PTY Ltd.	1,018	100	1,018	-	(17)	1,001
Hyosung RUS.	9,852	100	9,852	-	(1,264)	8,588
Forza Motors Korea Corp.	42,539	100	42,539	-	-	42,539
Total	1,241,204	-	847,859	1,222	(1,456)	847,625

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**14. Investments in subsidiaries (cont'd)**

E. Summary of financial information of significant subsidiaries and dividends received are as follows (KRW in millions):

Subsidiary	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit (loss) for the year	Other comprehensive income (loss)	Total comprehensive income (loss)	Dividends received from subsidiaries
HYOSUNG TNS INC.	680,019	406,544	683,674	119,812	995,026	(10,855)	5,568	(5,287)	22,491
Hyosung GoodSprings, Inc.	131,310	76,509	105,600	33,559	202,775	3,627	2,831	6,458	-
Hyosung Investment & Development Corporation	81,234	570,372	11,448	2,974	411	3,560	29,527	33,087	50,524
Taeansolarfarm Corp.	2,298	956	145	228	1,415	503	-	503	397
Gongdeok Gyeongwoo Development Corporation	9,871	194,587	6,704	226,761	21,408	(1,097)	26	(1,071)	-
Hana Alternative Investmentlandchip 39th Real Estate Investment Trust Co., Ltd.	2,059	161,345	161,004	-	7,012	(1,811)	-	(1,811)	977
Hyosung ventures Co., Ltd	8,730	1,555	375	892	-	(837)	-	(837)	-
Hyosung Holdings USA, Inc.	675,192	94,340	509,872	75,912	1,432,165	19,866	11,172	31,038	-
Hyosung Brasil Participacoes LTDA	53	178	135	-	43	(14)	12	(2)	-
Hyosung Resource (Australia) PTY Ltd.	16	841	14	-	-	(32)	(10)	(42)	-
Hyosung RUS.	34,315	2,360	25,901	922	285,520	(1,402)	5,076	3,674	-
Forza Motors Korea Corp.	110,124	40,927	92,700	15,812	216,394	3,024	922	3,946	700

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**15. Investments in associates and joint ventures**

A. The carrying amount of investments in associates and joint ventures as of December 31, 2022 and 2021 as follows (KRW in millions):

Associate / joint venture	Ownership (%)	Location	Acquisition cost	December 31, 2022	December 31, 2021
Hyosung TNC Corporation(*1)	20.32	Korea	176,483	322,672	367,559
Hyosung Heavy Industries Corporation(*1)	32.47	Korea	161,041	402,675	401,792
Hyosung Advanced Materials Corporation(*1)	21.20	Korea	116,476	174,490	153,378
Hyosung Chemical Corporation(*1)	20.17	Korea	97,688	42,682	119,420
Taebaek Wind Power Co., Ltd.	35.00	Korea	5,334	8,459	9,422
PyeongChang Wind Power Co., Ltd. (*2)	42.00	Korea	6,510	10,474	9,091
HYOSUNG INFORMATION SYSTEMS CO., LTD (*3)	50.00	Korea	24,860	53,655	49,853
Hyosung Toyota Corporation	40.00	Korea	800	3,846	3,372
Hyosung ITX Co., Ltd.	35.26	Korea	7,676	24,207	36,556
Suncheon Eco Green (*4,5)	29.50	Korea	-	-	-
THE KWANGJUILBO	49.00	Korea	3,920	1,665	2,455
PT. GELORA MANDIRI MEMBANGUN (GMM) (*6,7)	0.81	Indonesia	4,687	49	3,954
Epitone, Inc.(주 6,8)	15.38	USA	11,943	10,758	-
Total			617,418	1,055,632	1,156,852

(\*1) The effective share ratio considering treasury stocks is 20.37% for Hyosung TNC Co., Ltd., 32.52% for Hyosung Heavy Industries Co., Ltd., 21.26% for Hyosung Advanced Materials Co., Ltd., 20.25% for Hyosung Chemical Co., Ltd., 36.8%.

(\*2) The Company provides its interests in PyeongChang Wind Power Co., Ltd. as collateral for the borrowings of PyeongChang Wind Power Co., Ltd (see Note 35).

(\*3) The Company and Hitachi Vantara Corporation have joint control over the investee and, therefore, are classified as a joint venture.

(\*4) The Company provides its interests in Suncheon Eco Green as collateral for the borrowings of Suncheon Eco Green (see Note 35).

(\*5) The application of equity method was discontinued as the book value of investments in the associate became less than zero ("0") due to accumulated equity method losses.

(\*6) Although the ownership ratio of the Company is less than 20%, it is classified as an associate because the Company is considered to have significant influence when considering the participation in the Board of Directors of the investee and mutual exchange of management.

(\*7) The share ratio decreased due to the paid-in capital increase of the invested company.

(\*8) It was newly acquired during the current term

**Hyosung Corporation**  
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**15. Investments in associates and joint ventures (cont'd)**

B. Details of equity method valuation of associates and joint ventures for the years ended December 31, 2022 and 2021 are as follows (KRW in millions):

2022						
Associate / joint venture	January 1	Acquisition (disposal)	Gain (loss) on equity method	Other comprehensive income (loss)	Others	December 31
Hyosung TNC Corporation	367,559	-	(2,248)	(1,292)	(41,347)	322,672
Hyosung Heavy Industries Corporation	401,792	-	(9,555)	787	9,651	402,675
Hyosung Advanced Materials Corporation	153,378	-	25,740	3,155	(7,783)	174,490
Hyosung Chemical Corporation(*1)	119,420	-	(83,655)	4,661	2,256	42,682
Taebaek Wind Power Co., Ltd.	9,422	-	192	-	(1,155)	8,459
PyeongChang Wind Power Co., Ltd.	9,091	-	1,544	-	(161)	10,474
HYOSUNG INFORMATION SYSTEMS CO., LTD	49,853	-	6,085	-	(2,283)	53,655
Hyosung Toyota Corporation	3,372	-	448	-	26	3,846
Hyosung ITX Co., Ltd.	36,556	-	6,472	(15,547)	(3,274)	24,207
THE KWANGJUILBO	2,455	-	(800)	-	10	1,665
PT. GELORA MANDIRI MEMBANGUN (GMM	3,954	-	(3,974)	(32)	101	49
Epitone, Inc	-	11,943	(1,422)	237	-	10,758
Total	1,156,852	11,943	(61,173)	(8,031)	(43,959)	1,055,632

(\*1) The initial amount includes the effectiveness of the amendments to KIFRS 1016.

2021						
Associate / joint venture	January 1	Acquisition (disposal)	Gain (loss) on equity method	Other comprehensive income (loss)	Others	December 31
Hyosung TNC Corporation	208,024	-	149,554	15,525	(5,544)	367,559
Hyosung Heavy Industries Corporation	400,510	-	4,193	3	(2,914)	401,792
Hyosung Advanced Materials Corporation	97,783	-	47,016	9,010	(431)	153,378
Hyosung Chemical Corporation	102,814	-	10,851	5,715	40	119,420
Taebaek Wind Power Co., Ltd.	8,964	-	458	-	-	9,422
PyeongChang Wind Power Co., Ltd.	8,445	-	646	-	-	9,091
HYOSUNG INFORMATION SYSTEMS CO., LTD	48,930	-	4,713	-	(3,790)	49,853
Hyosung Toyota Corporation	3,040	-	282	-	50	3,372
Hyosung ITX Co., Ltd.	17,670	-	5,095	17,858	(4,067)	36,556
THE KWANGJUILBO	2,225	-	250	-	(20)	2,455
PT. Papua Agro Lestari	8,480	(9,043)	175	388	-	-
PT. GELORA MANDIRI MEMBANGUN (GMM	4,134	-	(225)	45	-	3,954
Total	911,019	(9,043)	223,008	48,544	(16,676)	1,156,852

**Hyosung Corporation**  
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**15. Investments in associates and joint ventures (cont'd)**

- C. Significant transactions in equity changes that were not recognized due to the discontinuation of the application of the equity method as of December 31, 2022 is as follows (KRW in millions):

Associate	January 1	Changes	December 31
Suncheon Eco Green	(7,833)	(1,976)	(9,809)

- D. The financial information of significant associates and joint ventures that was adjusted to the carrying amount of the equity in the associates and joint ventures as of December 31, 2022 is as follows (KRW in millions):

Associate / joint venture	Net assets	Ownership (%)	Share of net assets	Differences	Fair value difference-undepreciated balance	Intercompany transactions, others	Carrying amount
Hyosung TNC Corporation	1,222,260	20.32	249,026	16,986	58,077	(1,417)	322,672
Hyosung Heavy Industries Corporation	974,570	32.47	316,891	-	85,784	-	402,675
Hyosung Advanced Materials Corporation	707,472	21.20	150,397	1,599	30,565	(8,071)	174,490
Hyosung Chemical Corporation	114,617	20.17	23,209	2,828	16,645	-	42,682
Taebaek Wind Power Co., Ltd.	24,168	35.00	8,459	-	-	-	8,459
PyeongChang Wind Power Co., Ltd.	24,937	42.00	10,474	-	-	-	10,474
HYOSUNG INFORMATION SYSTEMS CO., LTD	107,310	50.00	53,655	-	-	-	53,655
Hyosung Toyota Corporation	9,616	40.00	3,846	-	-	-	3,846
Hyosung ITX Co., Ltd.	65,749	35.26	24,196	576	-	(565)	24,207
THE KWANGJUILBO	3,397	49.00	1,665	-	-	-	1,665
PT. GELORA MANDIRI MEMBANGUN (GMM)	6,097	0.81	49	-	-	-	49
Epitone, Inc.	15,509	15.38	2,386	8,372	-	-	10,758
Total	3,275,702	-	844,253	30,361	191,071	(10,053)	1,055,632

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**15. Investments in associates and joint ventures (cont'd)**

E. Summary of financial information of significant associates and joint ventures and dividends received as of December 31, 2022 is as follows (KRW in millions):

Associate / joint venture	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit (loss) for the year	Other comprehensive income (loss)	Total comprehensive income (loss)	Dividends received
Hyosung TNC Corporation	2,143,068	2,176,811	2,184,964	619,391	8,882,730	19,183	23,149	42,332	43,965
Hyosung Heavy Industries Corporation	2,221,500	2,471,971	2,504,911	1,085,348	3,510,144	29,130	33,042	62,172	-
Hyosung Advanced Materials Corporation	1,331,275	1,603,438	1,624,968	510,188	3,841,373	160,238	29,306	189,544	9,498
Hyosung Chemical Corporation	819,924	2,311,194	1,715,749	1,300,753	2,878,558	(408,867)	34,183	(374,684)	-
Taebaek Wind Power Co., Ltd.	4,695	22,867	576	2,818	7,565	546	-	546	1,154
PyeongChang Wind Power Co.,	14,307	56,291	7,031	38,630	14,524	3,677	16	3,693	169
HYOSUNG INFORMATION SYSTEMS CO., LTD	138,065	38,036	64,580	4,211	208,504	12,170	2,353	14,523	3,460
Hyosung Toyota Corporation	9,051	12,443	5,517	6,361	27,826	1,121	64	1,185	-
Hyosung ITX Co., Ltd.	98,643	78,176	97,624	13,446	511,018	14,921	(58,065)	(43,144)	3,291
Suncheon Eco Green	914	18,931	2,749	50,347	6,693	(6,700)	-	(6,700)	-
THE KWANGJUILBO	3,590	15,602	13,661	2,134	7,174	(1,632)	20	(1,612)	-
PT. GELORA MANDIRI MEMBANGUN	10,651	61,026	39,164	26,416	16,911	(40,520)	(2,344)	(42,864)	-
Epitone, Inc.	14,416	1,577	409	75	-	(9,251)	1,544	(7,707)	-

F. Fair value of investments in associates with quoted market price as of December 31, 2022 is as follows (KRW in millions):

Associate	December 31, 2022
Hyosung TNC Corporation	307,752
Hyosung Heavy Industries Corporation	236,168
Hyosung Advanced Materials Corporation	316,771
Hyosung Chemical Corporation	64,026
Hyosung ITX Co., Ltd. (*1)	47,594

(\*1) It shows fair value only for common stock.

G. The Company estimated recoverable amount for investments in associates that show signs of impairment. In calculating the recoverable amount, the Company considers fair value less costs of disposal and value-in-use. The fair value less costs of disposal was estimated based on the best information available to calculate the amount of consideration, which may be received in a sale of assets between independent parties with reasonable judgment and intentions, less costs of disposal at the end of the reporting period. The value-in-use was calculated by discounting estimated future cash flows of subsidiaries and associates with an appropriate discount rate. The major assumptions used in calculating the value-in-use reflect management's evaluation, which was determined by taking into account external and internal information (past historical information).

The discount rate applied to the calculation of the present value of future cash flows is 8.93%, and cash flows after 5 years were estimated by applying 0% permanent growth rate.

The Company did not recognize impairment for the year ended December 31, 2022 as it determined by an impairment review of investments in associates that the carrying amount did not exceed the recoverable amount.

**16. Other assets**

Details of other assets as of December 31, 2022 and 2021 are as follows (KRW in millions):

	December 31, 2022	December 31, 2021
Other current assets		
Advance payments	12,360	11,107
Prepaid expenses	12,381	23,306
Subtotal	24,741	34,413
Other non-current assets		
Long-term prepaid expenses	-	19
Other investment assets	23,980	23,980
Subtotal	23,980	23,999
Total	48,721	58,412

**17. Related party transactions**

Details of related parties as of December 31, 2022 are as follows

(1) Subsidiaries

Region	Related party
Domestic	Gongdeok Gyeongwoo Development Corporation, Hyosung TNS INC., Hana Alternative Investmentlandchip 39th Real Estate Investment Trust Co., Ltd., Taeansolarfarm Corp., Hyosung Good Springs, Inc., Hyosung Investment & Development Corporation, FMK, NEW STAR GONGDEOK 3RD CO., LTD, NEW STAR GONGDEOK 4TH CO.,LTD and others
America	Hyosung Holdings USA, Inc., Hyosung USA Inc. and others
China	Hyosung Financial System (Huizhou) Co.,LTD
Asia	PT. HYOSUNG JAKARTA and others
Europe	Hyosung RUS. and others
ETC.	Hyosung Resource (Australia) PTY Ltd.

(2) Associates and joint ventures

Region	Related party
Domestic	Hyosung Heavy Industries Corporation, Hyosung TNC Corporation, Hyosung Advanced Materials Corporation, Hyosung Chemical Corporation, Suncheon Eco Green, THE KWANGJUILBO, Taebaek Wind Power Co., Ltd., PyeongChang Wind Power Co, Ltd, Hyosung Toyota Corporation, HYOSUNG INFORMATION SYSTEMS CO., LTD, Hyosung ITX Co., Ltd and others
America	Epitone, Inc
Asia	PT. GELORA MANDIRI MEMBANGUN

(3) Other related parties (\*1)

Region	Related party
Domestic	Galaxia device Co., Ltd., Galaxia Electronics Co., Ltd., Gongdeok Development Corporation, The Class Hyosung, The premium Hyosung Co., Ltd., Dong Ryung Co., Ltd., Shin Dong Jin Co., Ltd., A-SEUNG AUTOMOTIVE GROUP, Trinity Asset Management Co., Ltd, HaengbokDoodrimee, Hyosung Premier Motors Corporation, ASC, Galaxia SM, INC., Galaxiamoneytree Co., Ltd., Shinhwa Intertek, KB Wise Star Private Real Estate fund 11 and others
China	Tianjin Galaxia Device Electronics., Co. Ltd., Huizhou Galaxia Device Electronics., Co. Ltd., Qingdao Galaxia Device Electronics., Co. Ltd., Weihai Galaxia Device Electronics., Co. Ltd., Galaxia Electronics (China Huizhou) CO., Ltd., DNS Technology Co., Ltd. and others
America	Hyosung HICO, LTD. And others
Asia	Galaxia Japan Co., Ltd., Hyosung Singapore PTE Ltd., Hyosung Vietnam Co., Ltd. and others
Europe	Hyosung Europe SRL. Hyosung Istanbul TEKSTIL LTD.STI and others

(\*1) Those entities that are not included in the scope of related party in accordance with KIFRS 1024 but belonged to a large enterprise group in accordance with the Monopoly Regulation and Fair-Trade Act are included.

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**17. Related party transactions (cont'd)**

B. Significant transactions with related parties

Significant transactions with related parties for the years ended December 31, 2022 and 2021 are as follows (KRW in millions):

2022					
	Related party	Sales and others (*1)	Dividends	Purchases and others (*1)	Acquisition of property, plant and equipment and intangible assets
Subsidiaries	Hana Alternative Investmentlandchip 39th Real Estate Investment Trust Co., Ltd.	524	976	873	-
	Hyosung USA Inc.	5,632	-	-	-
	Hyosung Investment & Development	-	50,525	-	-
	Hyosung TNS INC.	22,360	22,491	10,406	404
	Hyosung Good Springs, Inc.	2,971	-	-	-
	Others	875	1,097	661	-
	Subtotal	32,362	75,089	11,940	404
Associates and joint ventures	Hyosung ITX Co., Ltd.	1,906	3,291	1,498	1
	Hyosung Heavy Industries Corporation	96,604	-	278	159
	Hyosung Advanced Materials Corporation	52,141	9,498	11,038	-
	Hyosung Chemical Corporation	176,532	-	15	-
	Hyosung TNC Corporation	172,640	43,965	10,508	-
	HYOSUNG INFORMATION SYSTEMS CO., LTD	607	3,460	215	533
	Taebaek Wind Power Co., Ltd.	-	1,155	-	-
	Others	190	168	225	-
	Subtotal	500,620	61,537	23,777	693
Other related parties	Hyosung Japan Co., Ltd.	1,891	-	-	-
	Hyosung Istanbul TEKSTIL LTD.STI.	398	-	-	-
	Gongdeok Development Corporation	-	-	150	-
	Shinhwa Intertek	2,003	-	-	-
	Galaxiamoneytree Co., Ltd.	495	-	-	-
	Galaxia SM, INC.	85	-	392	-
	Hyosung DongNai Co,LTD	1,370	-	-	-
	Hyosung Vietnam Co., Ltd.	1,359	-	-	-
	Hyosung Steel Cord (Qingdao) Co., Ltd.	1,844	-	-	21
	Hyosung Vina Chemicals Co., Ltd.	910	-	-	-
	Others	4,386	-	94	51
	Subtotal	14,741	-	636	72
Total		547,723	136,626	36,353	1,169

(\*1) Sales, other income, interest income, etc. are included in sales and others. Purchase of raw materials, selling and administrative expenses, other expenses, etc. are included in purchase and others.

**Hyosung Corporation**  
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**17. Related party transactions (cont'd)**

2021					
	Related party	Sales and others (*1)	Dividends	Purchases and others (*1)	Acquisition of property, plant and equipment and intangible assets
Subsidiaries	Hana Alternative Investmentlandchip 39th Real Estate Investment Trust Co., Ltd.	-	970	1,136	-
	Hyosung Trans World co., Ltd.	30	-	62	-
	Hyosung USA Inc.	1,970	-	-	-
	Hyosung Investment & Development	-	11,280	-	-
	Hyosung TNS INC.	20,626	35,985	8,176	459
	Others	2,601	570	647	-
	Subtotal	25,227	48,805	10,021	459
Associates and joint ventures	Hyosung ITX Co., Ltd.	1,899	3,291	989	92
	Hyosung Heavy Industries Corporation	88,958	-	307	60
	Hyosung Advanced Materials Corporation	49,588	-	9,359	-
	Hyosung Chemical Corporation	125,182	-	6	-
	Hyosung TNC Corporation	120,494	4,396	13,045	-
	HYOSUNG INFORMATION SYSTEMS CO., LTD	519	3,460	681	930
	Others	-	-	225	-
Subtotal	386,640	11,147	24,612	1,082	
Other related parties	Hyosung Japan Co., Ltd.	3,850	-	-	-
	Hyosung International Trade (Jiaxing) Co., Ltd.	2,745	-	-	-
	Gongdeok Development Corporation	-	-	69	-
	Shinhwa Intertek	3,407	-	-	-
	Galaxiamoneytree Co., Ltd.	495	-	-	-
	Galaxia SM, INC.	351	-	1,414	-
	Others	5,195	-	58	51
Subtotal	16,043	-	1,541	51	
Total		427,910	59,952	36,174	1,592

(\*1) Sales, other income, interest income, etc. are included in sales and others. Purchase of raw materials, selling and administrative expenses, other expenses, etc. are included in purchase and others.

(\*2) It has been excluded from subsidiaries due to mergers and Acquisition for the years ended December 31, 2021.

(\*3) Transactions up to the date of merger.

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**17. Related party transactions (cont'd)**

C. Significant outstanding balances to/from related parties as of December 31, 2022 and 2021 are as follows (KRW in millions):

December 31, 2022					
	Related party	Trade receivables	Other receivables (*1)	Trade payables	Other payables (*1)
Subsidiaries	Hana Alternative Investmentlandchip 39th Real Estate Investment Trust Co., Ltd.	-	29,741	-	9,442
	HYOSUNG TNS INC.	1,212	5,573	-	20,922
	Hyosung USA Inc.	892	53	-	45
	Gongdeok Gyeongwoo Development Corporation	-	927	-	15,259
	Others	388	718	-	413
	Subtotal	2,492	37,012	-	46,081
Associates	Hyosung Heavy Industries Corporation (*2)	16,862	226	-	5,808
	Hyosung TNC Corporation	14,859	156	122	1,603
	Hyosung Advanced Materials Corporation	5,574	179	1,220	5,704
	Hyosung Chemical Corporation	17,941	99	3	52
	THE KWANGJUILBO	-	7,853	-	55
	Others	243	4	-	495
Subtotal	55,479	8,517	1,345	13,717	
Other related parties	Hyosung Japan Co., Ltd.	108	-	27	-
	Hyosung Istanbul TEKSTIL LTD.STI.	4	14	-	-
	Gongdeok Development Corporation	-	630	-	2,712
	Shinhwa Intertek	207	-	-	-
	Galaxiamoneytree Co., Ltd.	-	600	-	724
	Galaxia SM, INC.	-	-	3	-
	KB Wise Star Private Real Estate fund 11	-	91	-	69
	Shin Dong Jin Co., Ltd.	-	317	-	1,130
	Hyosung Steel Cord (Qingdao) Co., Ltd.	342	-	456	-
	Others	765	73	15	3
Subtotal	1,426	1,725	501	4,638	
Total		59,397	47,254	1,846	64,436

(\*1) Non-trade receivables, loans, accrued income, advance payments and others are included in other receivables. Non-trade payables, Deposits withheld, and others are included in other payables.

(\*2) The membership on Hyosung Heavy Industries Corporation amounting to KRW 19,200 million has been accounted for as intangible assets.

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**17. Related party transactions (cont'd)**

December 31, 2021					
	Related party	Trade receivables	Other receivables (*1)	Trade payables	Other payables (*1)
Subsidiaries	Hana Alternative Investmentlandchip 39th Real Estate Investment Trust Co., Ltd.	-	29,741	-	15,570
	HYOSUNG TNS INC.	2,365	6,329	-	20,820
	Hyosung USA Inc.	262	39	-	262
	Gongdeok Gyeongwoo Development Corporation	-	927	-	15,409
	Others	385	702	-	356
	Subtotal	3,012	37,738	-	52,417
Associates	Hyosung Heavy Industries Corporation (*2)	14,438	101	1	7,155
	Hyosung TNC Corporation	20,100	86	1,052	479
	Hyosung Advanced Materials Corporation	8,650	121	609	5,800
	Hyosung Chemical Corporation	26,904	76	-	52
	THE KWANGJUILBO	-	7,963	-	55
	Others	249	-	-	126
Subtotal	70,341	8,347	1,662	13,667	
Other related parties	Hyosung Japan Co., Ltd.	41	-	8	40
	Hyosung Istanbul TEKSTIL LTD.STI.	146	27	-	-
	Gongdeok Development Corporation	-	603	-	1,444
	Shinhwa Intertek	385	-	-	-
	Galaxiamoneytree Co., Ltd.	-	1,287	-	693
	Galaxia SM, INC.	37	-	129	-
	KB Wise Star Private Real Estate fund 11	-	59,911	-	167
	Others	900	476	85	801
Subtotal	1,509	62,304	222	3,145	
Total		74,862	108,389	1,884	69,229

(\*1) Non-trade receivables, loans, accrued income and others are included in other receivables. Non-trade payables, deposits withheld, and others are included in other payables.

(\*2) The membership on Hyosung Heavy Industries Corporation amounting to KRW 19,200 million has been accounted for as intangible assets.

**17. Related party transactions (cont'd)**

D. Fund transactions with related parties for the years ended December 31, 2022 and 2021 are as follows (KRW in millions):

2022						
	Related party	Fund transactions				Cash contribution
		January 1	Loans	Collections	December 31	
Subsidiaries	Hana Alternative Investmentlandchip 39th Real Estate Investment Trust Co., Ltd.	20,000	-	-	20,000	
	Hyosung Ventures Corporation	-	-	-	-	10,000
Associates	THE KWANGJUILBO (*1)	7,853	-	-	7,853	
Other related parties	KB Wise Star Private Real Estate fund 11 (*2)	60,000	-	60,000	-	

(\*1) Provision for bad debt is recognized in full for loans and accrued income from THE KWANGJUILBO.

(\*2) KB Wise Star Private Real Estate fund 11, which is a related party of the Company, borrowed KRW 85,700 million from a securitization company. The Company purchased beneficiary certificates issued by a securitization company using loan receivables for the borrowings as an underlying asset. The purchase amount of the beneficiary certificates is included in the related party transaction as it was deemed to have been substantially lent to the related party.

2021					
	Related party	January 1	Collections	Impairment	December 31
Subsidiaries	Hana Alternative Investmentlandchip 39th Real Estate Investment Trust Co., Ltd.	-	20,000	-	20,000
Associates	THE KWANGJUILBO (*1)	7,853	-	-	7,853
Other related parties	KB Wise Star Private Real Estate fund 11 (*2)	-	60,000	-	60,000

(\*1) Provision for bad debt is recognized in full for loans and accrued income from THE KWANGJUILBO.

(\*2) KB Wise Star Private Real Estate fund 11, which is a related party of the Company, borrowed KRW 85,700 million from a securitization company. The Company purchased beneficiary certificates issued by a securitization company using loan receivables for the borrowings as an underlying asset. The purchase amount of the beneficiary certificates is included in the related party transaction as it was deemed to have been substantially lent to the related party.

E. Details of compensations to key management personnel for the years ended December 31, 2022 and 2021 are as follows (KRW in millions):

	2022	2021
Salaries and other short-term employee benefits	14,216	14,637
Retirement benefits	1,240	882
Total	15,456	15,519

F. Payment guarantees provided by the Company for the financial supports to the related parties are described in Note 35.

**17. Related party transactions (cont'd)**

G. The Company provides two pledged notes for the private investment business of Suncheon Eco Green.

**18. Trade and other payables**

A. Details of trade and other payables as of December 31, 2022 and 2021 are as follows (KRW in millions):

	December 31, 2022	December 31, 2021
Trade payables	41,736	55,794
Other payables	52,889	51,918
Subtotal	94,625	107,712
Long-term other payables	25,916	21,893
Total	120,541	129,605

B. The carrying amounts of other payables as of December 31, 2022 and 2021 are as follows (KRW in millions):

	December 31, 2022	December 31, 2021
Other payables		
Non-trade payables	32,331	25,936
Accrued expenses	8,629	7,258
Withholdings	10,095	11,469
Deposits withheld	1,834	7,255
Subtotal	52,889	51,918
Long-term other payables		
Non-trade payables	16,654	17,667
Accrued expenses	391	487
Deposits withheld	8,871	3,739
Subtotal	25,916	21,893
Total	78,805	73,811

## 19. Borrowings

A. Details of borrowings as of December 31, 2022 and 2021 are as follows (KRW in millions):

	Description	Creditor	Maturity date	Annual interest rate (%)	December 31, 2022	December 31, 2021
Short-term borrowings	Sales of export receivables (*1)	Woori Bank	-	-	107	692
Long-term borrowings	Foreign long-term borrowings (*2)	Korea Energy Co.	2027-06-15	1.50	627	763
Total					734	1,455

(\*1) The Company sold trade receivables denominated in foreign currencies to the financial institutions. The Company may retain an obligation to compensate a financial institution for debtors' failure to make payment when they become due, an obligation known as a 'recourse obligation'. Recourse obligations related to the sales of receivables with recourse are accounted for as collateralized borrowings (see Note 7 and 35).

(\*2) Long-term borrowings included KRW 136 million classified as current portion of borrowings (short-term borrowings) as of December 31, 2022 and 2021.

## 20. Government grants

A. The Company entered into development agreements with Korea Evaluation Institute of industrial technology and others for various national research projects, including development of materials related to Polyketone.

B. The balance of government subsidies related to asset acquisition as of December 31, 2022 is KRW 1,716 million (2021: KRW 1,990 million), and the balance of government subsidies related to liabilities to be repaid is KRW 7,846 million (2021: KRW 7,906 million).

## 21. Retirement benefits

A. Defined contribution pension plan

The expense amount recognized in relation to retirement benefit plans under defined contribution plans for the year ended December 31, 2022 is KRW 843 million (2021: KRW 857 million)

B. Defined benefit pension plan

(1) Details of net defined benefit liabilities as of December 31, 2022 and 2021 are as follows (KRW in millions):

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	91,950	93,001
Fair value of plan assets (*1)	(100,472)	(91,508)
Net defined benefit liabilities	(8,522)	1,493

(\*1) The contributions to the National Pension Fund of KRW 68 million are included in the fair value of plan assets as of December 31, 2022 (2021: KRW 68 million)

**21. Retirement benefits (cont'd)**

(2) The changes in defined benefit obligations for the years ended December 31, 2022 and 2021 are as follows (KRW in millions):

	2022	2021
January 1	93,001	67,269
Current service costs	8,478	6,867
Interest expenses	956	799
Benefits paid	(3,836)	(4,756)
Remeasurements:		
Changes in demographical assumptions	-	(1,297)
Changes in financial assumptions	(6,625)	48
Experience adjustments	119	20,601
Transfers to affiliates, net	(143)	830
Merger	-	2,640
December 31	91,950	93,001

(3) The changes in the fair value of plan assets for the years ended December 31, 2022 and 2021 are as follows (KRW in millions):

	2022	2021
January 1	91,508	61,528
Interest income	2,594	1,431
Employer's contributions	11,000	30,200
Benefits paid	(3,504)	(4,568)
Remeasurements	(961)	(730)
Transfers to affiliates, net	(3)	890
Merger	-	2,757
Others	(162)	-
December 31	100,472	91,508

(4) Details of plan assets as of December 31, 2022 and 2021 are as follows (KRW in millions):

	December 31, 2022		December 31, 2021	
	Amount	Portion (%)	Amount	Portion (%)
Deposits	15,578	15.50	6,945	7.59
Debt instruments	84,894	84.50	84,563	92.41
Total	100,472	100.00	91,508	100.00

**21. Retirement benefits (cont'd)**

(5) The significant actuarial assumptions as of December 31, 2022 and 2021 are as follows (KRW in millions):

	December 31, 2022	December 31, 2021
Discount rate	5.31%	2.91%
Salary increase rate	2.93%	3.22%

(6) The sensitivity of the defined benefit obligations to changes in the principal assumptions is as follows (KRW in millions):

	Changes in assumption	When increased	When decreased
Discount rate	1.0% increase/decrease	(1,925)	2,186
Salary increase rate	1.0% increase/decrease	2,220	(1,987)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. The sensitivity of the defined benefit obligations to changes in principal actuarial assumptions is calculated using the projected unit credit method, the same method applied when calculating the defined benefit obligations recognized on the separate statement of financial position.

(7) As of December 31, 2022, the weighted average maturity of defined benefit obligations is 7.88 years.

**22. Other liabilities**

Details of other liabilities as of December 31, 2022 and 2021 are as follows (KRW in millions):

	December 31, 2022	December 31, 2021
Other current liabilities		
Advances received	13,406	14,265
Unearned revenues	10,128	22,087
Subtotal	23,534	36,352
Other non-current liabilities		
Long-term unearned revenues	493	185
Total	24,027	36,537

**23. Share capital**

A. The Company's total number of authorized shares is 200,000,000 shares, and the total number of ordinary shares issued is 21,071,025 shares with a par value of ₩5,000 per share.

B. Details of retained earnings as of December 31, 2022 and 2021 are as follows (KRW in millions):

	Description	December 31, 2022	December 31, 2021
Legal reserve	Earned surplus reserve (*1)	75,670	75,670
Voluntary reserve	Facility reserve	6,367,000	6,082,000
Unappropriated retained earnings		45,877	413,605
Total		6,488,547	6,571,275

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

C. Other components of equity as of December 31, 2022 and 2021 consist of the followings (KRW in millions):

	December 31, 2022	December 31, 2021
Other paid-in capital	250,571	250,410
Treasury shares	(42,119)	(42,119)
Loss on valuation of financial assets at FVOCI	(123,928)	(118,437)
Gain on sales of treasury shares	186,340	183,913
Equity adjustment in equity method	84,364	67,879
Losses on capital reduction (*1)	(4,816,959)	(4,816,959)
Total	(4,461,731)	(4,475,313)

(\*1) The Company recognized the difference between carrying amount and fair value of the non-cash assets to be distributed to the stake holders as a result of the spin-off as gain on disposal of discontinued operation. In this regard, other capital injection was reduced.

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**23. Share capital (cont'd)**

D. The appropriations of retained earnings for the years ended December 31, 2022 and 2021 are as follows (KRW in millions):

	2022		2021	
Retained earnings		45,878		413,605
January 1	(806)		3,858	
Effect of Standard Revision	-		(2,420)	
Remeasurement loss on net defined benefit liabilities	4,203		(15,222)	
Share of remeasurement loss of subsidiaries and associates	23,385		(5,904)	
Profit (loss) for the year	14,339		433,293	
Others	4,757			
Amount of voluntary reserve		45,000		-
Facility reserves	45,000		-	
Appropriation of retained earnings		89,592		414,411
Facility reserves	-		285,000	
Dividends (Cash dividend (%)): Ordinary share (2022): 4,500 KRW (90%) Ordinary share (2021): 6,500 KRW (130%)	89,592		129,411	
December 31		1,286		(806)

**24. Revenue**

Details of revenue for the years ended December 31, 2022 and 2021 are as follows (KRW in millions):

	2022		2021	
Service sales		97,488		98,697
Merchandise		1,899		-
Finished goods		94,698		95,499
Transportation services		519,511		352,526
Gain on equity method		(37,165)		439,981
Others		73,565		63,963
Total		749,996		1,050,666

**25. Revenue from contracts with customers**

A. Revenues generated from contracts with customers for the years ended December 31, 2022 and 2021 are classified as follows (KRW in millions):

2022				
	Interior	Transportation services	Holding business	Total
1. Type of good or service:				
Service sale	7	-	97,481	97,488
Finished goods	94,698	-	-	94,698
Transportation services	-	519,511	-	519,511
Other sales	-	-	58,718	58,718
Merchandise	1,899	-	-	1,899
Total	96,604	519,511	156,199	772,314
2. Geographic market:				
Domestic	86,302	447,484	148,825	682,611
Overseas	10,302	72,027	7,374	89,703
Total	96,604	519,511	156,199	772,314
3. Revenue recognition:				
At a point in time	96,597	-	-	96,597
Over a period of time	7	519,511	156,199	675,717
Total	96,604	519,511	156,199	772,314

(\*1) Loss on equity method of KRW 37,165 million and operating lease income of KRW 14,847 million that are not covered by KIFRS 1115 are excluded from the revenue.

2021				
	Interior	Transportation services	Holding business	Total
1. Type of good or service:				
Service sale	-	-	98,697	98,697
Finished goods	95,499	-	-	95,499
Transportation services	-	352,526	-	352,526
Other sales	73	-	55,305	55,378
Total	95,572	352,526	154,002	602,100
2. Geographic market:				
Domestic	85,442	288,015	152,663	526,120
Overseas	10,130	64,511	1,339	75,980
Total	95,572	352,526	154,002	602,100
3. Revenue recognition:				
At a point in time	95,572	-	-	95,572
Over a period of time	-	352,526	154,002	506,528
Total	95,572	352,526	154,002	602,100

(\*1) Gain on equity method of KRW 439,981 million and operating lease income of KRW 8,585 million that are not covered by KIFRS 1115 are excluded from the revenue.

**25. Revenue from contracts with customers (cont'd)**

C. Information about major customers accounting for 10% or more of the Company's revenues for the years ended December 31, 2022 and 2021 are classified as follows (KRW in millions):

	2022	2021
Major customer 1	176,532	125,176
Major customer 2	170,460	120,487
Major customer 3	96,579	87,751

**26. Selling and administrative expenses**

Details of the selling and administrative expenses for the years ended December 31, 2022 and 2021 are as follows (KRW in millions):

	2022	2021
Salaries and wages	32,220	31,363
Bonuses	7,155	11,914
Retirement benefits	4,567	4,996
Employee welfare	2,672	2,092
Travel expenses	1,066	589
Vehicle maintenance expenses	562	486
Communication expenses	303	304
Publication expenses	151	105
Taxes and dues	3,194	2,834
Rental expenses	357	479
Depreciation	4,134	4,261
Amortization	496	501
bad debt expenses	304	35
Repair expenses	305	554
Supplies expenses	179	345
Samples expenses	24	85
Commission	8,784	8,039
Entertainment expenses	3,424	3,509
Meeting expenses	834	690
Sales promotion expenses	942	672
Others	857	539
Total	72,530	74,392

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**27. Classification of expenses by nature**

Cost of sales and selling and administrative expenses by nature for the years ended December 31, 2022 and 2021 are as follows (KRW in millions):

	2022	2021
Changes in inventories of finished goods and work in process and others	(1,146)	(2,401)
Changes in merchandise	1,666	-
Raw materials and consumables used	45,738	47,367
Salaries and wages	73,660	81,116
Pension benefits	7,859	7,092
Employee welfare	6,600	5,508
Depreciation and amortization	24,034	20,788
Electricity (utility) expense	11,493	9,086
Export expense	13	41
Service expense	14,271	12,595
Outsourcing expense	18,795	19,725
Commission	35,760	28,414
Advertisement	22,007	24,747
Transportation expense	496,675	331,834
Others	21,882	24,597
Total (*1)	779,307	610,509

(\*1) Total of cost of sales, selling and administrative expenses in the separate statements of profit or loss.

**28. Other income and expenses**

Details of other income and expenses for the years ended December 31, 2022 and 2021 are as follows (KRW in millions):

	2022	2021
Other income		
Rental income	152	176
Gain on disposal of property, plant and equipment	55	5
Gain on disposal of investments in subsidiaries	-	2,110
Gain on disposal of investments in associates and joint ventures	19	6,054
Dividend income	4,454	1,679
Gain on disposal of right-of-use assets	63	-
Other bad debt expenses	110	299
Miscellaneous gain and others	6,744	2,713
Subtotal	11,597	13,036
Other expenses		
Loss on disposal of Investment Property	-	138
Loss on disposal of investments in subsidiaries	277	1,097
Loss on disposal of Property, Plant and Equipment	4	-
Donations	1,495	992
Loss on disposal of right-of-use assets	2	-
Impairment loss on right-of-use assets	9,341	-
Other bad debt expense	-	-
Miscellaneous losses and others	541	578
Subtotal	11,660	2,805
Net other expenses	(63)	10,231

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**29. Finance income and costs**

A. Details of finance income and costs for the years ended December 31, 2022 and 2021 are as follows (KRW in millions):

	2022	2021
Finance income		
Interest income	8,021	4,192
Gain on foreign currency transactions	17,097	4,281
Gain on foreign currency translation	8,643	2,109
Gain on disposal of financial assets	328	2
Valuation gain on financial assets	1,508	2,122
Subtotal	35,597	12,706
Finance costs		
Interest expenses	1,044	1,080
Loss on foreign currency transactions	15,597	3,900
Loss on foreign currency translation	6,740	1,631
Loss on disposal of financial assets	-	15
Valuation loss on financial assets	594	1,938
Others	5	3
Subtotal	23,980	8,567
Net finance revenue(costs)	11,617	4,139

**30. Income tax expenses and deferred taxes**

A. Income tax expenses for the years ended December 31, 2022 and 2021 consists of the followings (KRW in millions):

	2022	2021
Current tax on profit for the year	4,891	3,537
Adjustments in respect for the prior year	(1,406)	(322)
Corporate tax refund	(423)	(5,391)
Income tax added to or subtracted from equity	(3,716)	(450)
Origination and reversal of temporary differences	(31,442)	26,280
Income tax expenses	(32,096)	23,654

**30. Income tax expenses and deferred taxes (cont'd)**

B. Reconciliation between actual income tax expenses and amount computed by applying the statutory tax rate to profit (loss) before income tax for the years ended December 31, 2022 and 2021 are as follows (KRW in millions):

	2022	2021
Profit (loss) before income tax	(17,757)	456,947
Tax calculated at tax rates (*1)	(3,885)	115,298
Tax effects of:		
Income not subject to tax	(42)	(95)
Expenses not deductible for tax purposes	1,465	1,926
Corporate tax on non-reflux income		
Unrecognized deferred tax assets	(375)	(7,110)
Difference due to the application of temporary different tax rate	(28,698)	(76,242)
Adjustment in respect of prior years	(1,406)	(322)
Corporate tax refund	(423)	(5,391)
Tax credit	(246)	(129)
Others	1,514	(4,281)
Income tax expenses	(32,096)	23,654
Effective tax rate (*2)	-	5.18%

(\*1) The tax rate applied takes into account the corporate tax rate (10% below KRW 200 million, 20% above KRW 200 million, 22% above KRW 20 billion, 25% above KRW 300 billion) and local income tax (10% of corporate tax).

(\*2) The effective tax rate was not calculated as loss before income tax was incurred for the year ended December 31, 2020.

C. The tax effects relating to components of other comprehensive income (loss) for the years ended December 31, 2022 and 2021 are as follows (KRW in millions):

	2022			2021		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Valuation gain (loss) on financial assets FVOCI	(5,139)	(352)	(5,491)	700	(211)	489
Remeasurements of net defined benefit liabilities	5,545	(1,342)	4,203	(20,082)	4,860	(15,222)
Changes in equity in equity method	25,279	(4,037)	21,242	79,688	(5,779)	73,909
Equity method retained earnings	23,957	(572)	23,385	(6,584)	680	(5,904)
Gain on sales of treasury shares	-	2,426	2,426	-	-	-
paid-in capital	-	161	161	-	-	-
Total	49,642	(3,716)	45,926	53,722	(450)	53,272

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**30. Income tax expenses and deferred taxes (cont'd)**

D. The movements in deferred tax assets and liabilities for the years ended December 31, 2022 and 2021, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows (KRW in millions):

	2022			
	January 1	Statement of profit or loss	Other comprehensive income (loss)	December 31
Gain on revaluation surplus of land	(95,287)	3,938	-	(91,349)
Investment in subsidiaries, associates and joint ventures	(162,738)	29,616	(4,609)	(137,731)
Plan assets	(20,637)	2,059	(1,342)	(19,920)
Defined benefit obligations	19,807	(1,584)	-	18,223
Other non-current financial assets	2,483	1,728	(352)	3,859
Allowance for doubtful accounts in excess of tax limit	84	123	-	207
Government grants	1,914	(94)	-	1,820
Loss on valuation of inventories	61	58	-	119
Impairment loss on property, plant and equipment	790	2,135	-	2,925
Accrued compensated absences	546	(130)	-	416
Long-term employee benefits liabilities	118	(27)	-	91
Others	(385)	(2,666)	2,587	(464)
Subtotal	(253,244)	35,156	(3,716)	(221,804)
Unused tax credit	-	-	-	-
Total deferred tax liabilities	(253,244)	35,156	(3,716)	(221,804)

30. Income tax expenses and deferred taxes (cont'd)

2021				
	January 1	Statement of profit or loss	Other comprehensive income (loss)	December 31
Gain on revaluation surplus of land	(95,902)	615	-	(95,287)
Investment in subsidiaries, associates and joint ventures	(134,587)	(23,052)	(5,099)	(162,738)
Plan assets	(14,726)	(10,771)	4,860	(20,637)
Defined benefit obligations	14,406	5,401	-	19,807
Other non-current financial assets	2,163	531	(211)	2,483
Allowance for doubtful accounts in excess of tax limit	234	(150)	-	84
Government grants	1,900	14	-	1,914
Loss on valuation of inventories	35	26	-	61
Impairment loss on property, plant and equipment	790	-	-	790
Accrued compensated absences	444	102	-	546
Long-term employee benefits liabilities	146	(28)	-	118
Others	(1,886)	1,501	-	(385)
Subtotal	(226,983)	(25,811)	(450)	(253,244)
Unused tax credit	19	(19)	-	-
Total deferred tax liabilities	(226,964)	(25,830)	(450)	(253,244)

E. The deductible temporary differences and unused tax credits not recognized as deferred tax assets as of December 31, 2022 and 2021 are as follows (KRW in millions):

	December 31, 2022	December 31, 2021
Investment in subsidiaries, others	75,488	32,980
Allowance for doubtful accounts	7,853	7,963
Others	16,331	50,100
Total	99,672	91,043

F. There is no taxable temporary difference not recognized as deferred tax liabilities as of December 31, 2022 and 2021.

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**31. Earnings (loss) per share**

A. The calculation details of basic earnings (loss) per share for the years ended December 31, 2022 and 2021 are computed as follows (KRW in millions, except for number of shares and earnings (loss) per share):

	2022	2021
Profit (loss) for the year attributable to ordinary share (*1)	14,339	430,873
Weighted average number of ordinary shares outstanding	19,909,404 shares	19,909,404 shares
Earnings (loss) per share (in KRW)	720	21,642

(\*1) Net income (loss) of the ordinary shares is the same as net income (loss) of the Company.

B. Weighted average number of ordinary shares outstanding for the years ended December 31, 2022 and 2021 are as follows (in shares):

	2022			2021		
	Outstanding ordinary shares	Weighted	Weighted average number of ordinary shares outstanding	Outstanding ordinary shares	Weighted	Weighted average number of ordinary shares outstanding
January 1	19,909,404	365 days/ 365 days	19,909,404	19,909,404	365 days/ 365 days	19,909,404
Purchase of treasury shares	-	-	-	-	-	-
Weighted average number of ordinary shares outstanding	19,909,404	-	19,909,404	19,909,404	-	19,909,404

**32. Dividends**

The dividends paid were KRW 129,411 million (KRW 6,500 per share) for the year ended December 31, 2022 and KRW 99,547 million (KRW 5,000 per share) for the year ended December 31, 2021, respectively.

A dividend in respect for the year ended December 31, 2022, of KRW 4,500 per share, amounting to a total dividend of KRW 89,592 million, is to be proposed to shareholders at the annual general meeting to be held on March 17, 2023. These separate financial statements do not reflect this dividend payable.

**33. Cash generated from operation**

A. Details of the adjustments of non-cash items for the years ended December 31, 2022 and 2021 are as follows (KRW in millions):

	2022	2021
Income tax expenses	(32,096)	23,654
Interest income	(8,021)	(4,192)
Interest expenses	1,044	1,080
Gain on foreign currency translation	(8,643)	(2,109)
Loss on foreign currency translation	6,740	1,631
Depreciation of property, plant and equipment	19,435	16,268
Amortization of intangible assets	4,417	4,275
Depreciation of investment properties	182	245
Gain on disposal of right-of-use assets	(63)	-
Loss on disposal of right-of-use assets	2	-
Gain on disposal of property, plant and equipment	(55)	(5)
Loss on disposal of property, plant and equipment	4	-
Losses on impairment of licensed assets	9,341	-
Loss on disposal of investment property	-	138
band debt expenses	304	35
other bad debt expense (reversal of allowance for doubtful accounts)	(110)	(299)
Loss on (reversal of) valuation of inventories	260	107
Gain on disposal of financial assets	(328)	(2)
Loss on disposal of financial assets	-	15
Gain on valuation of financial assets	(1,508)	(2,122)
Loss on valuation of financial assets	594	1,938
Gain on investment disposition of associates	(19)	(6,054)
Gain on investment disposition of subsidiaries	-	(2,110)
Loss on disposal of investments in subsidiaries	277	1,097
Dividend income	(4,454)	(1,679)
Retirement benefits	6,841	6,235
Gain on equity method	37,165	(439,981)
Others	-	(290)
Total	31,309	(402,125)

**33. Cash generated from operation (cont'd)**

B. Details of the working capital adjustments for the years ended December 31, 2022 and 2021 are as follows (KRW in millions):

	2022	2021
Trade receivables	25,997	(43,130)
Inventories	(3,825)	(2,370)
Other receivables	3,788	9,740
Due from customers for contract work	624	(552)
Other current financial assets	(3,778)	129,521
Other assets	9,671	(5,839)
Trade payables	(14,358)	17,413
Other payables	3,526	(3,426)
Due to customers for contract work	(6)	(10)
Other liabilities	(12,831)	13,723
Contributions to plan assets	(7,333)	(25,632)
Retirement benefits paid	(3,836)	(4,756)
Total	(2,361)	84,682

C. Details of non-cash transactions of the Company for the years ended December 31, 2022 and 2021 are as follows (KRW in millions):

	2022	2021
Transfer of construction-in-progress to related property, plant and equipment	4,779	9,049
Increase in right-of-use assets due to increased lease liabilities	11,535	2,717
Transfer to current portion of lease receivables	5,944	11,972
Transfer to current portion of lease liabilities	11,546	8,964
Decrease (increase) in outstanding payments related to acquisition of tangible assets	1,132	884
Remeasurements factor on net defined benefit liabilities	(4,203)	15,222
liquidity replacement for loans	20,000	-

D. Changes in liabilities arising from financing activities for the years ended December 31, 2022 and 2021 are as follows (KRW in millions):

	2022				
	January	Cash flow	New leases	others	December 31
Short-term borrowings	828	(801)	-	216	243
Long-term borrowings	627	-	-	(136)	491
Lease liabilities	32,815	(14,521)	11,535	(183)	29,646
Total	34,270	(15,322)	11,535	(103)	30,380

### 33. Cash generated from operation (cont'd)

2021						
	January	Cash flow	New leases	Change in leases and others	Change in foreign exchange rate	December 31
Short-term borrowings	21,040	(20,373)	-	-	161	828
Long-term borrowings	763	-	-	-	(136)	627
Lease liabilities	41,088	(11,322)	2,710	339	-	32,815
Total	62,891	(31,695)	2,710	339	25	34,270

(\*1) Changes in foreign exchange rate and effects from reclassification to current portion and changes in accounting policy were included

### 34. Financial risk management

#### 34.1 Financial risk management factor

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

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

#### 34.1.1 Market risk

##### (1) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from foreign currency exposures, primarily with respect to the US dollar, Euro and Japanese yen. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. Management has set up a policy to require operations to manage their foreign exchange risk against their functional currency.

Foreign currency financial assets and foreign currency financial liabilities converted into KRW as of December 31, 2022 is as follows (KRW in millions):

Foreign currency	Foreign currency financial assets	Foreign currency financial liabilities
USD	46,785	15,401
EUR	1,047	2,507
JPY	111	558
Others	-	91
Total	47,943	18,557

### 34. Financial risk management (cont'd)

#### 34.1 Financial risk management factor (cont'd)

##### 34.1.1 Market risk (cont'd)

The analysis is based on the assumption that KRW has increased/decreased by 10% with all other variables held constant. The summarizes the impact of increased/decreased KRW on the Company's pre-tax profit as of December 31, 2022 is as follows (KRW in millions):

Currency		2022	2021
US Dollar	Strengthened	3,138	3,301
	Weakened	(3,138)	(3,301)
EURO	Strengthened	(146)	(154)
	Weakened	146	154
JPY	Strengthened	(45)	(38)
	Weakened	45	38
Others	Strengthened	(9)	(6)
	Weakened	9	6

#### (2) Price risk

The Company is exposed to equity securities price risk arising from investments held by the Company that are classified as financial assets at FVOCI on the separate financial statement of the Company.

The Company's marketable equity investments are publicly traded and are included in the KOSPI index.

The analysis is based on the assumption that the stock price has increased/decreased by 30% with all other variables held constant. The summarizes the impact of increases/decreases of the stock price on the Company's equity as of December 31, 2022 and 2021 are as follows (KRW in millions):

	December 31, 2022	December 31, 2021
Increase	1,654	1,253
Decrease	(1,654)	(1,253)

#### (3) Interest risk

Interest rate risk is defined as the risk that the interest income or expenses arising from deposits and borrowings will fluctuate because of changes in future market interest rate. The interest rate risk mainly arises through floating rate deposits and borrowings. The objective of interest rate risk management lies in maximizing corporate value by minimizing uncertainty in interest rates fluctuations and net interest expense.

The Company is exposed to interest rate risk due to its borrowings in fixed and floating interest rates. The Company's policy is to review on interest rate fluctuation periodically so that they can manage whether to repay or renew the borrowings.

### 34. Financial risk management (cont'd)

#### 34.1 Financial risk management factor (cont'd)

##### 34.1.2 Credit risk

Credit risk is managed on the Company entity level. Credit risk arises from cash and cash equivalents, financial assets and outstanding receivables, and others. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, the Company assesses the credit risk based on the credit quality of the customer, considering its financial position, past experience and other factors. The compliance with credit limits is monitored on a regular basis (see Note 7).

No credit limit was exceeded for the year ended December 31, 2022, and management does not expect any loss due to non-compliance with customers.

The maximum exposures to credit risk as of December 31, 2022 and 2021 are as follows (KRW in millions):

	December 31, 2022	December 31, 2021
Cash and cash equivalents (*1)	27,185	32,864
Trade and other receivables	131,802	138,977
Due from customers for contract work	33	656
Other current financial assets	208,999	205,596
Long-term trade and other receivables	14,031	35,668
Other non-current financial assets	43,251	30,183
Financial guarantee contract (*2)	876,395	818,021

(\*1) The difference with 'cash and cash equivalents' in the separate financial statements is cash on hand.

(\*2) The maximum amount of guarantee that the Company must pay when there is a request from the guarantor.

##### 34.1.3 Liquidity risk

The Company monitors the forecasts on the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing limits at all times so that the Company does not breach borrowing limits or covenants (where applicable). The Company considers short, mid and long-term financial plan, compliance on commitment and target financial ratio on liquidity forecast.

Details of the Company's liquidity risk analysis as of December 31, 2022 and 2021 are as follows (KRW in millions):

December 31, 2022				
	Less than 1 year	1-5 years	Over 5 years	Total
Trade and other payables (*1)	94,765	26,409	-	121,174
Borrowings (including interest)	245	499	-	744
Other financial liabilities	10,483	9,008	14,260	33,751
Total	105,493	35,916	14,260	155,669

(\* 1) Long-term trade payables and other payables are included.

### 34. Financial risk management (cont'd)

#### 34.1 Financial risk management factor (cont'd)

##### 34.1.3 Liquidity risk (cont'd)

December 31, 2021				
	Less than 1 year	1-5 years	Over 5 years	Total
Trade and other payables (*1)	107,838	22,078	-	129,916
Borrowings (including interest)	829	632	-	1,461
Other financial liabilities	9,850	12,317	15,010	37,177
Total	118,517	35,027	15,010	168,554

(\*1) Long-term trade payables and other payables are included.

Except above contracts, the Company has entered into payment guarantee contracts and supplementary fund contracts with subsidiaries. Therefore, if the principal debtor fails to meet its obligation to pay, there may be an additional obligation to pay within one year (see Note 35).

### 34.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so the Company can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amounts of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company manages the capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is total borrowings (including 'short and long-term borrowings' as shown in the separate statement of financial position) less cash and cash equivalents. Total capital is 'equity' on the statement of financial position plus net debt.

The gearing ratios as of December 31, 2022 and 2021 are as follows (KRW in millions):

	2022	2021
Total borrowings	734	1,455
Less: cash and cash equivalents	(27,215)	(32,894)
Net debt (A)	(26,481)	(31,439)
Total equity (B)	2,583,359	2,654,957
Gearing ratio (A/C) (*1)	-	-

(\*1) As of December 31 2022 and 2021, the net debt is negative, so the gearing ratio is not calculated.

**35. Contingencies and commitments**

A. Notes and others provided as collaterals and others

The Company provided 3 checks as collaterals to the customers and others for borrowings and transaction agreements as of December 31, 2022.

B. Commitment with financial institution and others

The Company entered into agreements such as bank overdrafts, trade account receivables, trade bill discounts, open local L/C, general loans and others with financial institutions with a limit of KRW 66,569 million. Also, the Company entered into secured loan of credit sales agreements with a limit of KRW 54,500 million as of December 31, 2022.

C. Guarantees provided for others and others

The Company has an obligation to provide a supplementary of KRW 179,000 million for its subsidiary, NEW STAR GONGDEOK 3RD CO., LTD.

The Company has provided payment guarantees of \$142,000 thousands for its subsidiary, HYOSUNG Holdings USA, INC.

The Company has provided payment guarantees of \$61,000 thousands for HYOSUNG USA, INC which is a subsidiary of its subsidiary, HYOSUNG Holdings USA, INC.

The Company has provided payment guarantees of \$45,000 thousands for its associate, Hyosung Istanbul TEKSTIL LTD.STI.

The Company has provided payment guarantees of \$274,300 thousands for Hyosung DongNai Co., LTD. which is a subsidiary of its associate, Hyosung Istanbul TEKSTIL LTD.STI.

The Company has provided payment guarantee of \$28,000 thousands for Hyosung T&D India Pvt Ltd., which is a subsidiary of its associate, Hyosung Heavy Industries Co., Ltd.

The Company has provided a joint guarantee with the Export-Import Bank of Korea and Construction Guarantee Cooperative as follows in relation to the contract execution and defect repair responsibilities of the Company's associate Hyosung Heavy Industries Corporation. (KRW in millions, USD in Thousands, EUR in Thousands, INR in Thousands):

Content	Monetary unit	Guaranteed amount
Performance of a contract	KRW	4,524
	INR	1,869,511
	EUR	2,779
	USD	2,542
	QAR	75,673
	EGP	41
	SAR	56,188
	VEB	865,277
Subcontract payment	KRW	167

**35. Contingencies and commitments (cont'd)**

D. Other commitments

The Company entered into the agreements with Hanwha Life Insurance Co., Ltd. and 1 other financial institutions in relation to the borrowings of its subsidiary, Hana Alternative Investmentlandchip 39th Real Estate Investment Trust Co., Ltd., amount to KRW 130,000 million as of December 31, 2022(2021: KRW 130,000 million) Company has an obligation to purchase the specific real estate located in Gangnam-gu, Seoul at fair value in case of shortfalls to cover principal and interest expenses at maturity date.

In accordance with Article 530-9 (1) of Commercial Act of the Republic of Korea, the Company is jointly liable to pay the outstanding liabilities resulting from the liabilities as at the date of the spin-off for the newly established companies; Hyosung TNC Corporation, Hyosung Heavy Industries Corporation, Hyosung Advanced Materials Corporation and Hyosung Chemical Corporation. The Company is jointly responsible with the newly established companies for the payment guarantee, commitment on cash deficiency support, conditional acceptance on debts and completion of construction that existed before the date of the spin-off

The Company sets and receives brand usage fees based on sales and advertising expenses, and the brand usage revenue generated during the current period is 58,655 million won (2021: KRW 55,232 million).

E. Guarantees provided by others

Details of guarantees provided by others as of December 31, 2022 is as follows (KRW in millions):

Guarantor	Guaranteed amounts	Details of guarantees
Seoul Guarantee Insurance Company	7,107	Deficiency guarantees for supply contracts, etc.
Machinery Financial Cooperative	128	warranty for defects

F. Assets pledged as collaterals

(1) Details of assets pledged as collaterals for the Company's borrowings and others as of December 31, 2022 is as follows (KRW in millions):

Pledged assets	Carrying amount	Borrowings	Maximum pledge amount	Lien
Other financial assets	2,165	-	2,165	Machinery Financial Cooperative
Trade receivables	107	107	107	Woori bank

Some of property, plant and equipment were provided as collaterals for the Company's borrowings (collateral amount: KRW 454,448 million), and the borrowings of the Company were transferred to the newly established companies.

(2) 1,302,000 shares of PyeongChang Wind Power Co., Ltd. owned by the Company was provided as collateral for the borrowings of KRW 39,414 million of PyeongChang Wind Power Co, Ltd. as of December 31, 2022. 449,521 shares of Suncheon Eco Green owned by the Company was provided as collateral for the borrowings of KRW 27,010 million of Suncheon Eco Green as of December 31, 2022.

**35. Contingencies and commitments (cont'd)**

G. Pending lawsuits

Details of pending lawsuits as of December 31, 2022 is as follows (KRW in millions):

	Number of lawsuits	Claim amount	Description
Lawsuit as a plaintiff	2	9,250	Administrative litigation on cancellation of corporate tax levy and others
Lawsuit as a dependent	6	3,837	Claims for damages and others

The final outcome of the above cases cannot yet be estimated as of December 31, 2022. Accordingly, no provision for potential losses arising from the claims was reflected in the separate financial statements.

**36. Events after the reporting period**

As an event after the end of the reporting period, the Company provides the shares of its subsidiary, Gongdeok Gyeongwoo Development Corporation owned by the company as collaterals and has an obligation to provide a supplementary for loan agreement of KRW 90,000 million with Kookmin Bank on February 27, 2023.

**37. Uncertainty of the impact of COVID-19**

In order to prevent the spread of COVID-19, a various prevention and controls measures, including restrictions on traveling are being implemented worldwide, and as a result, the global economy has been extensively affected. In addition, governments are implementing various support measures to address COVID-19.

The Company's accounting did not have significant impact from COVID-19. The Company has prepared its separate financial statements with reasonable estimates of the impact of COVID-19. However, during the COVID-19 situation, there are significant uncertainties exist in estimating the end timing of COVID-19 and the impact of COVID-19 on the Company.

**38. Uncertainty of the impact of Ukraine Crisis**

Armed conflict in Ukraine and related international sanctions against Russia, which began in February 2022, may affect companies subject to sanctions, as well as companies directly or indirectly engaged in business with Ukraine or Russia, directly or indirectly exposed to the industry or economy of Ukraine or Russia. As of the end of December 31, 2022, our subsidiary, Hyosung RUS, is located in Russia, and we prepared financial statements by reasonably estimating the impact of the Ukraine crisis as of the end of December 31, 2022. However, there is uncertainty in estimating the impact of the Ukraine crisis on our company.

### **Auditor's report on internal control over financial reporting**

The accompanying independent auditor's report on internal control over financial reporting is attached as a result of auditing the internal control over financial reporting of Hyosung Corporation (the "Company") and auditing the separate financial statements of the Company for the year ended December 31, 2022 in accordance with the Article 8 of the *Act on External Audit of Stock Companies*.

Attachments:

1. Independent auditor's report on internal control over financial reporting
2. Management's report on the effectiveness of the internal control over financial reporting

## Independent auditor's report on internal control over financial reporting

### The Shareholders and Board of Directors Hyosung Corporation

#### Opinion on internal control over financial reporting

We have audited Hyosung Corporation's (the "Company") internal control over financial reporting ("ICFR") based on the Conceptual Framework for Design and Operation of ICFR established by the Operating Committee of ICFR (the "ICFR Committee") as of December 31, 2022.

In our opinion, the Company's ICFR has been effectively designed and operated, in all material respects, as of December 31, 2022, in accordance with the Conceptual Framework for designing and operating ICFR.

We also have audited, in accordance with the Korean Standards on Auditing ("KSA"), the statement of financial position as of December 31, 2022, and the statement of profit or loss, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and our report dated March 9, 2023 expressed an unqualified opinion thereon.

#### Basis for opinion on ICFR

We conducted our audit in accordance with KSA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of ICFR section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of ICFR 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.

#### Responsibilities of management and those charged with governance for ICFR

Management is responsible for designing, implementing, and maintaining an effective ICFR, and for assessing the effectiveness of the ICFR included in the accompanying report on the effectiveness of the ICFR.

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

#### Auditor's responsibilities for the audit of ICFR

Our responsibility is to express an opinion of the Company's ICFR based on our audit. We conducted our audit in accordance with KSA. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective ICFR was maintained in all material respects.

An audit of ICFR involves performing procedures to obtain audit evidence as to whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit also includes testing and evaluating the design and operating effectiveness of ICFR based on obtaining an understanding of ICFR and the assessed risk.

## ICFR definition and inherent limitations

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

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

The engagement partner on the audit resulting in this independent auditor's report is Yong Soo Jung.



March 9, 2023

This audit report is effective as of March 9, 2023, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the auditors' report date to the time this report is used. Such events and circumstances could significantly affect the Company's ICFR and may result in modifications to this report.

**Report on the Effectiveness of Internal Control over Financial Reporting**

(English Translation of a Report Originally Issued in Korean)

**To the Shareholders, Board of Directors and Audit Committee of  
Hyosung Corporation**

We, as the Chief Executive Officer (“CEO”) and the Internal Control over Financial Reporting Officer of Hyosung Corporation (the “Company”), assessed the effectiveness of the design and operation of the Company’s Internal Control over Financial Reporting (“ICFR”) for the year ended December 31, 2022. The Company’s Management, including ourselves, is responsible for designing and operation ICFR.

We assessed the design and operating effectiveness of ICFR in the prevention and detection of an error or fraud which may cause material misstatements in the preparation and disclosure of reliable financial statements. We designed and operated ICFR in accordance with Conceptual Framework for Designing and Operating Internal Control over Financial Reporting established by the Operating Committee of Internal Control over Financial Reporting in Korea (the ICFR Committee). And, we conducted an evaluation of ICFR based on Best Practice Guideline for Evaluating and Reporting Effectiveness of Internal Control over Financial Reporting established by the ICFR Committee.

Based on the assessment results, we believe that the Company’s ICFR, as of December 31, 2022, is designed and operating effectively, in all material respects, in accordance with Conceptual Framework for Designing and Operating Internal Control over Financial Reporting.

We certify that this report does not contain any untrue statement or a fact, or omit to state a fact necessary to be presented herein. We also certify that this report does not contain or present any statement which cause material misunderstandings, and we have reviewed and verified this report with sufficient due care

January 31, 2023

Kyoo-Young Kim  
Chief Executive Officer

Kwang Oh KIM  
Internal Control over Financial Reporting Officer

## 내부회계관리제도 운영실태보고서

주식회사 효성 주주, 이사회 및 감사위원회 귀중

대표이사 및 내부회계관리자는 2022년 12월 31일 현재 동일자로 종료하는 회계연도에 대한 당사의 내부회계관리제도의 설계 및 운영실태를 평가하였습니다. 내부회계관리제도의 설계 및 운영에 대한 책임은 대표이사 및 내부회계관리자를 포함한 회사의 경영진에 있습니다.

대표이사 및 내부회계관리자는 회사의 내부회계관리제도가 신뢰할 수 있는 재무제표의 작성 및 공시를 위하여 재무제표의 왜곡을 초래할 수 있는 오류나 부정행위를 예방하고 적발할 수 있도록 효과적으로 설계 및 운영되고 있는지의 여부에 대하여 평가하였습니다.

대표이사 및 내부회계관리자는 내부회계관리제도의 설계 및 운영을 위해 내부회계관리제도운영위원회에서 발표한 '내부회계관리제도 설계 및 운영 개념체계'를 준거기준으로 사용하였습니다. 또한 내부회계관리제도의 설계 및 운영실태를 평가함에 있어 내부회계관리제도운영위원회에서 발표한 '내부회계관리제도 평가 및 보고 모범기준'을 평가기준으로 사용하였습니다.

대표이사 및 내부회계관리자의 내부회계관리제도 운영실태 평가결과, 2022년 12월 31일 현재 당사의 내부회계관리제도는 '내부회계관리제도 설계 및 운영 개념체계'에 근거하여 볼 때, 중요성의 관점에서 효과적으로 설계되어 운영되고 있다고 판단됩니다.

대표이사 및 내부회계관리자는 보고내용이 거짓으로 기재되거나 표시되지 아니하였고, 기재하거나 표시하여야 할 사항을 빠뜨리고 있지 아니함을 확인하였습니다. 또한 대표이사 및 내부회계관리자는 보고내용에 중대한 오해를 일으키는 내용이 기재되거나 표시되지 아니하였다는 사실을 확인하였으며, 충분한 주의를 다하여 직접 확인·검토하였습니다.

2023년 1월 31일

대 표 이 사 김 규  (서명)

내부회계관리자 김 광  (서명)