

SsangYong C&E Co., Ltd.

Audit's Report

on Financial Statements

The 61th

From 1 January 2022

To 31 December 2022

The 60th

From 1 January 2021

To 31 December 2021

Samjong Accounting Co., Ltd.

Independent Auditor's Report

SsangYong C&E Co., Ltd.

Dear Shareholders and Board of Directors

21 March 2023

Opinion

We have audited the accompanying financial statements of SsangYong C&E Co., Ltd. (hereinafter "Company"). These financial statements comprise the statements of financial position as at 31 December 2022 and 31 December 2021 and the notes to the financial statements, including the statements of income, the statements of comprehensive income, the statements of changes in equity, the statements of cash flows, and the summaries of significant accounting policies, for both reporting periods ended as at the same dates.

In our opinion, the accompanying financial statements for both reporting periods ended as at 31 December 2022 and 31 December 2021 give a true and fair view of the financial position of the Corporation, the financial results, and the cash flows in accordance with the Korean International Financial Reporting Standards

We also audited the Corporation's internal accounting management system as of 31 December 2022 based on the conceptual framework for designing and operating the internal accounting control system in accordance with the auditing standards. The appropriate opinion was expressed in the audit report as at 21 March 2023.

Basis for Opinion

We conducted our audit in accordance with Accounting Standards on Auditing in Republic of Korea. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the corporation in accordance with the ethical requirements of the Republic of Korea related to the audit of financial statements, 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 Matters

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

- Risk of Impairment risk of investment shares in subsidiaries

Investment share in subsidiaries are assets that account for a significant portion of total assets, and their value is exposed to risks such as industrial volatility and economic cycles. There are inherent uncertainties and management's bias in evaluating the potential impairment of investment stocks in subsidiaries, and significant judgment and estimation are required to predict future performance and determine the discount rate to be applied. Accordingly, the evaluation of investment shares in subsidiaries is identified as a key audit item.

Our audit procedures in this area included, among others:

- Understanding and evaluating control activities performed by management in relation to impairment review of investment stocks in subsidiaries
- Evaluating the qualifications of external experts hired by the company to evaluate the use value of investment shares in subsidiaries
- Determining adequacy of assumptions applied to cash flow from operating activities and discount rate for investment shares in subsidiaries that have been tested for impairment
- Confirming the accuracy of the information used in the assumption and estimation of cash flows from operating activities
- Participating internal valuation experts to assist in our judgment when performing impairment tests on some of the investment shares of subsidiaries
- Confirming that the amount of impairment loss is correctly distributed and recorded

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Korean International Financial Reporting Standards (KIFRS), and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and for using the

going concern basis of accounting unless Management either intends to liquidate the Corporation or to cease operations.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies applied by Management and the reasonableness of accounting estimates and related disclosures made to prepare financial statements.
- 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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

152 Teheran-ro, Gangnam-gu, Seoul (Yeoksam-dong, Gangnam Finance Center 27th floor), Republic of Korea

<p>This audit report is valid as of the audit report date (21 March 2023). Accordingly, events or situations that may have a significant impact on the accompanying Corporation's financial statements may occur between the days after which the audit report is accessed. This may lead to amendments to this audit report.</p>

(Attachment) Financial Statements

SsangYong C&E Co., Ltd.

The 61th

From 1 January 2022

To 31 December 2022

The 60th

From 1 January 2021

To 31 December 2021

"The attached financial statements have been prepared by our company."

SsangYong C&E Co., Ltd. Representative Executive Officer Hyeonjun Lee

Head Office Location: (Road Name Address) Citycentertower, 34 Supyo-ro, Jung-gu, Seoul special city

(TEL) 02) 2270 – 5535

Statement of Financial Position

The 61th (Current Year) From 1 January 2022 to 31 December 2022

The 60th (Previous Year) From 1 January 2021 to 31 December 2021

SsangYong C&E Co., Ltd.

(Unit: KRW)

Account	NOTE	Current Year	Previous Year
ASSETS			
Current		616,470,292,407	481,541,870,154
Cash and cash equivalents	32	301,164,878	101,391,209,316
Short-term financial assets	5,16,32	2,579,148,392	327,339,966
Trade receivables	6,32,33	292,166,029,975	199,275,709,003
Other receivables	6,11,32,33	35,627,963,472	16,367,184,641
Inventories	8	249,897,864,598	135,017,716,090
Other current assets	14	35,898,121,092	12,304,296,492
Assets held for sale	37	-	16,858,414,646
Non-current		2,707,782,531,404	2,561,075,751,279
Long-term financial assets	5,7,16,32,36	1,229,524,488	1,268,396,183
Investment in subsidiaries and associates	9,33	481,352,968,464	461,949,151,328
Long-term trade receivables	6,32,33	447,293,636	610,911,373
Long-term other receivables	6,11,32,33,36	33,812,570,342	35,339,506,316
Tangible assets	10,33,36	1,854,771,827,811	1,814,602,109,800
Licensed assets	11	182,837,455,230	102,129,965,154
Investment property	12,36	81,418,579,793	73,094,976,934
Intangible assets	13,36	36,728,352,317	36,911,581,559
Deferred tax assets	29	30,821,658,368	31,573,518,840
Other non-current assets	14	4,362,300,955	3,595,633,792
Total assets		3,324,252,823,811	3,042,617,621,433
Liabilities			
Current liabilities		1,040,229,014,708	390,453,264,402
Trade payables	15,32,33	127,971,268,604	88,088,285,645
Other payables	11,15,16,32,33	159,019,855,866	149,376,692,019
Short-term borrowings	17,32,26	170,603,641,389	
Short-term bonds	17,32,36	99,685,982,889	

Account	NOTE	Current Year	Previous Year
Current long-term liabilities	17,32,36	405,718,278,622	117,010,296,752
Tax liabilities for the period	29	27,758,459,964	25,720,614,885
Current provisions	19,35,36	29,596,639,434	5,228,592,600
Other current liabilities	20	19,874,887,940	5,028,782,501
Non-current liabilities		704,149,377,067	1,022,236,252,660
Debentures	17,32,36	259,445,084,093	402,951,449,965
Long-term borrowings	17,32,36	113,913,490,000	315,926,110,000
Long-term other payables	11,15,16,32,33	120,159,911,172	67,624,966,577
Net defined benefit liabilities	18	171,455,431,290	199,882,661,556
Non-current provisions	19,36	31,207,847,129	27,881,066,977
Other non-current liabilities	20,36	7,967,613,383	7,969,997,585
Total liabilities		1,744,378,391,775	1,412,689,517,062
EQUITY			
Capital	1,21	50,385,959,500	50,385,959,500
Retained capital	23	25,997,357,790	25,997,357,790
Capital adjustment	22,23	(5,922,065,785)	(6,682,942,558)
Accumulated other comprehensive income	23	(2,150,030,636)	(3,077,855,742)
Retained earnings	23,24	1,511,563,211,167	1,563,305,585,381
Total equity		1,579,874,432,036	1,629,928,104,371
Total liabilities and equity		3,324,252,823,811	3,042,617,621,433

"The accompanying notes are part of these financial statements."

Statement of Income

The 61th (Current Year) From 1 January 2022 to 31 December 2022
The 60th (Previous Year) From 1 January 2021 to 31 December 2021

SsangYong C&E Co., Ltd.

(Unit: KRW)

Account	NOTE	Current Year	Previous Year
Revenue	4,25,33	1,329,446,840,591	1,142,259,759,742
Cost of sales	25,30,33	1,096,901,361,210	861,165,471,605
Gross profit		232,545,479,381	281,094,288,137
Selling and administrative expenses	26,30,33	99,808,771,066	98,220,098,583
Operating profit		132,736,708,315	182,874,189,554
Finance income	27,32,33	47,024,514,138	43,718,170,937
Finance expenses	27,32	28,416,471,493	20,801,792,592
Other income	28,32	59,768,901,981	36,794,947,381
Other expenses	28,32	41,478,907,599	66,402,825,185
Net profit before deducting tax		169,634,745,342	176,182,690,095
Tax expenses(Profits)	29	25,308,071,564	(3,108,140,911)
Net profit for the period	4	144,326,673,778	179,290,831,006
Earnings per share	31		
Basic earnings per ordinary share		287	357
Diluted earnings per ordinary share		287	357

"The accompanying notes are part of these financial statements."

Statement of Comprehensive Income

The 61th (Current Year) From 1 January 2022 to 31 December 2022

The 60th (Previous Year) From 1 January 2021 to 31 December 2021

SsangYong C&E Co., Ltd.

(Unit: KRW)

Account	NOTE	Current Year	Previous Year
Net profit for the period		144,326,673,778	179,290,831,006
Other comprehensive income for the period		25,860,801,994	(647,104,648)
Items not subsequently reclassified to profit or loss		24,892,626,224	3,502,910,254
Re-measurement factors for defined benefit plans	18	24,932,976,888	2,517,072,640
Other comprehensive income - profit after tax on equity instruments measured at fair value	7	(40,350,664)	985,837,614
Items that may be subsequently reclassified to profit or loss		968,175,770	(4,150,014,902)
Cash flow hedges Derivatives valuation income	16	968,175,770	(4,150,014,902)
Total comprehensive profit for the period		170,187,475,772	178,643,726,358

"The accompanying notes are part of these financial statements."

Statement of Changes in Equity

The 61th (Current Year) From 1 January 2022 to 31 December 2022

The 60th (Previous Year) From 1 January 2021 to 31 December 2021

SsangYong C&E Co., Ltd.

(Unit: KRW)

Account	Capital	Capital surplus	Capital adjustment	Other comprehensive income accumulated amount	Retained earnings	Total equity
1 January 2021 (Beginning of the previous year)	50,385,959,500	486,135,116,482	(7,825,823,308)	(107,737,662)	1,142,695,735,143	1,671,283,250,155
Net profit for the period	-	-	-	-	179,290,831,006	179,290,831,006
Other comprehensive income:						
Re-measurement factors for defined benefit plans	-	-	-	-	2,517,072,640	2,517,072,640
Other comprehensive income after-tax gains on equity instruments measured at fair value	-	-	-	1,179,896,822	(194,059,208)	985,837,614
Loss on valuation of cash flow hedging derivatives	-	-	-	(4,150,014,902)	-	(4,150,014,902)
Transactions with owners reflected directly in equity:						
Annual dividends	-	-	-	-	(55,250,998,550)	(55,250,998,550)
Interim dividends	-	-	-	-	(165,752,995,650)	(165,752,995,650)
Disposal of treasury shares	-	(137,758,692)	-	-	-	(137,758,692)
Stock option	-	-	1,142,880,750	-	-	1,142,880,750
Capital reserve transfer	-	(460,000,000,000)	-	-	(460,000,000,000)	-
31 December 2021(End of the previous year)	50,385,959,500	25,997,357,790	(6,682,942,558)	(3,077,855,742)	1,563,305,585,381	1,629,928,104,371
1 January 2022(Beginning of the year)	50,385,959,500	25,997,357,790	(6,682,942,558)	(3,077,855,742)	1,563,305,585,381	1,629,928,104,371
Net profit for the period	-	-	-	-	144,326,673,778	144,326,673,778
Other comprehensive income:						
Re-measurement factors for defined benefit plans	-	-	-	-	24,932,976,888	24,932,976,888
Other comprehensive income after-tax gains on equity instruments measured at fair value	-	-	-	(40,350,664)	-	(40,350,664)
Loss on valuation of cash flow hedging derivatives	-	-	-	968,175,770	-	968,175,770
Transactions with owners reflected directly in equity:						
Annual dividends	-	-	-	-	(55,250,998,550)	(55,250,998,550)
Interim dividends	-	-	-	-	(165,752,995,650)	(165,752,995,650)
Stock option	-	-	760,876,773	-	-	760,876,773
Others	-	-	-	-	1,969,320	1,969,320
31 December 2022(End of the current year)	50,385,959,500	25,997,357,790	(5,922,065,785)	(2,150,030,636)	1,511,563,211,167	1,579,874,432,036

"The accompanying notes are part of these financial statements."

Statement of Cash Flows

The 61th (Current Year) From 1 January 2022 to 31 December 2022

The 60th (Previous Year) From 1 January 2021 to 31 December 2021

SsangYong C&E Co., Ltd.

(Unit: KRW)

Account	NOTE	Current Year	Previous Year
I. Cash flows from operating activities		191,860,040,281	330,145,619,938
1. Net profit for the period		144,326,673,778	179,290,831,006
2. Adjustment for non-cash provision	34	213,005,962,920	218,002,652,613
3. Adjustment for working equity	34	(180,646,028,912)	(92,185,271,350)
4. Interest received		806,561,618	501,374,285
5. Dividends received		45,566,272,683	42,842,345,474
6. Taxes paid		(31,199,401,806)	(18,306,312,090)
II. Cash flows from investing activities		(159,733,882,635)	(245,428,463,162)
Decrease of short-term financial assets		165,238,842	186,379,682,514
Increase of short-term financial assets		(188,680,000)	(175,392,453,958)
Decrease of long-term financial assets		-	237,507,477
Increase of long-term financial assets		-	(27,675,000)
Recovery of short-term loan		35,200,000,000	9,000,000,000
Increase of short-term loan		(55,200,000,000)	(9,000,000,000)
Increase of long-term loan		(90,565,870)	(62,276,080)
Decrease of short-term deposit		15,000,000	62,400,000
Decrease of long-term deposit		3,116,439,013	95,779,713
Increase of long-term deposit		(2,171,163,830)	(2,121,383,944)
Disposal of tangible assets		9,350,058,339	1,231,104,339
Acquisition of tangible assets		(183,188,504,565)	(168,548,941,763)
Receipt of government grant		248,000,000	119,000,000
Recovery of government grant		-	(66,746,520)

Account	NOTE	Current Year	Previous Year
Disposal of investment property		306,694,000	-
Acquisition of intangible assets		(21,288,136)	(1,459,940)
Acquisition of right-of-use assets		(953,621)	-
Acquisition of investment stocks in subsidiaries		-	(95,000,000,000)
Disposal of non-current assets held for sale		32,725,843,193	7,667,000,000
III. Cash flows from financing activities		(133,216,202,084)	(193,485,454,057)
Borrowing of short-term borrowings		1,098,520,671,571	909,000,000,000
Repayment of short-term borrowings		(926,000,000,000)	(909,000,000,000)
Issuance of short-term bonds		100,000,000,000	-
Issue of convertible notes		30,000,000,000	130,000,000,000
Payment of receivables issuance fee		(664,060,000)	(329,840,000)
Refund of receivables issuance fee		11,544,140	17,011,930
Repayment of current long-term liabilities		(117,063,853,000)	(38,033,844,000)
Borrowing of long-term borrowings		28,491,000,000	38,631,000,000
Repayment of lease liabilities, etc.		(93,026,776,637)	(81,048,163,235)
Payment of interest		(27,554,308,876)	(21,717,624,552)
Dividends paid		(221,003,994,200)	(221,003,994,200)
Settlement of derivatives		(4,928,394,402)	-
Others		1,969,320	-
IV. Increase(decrease) of cash and cash equivalents (I+II+III)		(101,090,044,438)	(108,768,297,281)
V. Cash and cash equivalents at the beginning of the year		101,391,209,316	210,159,506,597
VI. Cash and cash equivalents at the end of the year		301,164,878	101,391,209,316

"The accompanying notes are part of these financial statements."

Note

The 61th (Current Year) From 1 January 2022 to 31 December 2022

The 60th (Previous Year) From 1 January 2021 to 31 December 2021

SsangYong C&E Co., Ltd.

1. Company Overview

SsangYong C&E Co., Ltd. (hereinafter "the company") was established on 14 May 1962 and is domiciled in South Korea. The Company's registered office is at Jung-gu, Seoul special city. The company is primarily involved in cement business, environmental resource business, leasing business, shipping business, and limestone business. The company's paid-in capital as of the end of the current term was KRW 50,386 million through several capital increases since its establishment, and was listed on the Korea Exchange on 3 May 1975. As of the end of the current term, the largest shareholder of the Company is Han & Co Cement Holdings (Ownership ratio: 77.68%).

2. Basis for preparing financial statements

The Company prepared financial statements in accordance with the Korean International Financial Reporting Standards, which is an accounting standard established by adopting the International Accounting Standards from International Accounting Standards Committee stipulated in Article 5 (1) 1 of the Act on External Audit of Corporations and others.

The financial statements of the Company are separate financial statements in accordance with IFRS 1027, 'Separate Financial Statements'. These are the financial statements presented in accounting on the basis of direct equity investments.

Our financial statements were approved by the Board of Directors on 10 February 2023, and the final approval is expected at the general shareholders' meeting on 29 March 2023.

(1) Measurement basis

The financial statements were prepared on a historical cost basis except for the major items in the statement of financial position in the following below:

- Derivatives measured at the fair value
- Equity securities and investments measured at the fair value
- Defined benefit liabilities subtracted the fair value of plan assets from the present value of the defined benefit liability

(2) Functional and presentation currency

These financial statements are presented in functional currency of the main economic environment in which the Company operates. These financial statements are presented and reported in Korean Won, which is the Company's functional and presentation currency.

(3) Use of judgements and estimates

According to the Korean International Financial Reporting Standards, preparing the financial statements is required to the application of accounting policies, the use of estimates and assumptions based on management's best judgment regarding matters affecting the reported amounts of assets, liabilities, income and expenses as at the end of the reporting period. If the estimates and assumptions based on management's best judgment as at the end of the reporting period are different from actual circumstances, these estimates and actual results may differ from these estimates.

Estimates and underlying assumptions are continuously reviewed, and changes in accounting estimates are recognized during the period in which the estimate is changed and in the future period to be affected.

① Uncertainty in assumptions and estimates

Information about uncertainties in assumptions and estimates that pose a significant risk that material adjustments may occur within the reporting period is included in the following notes.

- Note 6: measuring expected credit profit or loss of trade receivables
- Note 9: measuring the discount rate and cash flow of subsidiary investment stocks
- Note 11: measuring the lease term
- Note 16: measuring the fair value of derivatives
- Note 18: measuring defined benefit obligations - key actuarial assumptions
- Note 19 and 36: provisions and contingent liabilities - assumptions about the likelihood and amount of an outflow of resources
- Note 18: possibility of recognition of deferred tax assets

② Fair value measurement

As our accounting policies and disclosures require the fair value measurement for a number of financial and non-financial assets and liabilities, the Company has established the fair value assessment policies and procedures. These policies and procedures include the operation of an appraisal department responsible for reviewing all significant fair value measurements, including those classified as Level 3 in the fair value hierarchy.

The evaluation department regularly reviews significant unobservable inputs and adjustments to the evaluation. When the fair value measurement uses third-party information such as broker prices or rating agencies, the evaluation department is determining whether it can be concluded that the evaluation based on information obtained from a third party includes classification by level within the fair value hierarchy and meets the requirements of the relevant standard.

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

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the Company categorizes the fair value measurement in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following note:

- Note 32: financial instruments

(4) Changes in accounting policies

Effective January 1, 2022, the Company has applied the amendments to the cost of performing a loss-bearing contract-contract fulfillment costs (Corporate Accounting Standards No. 1037, 'Provisions, Contingent Liabilities, and Contingent Assets'). In line with this, the accounting policy for performing the loss-bearing contract assessment has been changed. When evaluating whether a contract is a loss-bearing contract, the Company included only the incremental cost of performing the contract before the policy change. The changed policy includes the incremental cost of performing the contract and other cost allocations directly related to performing the contract when assessing whether the contract is a loss-bearing contract.

These amendments shall apply to contracts that have not yet fulfilled their obligations at the beginning of the first fiscal year (the date of initial application) and shall not restate comparative information for past periods. The cumulative effect of initial application of this amendment shall be recognized by adjusting the underlying balance of retained earnings or other equity items at the date of initial application. The Company analyzed all contracts existing on January 1, 2022 and determined that there was no loss-bearing contract when applying the changed accounting policy.

This means that the change in accounting policy shall not affect the amount of capital as of January 1, 2022.

3. Significant accounting policies

Significant accounting policies applied by the Company to the preparation of financial statements in accordance with Korean International Accounting Standards are described below. The statements have been prepared by applying the same accounting policy except for changes in accounting policies as explained in Note 2(4).

(1) Business combinations

Business combinations are accounted for using the acquisition method, except for combinations of entities or businesses under common control.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Acquisition-related costs are accounted for as expenses in the period in which the costs are incurred and services are provided, excluding the issuance costs of debt securities and equity securities recognized in accordance with IFRS 1032 and IFRS 1109. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

(2) Subsidiaries and share of equity method investee company

Our financial statements are separate financial statements in accordance with IFRS 1027. The Company selects the cost method in accordance with IFRS 1027 against accounting for investments in subsidiaries and associates. Meanwhile, dividends received from subsidiaries and associates are recognized as profit or loss for the period when the right to receive dividends is established.

(3) Cash and cash equivalent assets

The company classifies investment assets with maturity within three months from the acquisition date as cash and cash equivalent assets. Equity instruments are excluded from cash equivalents, but are included in cash equivalents if they are actually cash equivalents, such as preferred shares with a fixed redemption date and a short period from the acquisition date to redemption date.

(4) Inventory assets

The unit cost of inventories is determined by the moving average method for stored goods, the individual method for unexamined materials, and the total average method for other inventories. The acquisition costs include purchase costs, conversion costs and other costs necessary to prepare inventories for use.

Inventories are measured at the lower of acquisition cost and net realizable value. Inventory assets are recognized as net realizable value reduction. All loss of loss is recognized as an expense during the period of reduction or loss. Reversal of

loss on valuation of inventories due to an increase in the net realizable value of inventories is deducted from the cost of sales of inventories recognized as an expense in the period in which the reversal occurred.

(5) Non-derivative financial assets

① Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

Unless it is a trade receivable without a significant financing component, a financial asset or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

② Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value other comprehensive income – debt investment; fair value other comprehensive income – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

When a debt instrument meets the following two conditions and is not designated as a measurement item at fair value through profit or loss, it is measured at fair value through other comprehensive income:

- A financial asset is held under a business model that achieves its objectives through both the receipt of contractual cash flows and the sale of the financial asset; and
- Cash flows that consist only of principal and interest payments are generated on a specific date, depending on the contract terms of financial assets.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or fair value other comprehensive income as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value other comprehensive income as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group’s management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
 - How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group’s continuing recognition of the assets

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the Group considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- Terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

After the initial recognition of a financial asset, the Company measures it as one of the following according to the category of financial asset and recognizes profit or loss.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. However, see Note 3. (6) for derivatives designated as hedging instruments.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at fair value other comprehensive income	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.
Equity investments at fair value other comprehensive income	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

③ Elimination

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changed as a result of interest rate benchmark reform, then the Company updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform.

If the Company transfers an asset recognized in the statement of financial position, but retains most of the risks and rewards of ownership of the transferred asset, the transferred asset is not derecognized.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- The change is necessary as a direct consequence of the reform; and
- The new basis for determining the contractual cash flows is economically equivalent to the previous basis

When changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Company first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the Company applies the policies on accounting for modifications to the additional changes.

④ Offsetting

The Company offsets financial assets and liabilities against the recognized assets and liabilities and presents them as net amounts in the statement of financial position only if it currently has a legally enforceable right of set-off, intends to settle the net difference, or realizes the asset and settles the liability at the same time.

(6) Derivatives

The Company holds derivative financial instruments to hedge the risk of foreign exchange and interest rate exposures and fluctuations in ship fares. Embedded derivatives is accounted for separately and separated from the principal contract if the principal contract is not a financial asset and meets certain requirements.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

The Company designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

At inception of designated hedging relationships, the Company documents the risk management objective and strategy for undertaking the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

If there is uncertainty in the timing or amount of cash flows based on interest rate indicators, hedged items or hedging instruments designated as hedged risks due to interest rate indicator reform, when evaluating the economic relationship between the hedged item and the hedging instrument, the Company assumes that the interest rate indicator will not change as a result of the interest rate indicator reform.

In addition, when determining whether a forecast transaction is highly probable in relation to a cash flow hedge in a forecast transaction, we assume that the interest rate indicator will not change as a result of the interest rate indicator reform. To determine whether a forecast transaction previously designated as cash flow hedge accounting but for which cash flow hedge accounting has been discontinued is still expected to occur, the Company assumes that the cash flows of an interest rate indicator designated as a hedge do not change as a result of the interest rate indicator reform.

The Company no longer applies the assumption that no change will occur as a result of such interest rate reform when the following events occur:

- When the uncertainty resulting from the interest rate indicator reform in the hedged item or hedging instrument no longer appears as to the timing and amount of the cash flows of each subject or instrument based on the interest rate indicator; and
- When the hedging relationship ceases.

In relation to the hedged item or hedging instrument, the required change has occurred in the reform of the interest rate indicator, and due to the reform, the Company is no longer designated as a hedged risk. If there are no uncertainties in the timing or amount of cash flows, the Company changes the formal designation of previously documented hedging relationships to reflect such changes.

These changes to the documentation are made until the end of the reporting period when the hedged risk, the hedged item or the hedging instrument is changed in accordance with the interest rate indicator reform. These amendments in the formal hedge documentation do not constitute the discontinuation of the hedging relationship or the designation of a new hedging relationship.

If there is a change made in addition to a change in a financial asset or financial liability designated as a hedging relationship or a change in the designation of a hedging relationship in accordance with the interest rate indicator reform, the Company determines whether hedging accounting should be discontinued as a result of these additional changes. If it is determined that hedging accounting is not discontinued, the Company changes the formal designation of previously documented hedging relationships to reflect the changes required by the interest rate indicator reform.

When the Company amends the description of the hedged item in the hedge accounting document to reflect the change required by the interest rate indicator reform, in accounting for cash flow hedges, the amount accumulated in the cash flow hedge reserve is assumed to be based on the interest rate of the alternative indicator used to determine the hedged future cash flows.

When the interest rate benchmark on which the hedged future cash flows had been based is changed as required by interbank offered rate reform, for the purpose of determining whether the hedged future cash flows are expected to occur, the Company deems that the hedging reserve recognized in other comprehensive income for that hedging relationship is based on the alternative benchmark rate on which the hedged future cash flows will be based.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognized in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognized.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively

When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

(7) Impairment of financial assets

① Financial instruments and contract assets

The Group recognizes loss allowances for expected credit losses on:

- Financial assets measured at amortized cost
- Other comprehensive income – debt investments measured at fair value other comprehensive income; and
- contract assets as defined in IFRS 1115

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, that includes forward-looking information.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

② Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). Expected credit losses are discounted at the effective interest rate of the financial asset.

③ Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at fair value through other comprehensive income are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the debtor
- A breach of contract such as a default or delinquency
- the restructuring of a loan or advance by the Company on terms that the Group would not consider otherwise
- It is probable that the debtor will enter bankruptcy or other financial reorganization; or
- The disappearance of an active market for a security because of financial difficulties.

④ Presentation of allowance for expected credit loss in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at fair value through other comprehensive income, the loss allowance is charged to profit or loss and is recognized in other comprehensive income.

⑤ Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a cash flow in its entirety or a portion thereof. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(8) Property, plant and equipment

Property, plant and equipment are initially measured and recognized at cost. The cost of property, plant and equipment includes costs directly attributable to bringing the asset to the location and condition necessary to operate it in the manner intended by management and the estimated cost of dismantling, removing, or restoring the site.

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

Among property, plant and equipment, land is not depreciated, and for other plant and equipment, the expected consumption pattern of the future economic benefits inherent in the asset over the useful life presented below is calculated by deducting the residual value from the acquisition cost of the asset. The plant and equipment are amortized, using the straight-line depreciation method that best reflects the expected consumption patterns of future economic benefits inherent in the asset.

If the cost of a part of property, plant and equipment is significant compared to the total cost of the property, plant and equipment, that part is separately depreciated.

The gain or loss on the derecognition of property, plant and equipment is determined as the difference between the net sale amount and the carrying amount, and the difference is recognized in profit or loss.

The estimated useful lives of property, plant and equipment for current and previous years are as follows:

Division	Estimated Useful Lives	Division	Estimated Useful Lives
Buildings	2~60 years	Equipment	2~30 years
Structures	2~57 years	Delivery equipment	2~15 years
Tools and equipment	2~12 years	Furnishings	2~20 years
Other tangible assets	4~5 years	Ships	3~20 years

The Company reviews depreciation methods, useful lives and residual values at each reporting date and adjusted if appropriate.

(9) Intangible assets

Subsequent to initial recognition, the intangible asset is measured at cost, which includes capitalized borrowing costs, less accumulated amortization and accumulated impairment losses.

Intangible assets are amortized using each amortization method over their useful lives with a residual value of zero (“0”) from the time they are available for use.

Division	Depreciation method	Useful life
Mining rights	Unit-of-production	-
Used revenue contribution assets	Straight-line method or Unit-of-usage	Use contract periods
Development costs	Straight-line method	5 years
Right to use railroad facilities	Straight-line method	within 20 years
Industrial property right	Straight-line method	Within 5~20 years
Other intangible assets	Straight-line method	5~13 years

The amortization period and amortization method of intangible assets with finite useful lives are reviewed at the end of each reporting period, and if it is deemed appropriate to change them, they are treated as a change in accounting estimates.

① Research and development

Expenditure on research or the research phase of an internal project is recognized as an expense when incurred. Expenditure in the development stage can present all of the technical feasibility to complete the asset, the company's intention and ability to complete the asset and use or sell it, and the availability of necessary resources, and the future economic benefits of the intangible asset. An intangible asset is recognized when it can be measured reliably, and other development-related expenses are recognized as an expense when incurred.

② Subsequent expenditure

Subsequent expenditure is capitalized only if the future economic benefits of the specific asset concerned increase. Other expenditures, including internally generated goodwill and brand names, are expensed as they occur.

(10) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or manufacturing of a qualifying asset are capitalized as part of the cost of the asset, and other borrowing costs are recognized as an expense in the period in which they are incurred.

A qualifying asset is an asset that requires a significant period before it can be used for its intended purpose or ready for sale. Financial assets and inventories manufactured or otherwise produced within a short period of time are not eligible assets. Even if it is available for its intended use at the time of acquisition or is available for sale, the asset is not a qualifying asset.

Limited to funds specifically borrowed for the purpose of acquiring qualified assets, capitalizable borrowing costs are determined by deducting investment income from the temporary operation of the borrowings from the actual borrowing costs incurred from the borrowings during the reporting period. Only when funds are borrowed for general purposes and used to acquire qualifying assets, the borrowing cost that can be capitalized is determined by applying the capitalization rate to the expenditures related to the asset. The capitalization rate is calculated by averaging the borrowing costs incurred

from borrowed funds (excluding funds borrowed for specific purposes to acquire qualifying assets) during the reporting period. Borrowing costs capitalized during the reporting period cannot exceed the borrowing costs actually incurred during the current year period.

(11) Government grant

Government grants are recognized only when the Company has reasonable assurance that the Company will receive the grant and comply with the conditions that accompany the grant.

The Company receives government grants subject to the basic condition that it be used to acquire or construct non-current assets. In calculating the carrying amount of the assets, the government grant is deducted and recognized in profit or loss over the useful life of the depreciable asset.

Government grants related to revenue are recognized as revenue over the period on a systematic basis to match expenses for which they are intended to be reimbursed. Government grants received as compensation for expenses or losses already incurred or for immediate financial assistance provided to the Company without incurring future related costs are recognized in profit or loss in the period in which the right to be received arises.

(12) Investment property

Property held to earn rental income, capital appreciation, or both, is classified as investment property. Investment property is measured at cost at the time of initial recognition, including transaction costs incurred at the time of acquisition. After initial recognition, the carrying amount is presented at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are only included in the carrying amount of the asset if they are likely to inflow future economic benefits arising from the asset. Only if the cost can be measured reliably, it is included in the carrying amount of the asset or, where appropriate, recognized as a separate asset. The carrying amount of the part replaced by subsequent expenditure is derecognized. On the other hand, costs incurred in connection with routine repairs and maintenance are recognized in profit or loss at the time of occurrence.

Land among investment property is not depreciated. Investment property excluding land is amortized by a fixed-rate method by applying 15 to 30 years depending on the economic useful life.

The depreciation method, residual value and useful life of investment property are reviewed at the end of each reporting period. If it is deemed appropriate to change this, it is accounted for as a change in accounting estimate.

(13) Impairment of non-financial assets

Contract assets recognized as revenue from contracts with customers, assets at the cost of entering into or performing contracts with customers, assets arising from employee benefits, inventories, deferred tax assets, investment property at fair value and sale. All non-financial assets, except for non-current assets classified as scheduled, are reviewed for signs of impairment at the end of each reporting period. If there are such indications, the recoverable amount of the asset is estimated. Still, goodwill acquired in a business combination, intangible assets with indefinite useful lives, and intangible assets that are not yet usable are tested for impairment by comparing their recoverable amount with their carrying amount every year, regardless of any indication of impairment.

Recoverable amount is estimated for each individual asset or, if the recoverable amount of an individual asset cannot be estimated, for each cash-generating unit to which the asset belongs. Recoverable amount is determined as the greater of value in use and fair value less costs to sell. Value in use is estimated at an appropriate discount rate reflecting the evaluation of the current market for the specific risk of an unadjusted asset at the time of estimating the time value of money and future cash flows expected to be generated from an asset or cash-generating unit.

An impairment loss is recognized if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

Impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis. An impairment loss in respect of goodwill is not reversed. At each reporting date, the Company reviews whether there are any indications that impairment losses recognized in prior periods for assets other than goodwill no longer exist or have decreased. The Company reverses the reversal only if there is a change in the estimate used to determine the recoverable amount since the recognition of the immediately preceding impairment loss. The carrying amount increased due to the reversal of the impairment loss cannot exceed the depreciation or amortization balance of the previous carrying amount prior to the recognition of the impairment loss.

(14) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When determining whether a contract transfers control over the use of an identified asset, the Company uses the definition of lease in IFRS 1116.

1) As a lessee

At the commencement or effective date of a contract containing the lease element, the Company allocates the contract consideration to each lease element based on its relative individual price. Still, the Company accounts for the non-lease component related to the lease component as one lease component by applying the practical expedient method that does not separate the non-lease component for real estate leases.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments (deduction of lease incentives received) made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources, makes certain adjustments to reflect the terms of the lease and type of the asset leased and calculate the incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or a rate (tariff), initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate (tariff), if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero (0).

The Company presents right-of-use assets that do not meet the definition of investment property in 'investment property' and lease liabilities in 'notes and accounts payable' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, excluding ships. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The Company recognizes right-of-use assets and lease liabilities even for short-term leases with a lease term of 12 months or less for ship leases that do not apply the practical expedient ship leases that do not apply the practical expedient.

2) As a lessor

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 1115 to allocate the consideration in the contract.

The Company applies the de-recognition and impairment requirements in IFRS 1109 to the net investment in the lease (see Note 3(7)). The Company further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Company recognizes lease payments received under operating leases as income on a straight- line basis over the lease term as part of 'other revenue'.

As a lessor, the accounting policy applied to the comparative period is not different from the provisions of IFRS 1116. Still, the Company classified sub-leases considering during the current period as finance leases.

(15) Non-current Assets Held for Sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount is expected to be recovered principally through a sale transaction rather than through continued use. These conditions are met only when the asset (or disposal group) must be immediately available for sale in its present condition, and it is highly probable that it will be sold. Immediately before an asset (or disposal group) is initially classified as held for sale, it is measured at the lower of the carrying amount and fair value less costs to sell of the asset (or assets and liabilities). If the net fair value of the asset on which the impairment was recognized falls during the initial classification, the impairment loss is immediately recognized in profit or loss. If the net fair value increases, the accumulated impairment loss recognized in the past is recognized as a limit in profit or loss.

Non-current assets are not amortized when they are classified as held for sale or are part of a disposal group that is classified as held for sale.

(16) Non-derivative financial liabilities

The company classifies financial liabilities into accounting for liabilities and other financial liabilities in accordance with the substance of the contract and the definition of financial liabilities. It is recognized in the statement of financial position when it becomes a party to the contract.

① Accounting for liabilities

Financial liabilities are classified as measured at amortized cost or fair value through profit or loss. A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. On the other hand, transaction expenses incurred in connection with the issuance at initial recognition are recognized in profit or loss immediately upon occurrence.

② Other financial liabilities

Non-derivative financial liabilities that are not classified at fair value through profit or loss are classified as other financial liabilities. Upon initial recognition, other financial liabilities are measured at fair value less transaction costs directly

attributable to issuance. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method, and interest expense is recognized using the effective interest method.

③ Elimination of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On de-recognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(17) Employee benefits

① Short-term employee benefits

Short-term employee benefits to be settled within 12 months from the end of the reporting period in which the employee has rendered the relevant service, when the service is provided with the expected amount of payment in exchange for the service, are recognized in profit or loss. Short-term employee benefits are measured at undiscounted amounts.

② Other long-term employee benefits

Other long-term employee benefits that are not paid within 12 months from the end of the reporting period in which the employee provided the relevant service are discounted to the present value of future benefits obtained for the service rendered in the current and previous periods. Changes resulting from re-measurements are recognized in profit or loss in the period in which they occur.

③ Retirement benefits: defined contribution plans

In relation to defined contribution plans, when an employee has provided service for a certain period of time, the contribution to the defined contribution plans in exchange for the service is recognized in profit or loss, excluded in the cost of an asset. The contribution to be paid is recognized as a liability (unpaid expense) after deducting contributions already paid. In addition, if the contribution already paid exceeds the contribution due for service rendered before the end of the reporting period, the extent that future payments are reduced or cash is refunded is recognized as an asset (prepaid expense)

④ Retirement benefits: defined benefit plans

As at the end of the reporting period, defined benefit liabilities related to defined benefit plans are recognized by deducting the fair value of plan assets from the present value of the defined benefit obligation.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets and the effect of the asset ceiling, are recognized immediately in other comprehensive income. The Company determines the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, considering any

changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

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

⑤ Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(18) Provisions

A provision is a present obligation (legal or constructive obligation) that exists as a result of past events and is highly likely to outflow resources with economic benefits to fulfill their obligations. It is recognized when the amount required to settle the obligation can reliably be estimated.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, considering the unavoidable risks and uncertainties about the events and circumstances involved. When the time value effect of money is important, a provision is measured at the present value of the expenditure expected to settle the obligation.

If it is expected that a third party will pay some or all expenses necessary to settle the provision, the reimbursement amount is recognized and accounted for as a separate asset only when it is almost certain that reimbursement will be received.

The Company reviews the balance of the provision at the end of each reporting period, reflects and adjusts the best estimates as at the end of the reporting period. Where the possibility of outflow of resources embodying economic benefits is no longer high to fulfill obligation, the related provisions are reversed.

A provision for restructuring is recognized when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

In accordance with the Company's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land is recognized when the land is contaminated.

If the unavoidable costs of the contractual obligations exceed the benefits expected to arise under the contract for the current fiscal year, the provision for a loss-bearing contract is measured as the smaller of the cost required to fulfill the contract and the compensation or penalty to be paid when the contract is not completed. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

A provision is used only for expenses related to initial recognition.

(19) Greenhouse gas emission certificates

'Greenhouse gas emission certificates and emission liabilities arising from the enforcement of the 'Act on Allocation and Transaction of Greenhouse Gas Emission Rights' are accounted for as follows.

① Greenhouse gas emissions certificates

Greenhouse gas emission rights consist of emission rights received free of charge from the government and purchase emissions certificates. Emissions certificates are directly related to the acquisition of the purchase cost and are recognized as cost by adding other costs that occur normally.

The Company classifies emission rights held for the purpose of fulfilling its obligations as intangible assets and replaces those to be submitted to the government within one year from the end of the reporting period with current assets, while emission rights held to obtain short-term trading gains are classified as current assets. Emission rights classified as intangible assets are carried at cost less accumulated impairment losses after initial recognition, while emission rights held for short-term gains are measured at fair value at the end of each reporting period after acquisition, and changes in fair value are recognized in profit or loss during the current year.

Greenhouse gas emissions certificates are derecognized when future economic benefits are no longer expected from the fact that they are not available for submission, sale or use to the government.

② Emission liabilities

Emission liabilities are the current obligation to submit emission certificates to the government for greenhouse gas emission. Emission liabilities are recognized when the possibility of resources outflow is high and when the amount required to perform the obligation can reliably be estimated. Emission liabilities are measured by adding the carrying amount of allowances held for the relevant performance year to be submitted to the government and the expenditure expected to meet the emission obligations in excess of the number of allowances held. Emission liabilities are derecognized when they are submitted to the government.

(20) Foreign currency

In preparing financial statements, Transactions made in a currency other than the functional currency (foreign currency) are translated into the respective functional currencies at the exchange rates at the dates of the transactions. Monetary items denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

Non-monetary items that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

(21) Incorporated into capital

Ordinary shares are classified as equity, and incremental costs directly related to capital transactions are deducted from equity in a net amount reflecting tax effects.

Preferred shares are classified as equity if they do not have to be redeemed or if they are redeemed only at our option, and if the payment of dividends is at our discretion. Dividends are recognized when dividends are approved at the general meeting of shareholders. Preference shares for which shareholders can claim or are obligated to pay a fixed or determinable amount on or after a specific date are classified as liabilities. Relevant dividends are recognized in profit or loss as interest expense at the time of occurrence.

When the Company reacquires treasury equity instruments, these equity instruments are directly deducted from equity as treasury shares. Profit or loss from the purchase, sale, issuance or cancellation of the equity instrument are not recognized

in profit or loss. When the Company acquires and holds treasury shares, the consideration paid or received is recognized directly in equity.

(22) Stock based compensation

If the fair value of the good or services received for the stock or stock options granted to the employee cannot reliably be measured for the stock-settled stock-based payment transaction, the Company indirectly measures the fair value of goods or services based on the fair value of the equity instruments granted, and recognizes the amount as employee benefits (current expense) and equity over the vesting period. When the vesting condition of the stock option is a vesting condition rather than a service provision or a market condition, the employee expense recognized is adjusted to be determined based on the actual number of stock options that ultimately vest.

For cash-settled share-based payment transactions in which cash is paid in exchange for goods or services received, the goods or services received and the liabilities for the goods or services are measured at fair value and recognized as employee benefit expenses and liabilities during the vesting period. In addition, until liabilities are settled, fair value of liabilities is re-measured at the end of each reporting period and the final settlement date. Changes in fair value are recognized as employee benefits.

(23) Revenue from contracts with customers

The Company recognizes revenue by applying the 5-step model for revenue recognition (① Identify the contract → ② Identify performance obligations → ③ Determine the transaction price → ④ Allocate the transaction price to performance obligation → ⑤ Recognize revenue when performance obligation is fulfilled) to all types of contracts do.

1) Cement sector

The Company recognizes revenue at a time when control of the asset is transferred to the customer, which is when the cement is produced and supplied, and identified as a performance obligation. In exporting under CFR conditions, the transport obligation was identified as a separate performance obligation, and determined to be a performance obligation as an agent. Accordingly, the Company recognized revenue as the net amount of consideration paid to the carrier from the total transaction consideration.

2) Environment sector

The Company recognizes revenue at the time of acquisition when control of circulating resources is transferred.

3) Leases sector

The Company recognizes revenue as the rental period elapses.

4) Shipping business sector

The Company recognizes revenue for the term charter of a vessel over the contract period.

5) Limestone business sector

The Company recognizes revenue when the limestone is supplied (when shipment is complete).

(24) Finance income and finance costs

Financial income includes interest income and dividend income. Interest income is recognized in profit or loss during the current year by applying the effective interest rate method over time, and dividend income is recognized when the right to receive dividends as a shareholder is determined.

Financial expenses include interest expenses, amortization of provisions. Interest expense is recognized in profit or loss during the current year over time using the effective interest rate method.

(25) Tax

Tax expenses consist of current tax and deferred tax, and are recognized as profit or loss, excluding taxes on transactions, events or business combinations recognized directly in equity or other comprehensive income.

① Current tax

Current tax is calculated based on taxable income for the current period. Current tax excludes income and non-taxable items or non-deductible items to be added or deducted in other taxable periods from net income before income tax on the income statement. Hence, current tax is different from profit or loss on the income statement. The Company calculates accrued income tax related to current income tax using the enacted or substantively enacted tax rate.

② Deferred tax

Measurement of deferred tax assets and deferred tax liabilities reflect the tax effect of the way the Company is expected to recover or settle the carrying amount of the relevant assets and liabilities at the end of the reporting period. For temporary differences to be added on investment shares of subsidiaries, affiliates, and joint ventures, the Company may control the timing of the extinction of temporary differences. Deferred tax is recognized as a liability except when it is probable that the temporary difference will not resolve in the foreseeable future. In addition, when temporary differences are likely to dissipate in the predictable future and when taxable income is likely to occur during the period in which the temporary difference can be used, deferred tax assets arising from deductible temporary differences are

The Company reviews deferred tax assets at the end of each reporting period and reduces the carrying amount of deferred tax assets when it is no longer probable that sufficient taxable income will be generated to use the benefits from the deferred tax assets.

Deferred tax assets and liabilities are measured using tax rates that are expected to be applied in the reporting period when the assets are realized or the liabilities are paid based on tax laws enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are taxes levied by the same taxation authority and are offset only when the Company has the legal right to offset the recognized amount and intends to settle the current tax liabilities and assets on a net basis. Any additional tax expenses incurred arising from the payment of dividends are recognized when liabilities related to the payment of dividends are recognized.

(26) Earnings per share

The Company calculates basic earnings per share and diluted earnings per share against continuing operating profit or loss profit or loss for the period and presents them in the statement of income. Basic earnings per share are calculated by dividing the profit or loss for the period attributable to ordinary shares by the weighted average number of ordinary shares outstanding during the reporting period.

The calculation of diluted earnings per share is based on adjusting the profit or loss attributable to common stock and the weighted average number of ordinary shares outstanding, considering the effects of all dilutive potential ordinary shares, including convertible bonds and share-based payments to employees.

(27) Standards issued but not yet effective

The major enactments, amendments and interpretations that have been enacted, amended but have not come into effect in the fiscal year starting on or after January 1, 2022 are as follows: The Company did not early apply the following enactments, amendments and interpretations when preparing the consolidated financial statements.

① 'Taxes' IFRS 1012 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

This is a narrow amendment to apply the initial recognition exemption when the temporary difference to be added and the temporary difference to be deducted simultaneously arise at the same amount on initial recognition of right-of-use assets, lease liabilities, restoration provisions and related assets. This amendment is effective for fiscal years beginning on or after January 1, 2023.

For leases and decommissioning liabilities, and for a single transaction arising to a recovery provision and related assets, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect (or other components of equity) recognized as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

Except for the deferred corporate tax effect, which is presented as a net amount in the statement of financial position, among the deferred corporate tax that generates right-of-use assets, lease liabilities, provision for restoration liabilities and related assets, the Company applies an approach that yields results similar to those of the amendment and accounts for it.

The Company plans to apply this amendment from January 1, 2023. There are no amounts affected by the application of this amendment for the current or previous year.

② Corporate Accounting Standards No. 1001 'Presentation of Financial Statements' - Current/non-current classification of liabilities

This amendment was published in 2020 to clarify the requirements for the classification of liabilities' liquidity. The amendments will take effect for the first time since January 1, 2023. However, the IASB has announced an amendment to postpone the effective date of this amendment to fiscal years beginning on or after January 1, 2024, and KASB will also revise its corporate accounting standards to reflect this. The Company cannot determine the impact of the application of the amendments and is monitoring the revision process.

- Corporate Accounting Standards No. 1117 'Insurance contracts' and its amendments
- Disclosure of Accounting Policies ('Preparation of financial statements' Amendments to IFRS 1001)
- Definition of Accounting Estimates ('Accounting policies, Changes and errors in accounting estimates' Amendments to IFRS 1008)

4. Sector information

(1) Identification of reporting sectors

The Company classifies operating sectors based on the goods or services provided and uses financial information of each sector for internal management purposes. As of 31 December 2021, the reporting operating segments are as follows:

Sector	Nature of business
Cement sector	Major clients: ready-mixed concrete companies, construction companies To sell cement, slag cement
Environment sector	To develop circulating resources that can replace fuels and raw materials such as bituminous coal
Other sectors	To rent office building and property To run business on marine cargo transportation business, cargo handling business, shipping-related business, and limestone mining and sales, etc.

No other sales sectors were incorporated into the above reporting sales sectors during the current year.

(2) Details of sales and sector profits (losses) by each reporting sector for the current year and the previous year are as follows:

(Current year)

(Unit: Thousand KRW)

Division	Revenue			Sector operating profit(*2)
	External	Internal(*1)	Total	
Cement sector	985,567,549	143,161,020	1,128,728,569	46,259,364
Environment sector	107,884,930	64,991,277	172,876,207	90,616,009
Other sector(*3)	235,994,362	-	235,994,362	22,817,505
Sub total	1,329,446,841	208,152,297	1,537,599,138	159,692,878
Common sectors	-	-	-	(26,956,170)
Adjustment and elimination	-	(208,152,297)	(208,152,297)	-
Total	1,329,446,841	-	1,329,446,841	132,736,708

(*1, 2) For the purpose of internal profit and loss management, the Company separately presented the internal sales of the cement and environment sectors, and prepared them based on the contribution ratio.

(*3) Lime business sector, shipping business sector, and lease business sector are presented as other sectors according to quantitative standards.

(Previous year)

(Unit: Thousand KRW)

Division	Revenue			Sector operating profit(*2)
	External	Internal (*1)	Total	
Cement sector	824,835,588	69,748,842	894,584,430	101,282,384
Environment sector	106,617,597	44,458,685	151,076,282	93,291,483
Other sector(*3)	210,806,575	-	210,806,575	18,427,896
Sub total	1,142,259,760	114,207,527	1,256,467,287	213,001,763
Common sectors	-	-	-	(30,127,573)
Adjustment and elimination	-	(114,207,527)	(114,207,527)	-
Total	1,142,259,760	-	1,142,259,760	182,874,190

(*1, 2) For the purpose of internal profit and loss management, the Company separately presented the internal sales of the cement and environment sectors, and prepared them based on the contribution ratio.

(*3) Lime business sector, shipping business sector, and lease business sector are presented as other sectors according to quantitative standards.

(3) Details of total assets by each reporting sector as of the end of the current year and the previous year are as follows:

(Unit: Thousand KRW)

Division	End of the current year	End of the previous year
Cement sector	2,550,479,382	2,421,174,226
Environment sector	338,669,332	263,717,434
Other sectors (*1)	394,537,536	291,464,413
Sub total	3,283,686,250	2,976,356,073
Common sectors	40,566,574	66,261,548
Total	3,324,252,824	3,042,617,621

(*1) Lime business sector, shipping business sector, and lease business sector are presented as other sectors according to quantitative standards.

As the amount of liabilities in the reportable sector is not provided to the chief operating decision maker on a regular basis, the notes on sector liabilities are omitted.

(4) Cost of sales by region are as follows during the current year and the previous year.

(Unit: Thousand KRW)

Division	Current year	Previous year
Domestic	1,037,087,736	850,647,225
Overseas	292,359,105	291,612,535
Total	1,329,446,841	1,142,259,760

The above cost of sales information is classified based on the customer's location.

(5) No single major customer accounts for more than 10% of our sales during the current year and previous year.

5. Financial assets

(1) The composition details of financial assets as of the end of the current year and the previous year are as follows:

(Unit: Thousand KRW)

Division	End of the current year		End of the previous year	
	Short-term financial assets	Long-term financial assets	Short-term financial assets	Long-term financial assets
Sundry money deposited	-	13,500	-	13,500
Equity securities	-	1,216,024	-	1,216,024
Derivative assets	2,579,148	-	327,340	38,872
Total	2,579,148	1,229,524	327,340	1,268,396

(2) As of the end of the current year and the previous year, financial assets that are limited in use or provided as collateral are as follows:

(Unit: Thousand KRW)

Division	End of the current year	End of the previous year	Note
Long-term financial assets	13,500	13,500	Current open margin

6. Trade receivables and other receivables

(1) Details of trade receivables and other receivables as of the end of the current year and the previous year are as follows:
(Unit: Thousand KRW)

Division	End of the current year		End of the previous year	
	Current	Non-current	Current	Non-current
Trade receivables				
Trade receivables	295,854,611	490,632	203,768,327	740,055
Loan-loss provisions	(3,688,581)	(43,339)	(4,492,618)	(129,144)
Sub total	292,166,030	447,293	199,275,709	610,911
Other receivables				
Loans	20,000,000	7,886,746	-	7,796,180
Account receivables	17,554,826	3,995	18,844,760	129,232
Receivable income	657,808	2,191,851	284,600	1,974,251
Deposits	60,000	22,167,063	75,000	23,112,338
Lease receivables	1,031,066	3,487,444	898,005	4,381,686
Loan-loss provisions	(3,675,737)	(1,578,961)	(3,735,180)	(1,658,539)
Present value discount	-	(345,567)	-	(395,642)
Sub total	35,627,963	33,812,571	16,367,185	35,339,506
Total	327,793,993	34,259,864	215,642,894	35,950,417

(2) Summary of credit risk exposure of trade receivables and other receivables as of the end of the current year and the previous year are as follows:

(Unit: Thousand KRW)

Division	End of the current year		End of the previous year	
	Not credit-impaired assets	Credit-impaired assets	Not credit-impaired assets	Credit-impaired assets
Trade receivables	293,439,530	2,905,713	201,088,992	3,419,390
Loans	26,310,346	1,576,400	6,219,780	1,576,400
Account receivables	11,600,657	5,958,164	12,966,207	6,007,785
Receivable income	2,565,091	284,568	1,974,283	284,568
Deposits	22,227,063	-	23,187,338	-
Lease receivables	4,518,510	-	5,279,691	-
Total carrying amount	360,661,197	10,724,845	250,716,291	11,288,143
Loan-loss provisions	(2,487,269)	(6,499,349)	(3,177,322)	(6,838,159)
Realization balance	(345,567)	-	(395,642)	-
Total	357,828,361	4,225,496	247,143,327	4,449,984

(3) Details of age analysis of impaired trade receivables and other receivables as of the end of the current year and the previous year are as follows:

(End of the current year)

(Unit: Thousand KRW)

Division	Within 6 months	More than 6 months	Total
Trade receivables	-	2,905,713	2,905,713
Loans	-	1,576,400	1,576,400
Account receivables	-	5,958,164	5,958,164
Receivable income	-	284,568	284,568
Loan-loss provisions	-	(6,499,349)	(6,499,349)
Total	-	4,225,496	4,225,496

(End of the previous year)

(Unit: Thousand KRW)

Division	Within 6 months	More than 6 months	Total
Trade receivables	302,525	3,116,865	3,419,390
Loans	-	1,576,400	1,576,400
Account receivables	-	6,007,785	6,007,785
Receivable income	-	284,568	284,568
Loan-loss provisions	-	(6,838,159)	(6,838,159)
Total	302,525	4,147,459	4,449,984

(4) Details of age analysis of overdue but non-impaired trade receivables and other receivables as of the end of the current year and the previous year are as follows:

(End of the current year)

(Unit: Thousand KRW)

Division	Within 6 months	More than 6 months	Total
Trade receivables	11,522,148	3,949,878	15,472,026

(End of the previous year)

(Unit: Thousand KRW)

Division	Within 6 months	More than 6 months	Total
Trade receivables	12,557,580	5,077,301	17,634,881

(5) Details of age analysis of financial assets and financial liabilities subject to viable block trade agreements and similar arrangements as of the end of the current year and the previous year are as follows:

(End of the current year)

(Unit: Thousand KRW)

Division	Total recognized financial assets	Total offsetting Financial liabilities	Net financial assets presented in the statement of financial position	Net financial liabilities presented in the statement of financial position
Trade receivables	34,211,423	(35,262,267)	1,038,885	(2,089,729)

(End of the previous year)

(Unit: Thousand KRW)

Division	Total recognized financial assets	Total offsetting Financial liabilities	Net financial assets presented in the statement of financial position	Net financial liabilities presented in the statement of financial position
Trade receivables	40,007,693	(39,230,805)	1,302,642	(525,754)

(6) Details of changes loan-loss provisions for trade receivables and other receivables during the current year and previous year are as follows:

(Current year)

(Unit: Thousand KRW)

Division	Trade receivables	Loans	Account receivables	Receivable income
Beginning of the period	4,621,762	1,576,400	3,532,751	284,568
Loan-loss provision set	-	-	2,799	3,040
Loan-loss provisions return	(495,530)	-	(138,523)	-
Elimination	(389,852)	-	-	-
Reduced current value discount	(4,460)	-	(6,337)	-
End of a period	3,731,920	1,576,400	3,390,690	287,608

(Previous year)

(Unit: Thousand KRW)

Division	Trade receivables	Loans	Account receivables	Receivable income
Beginning of the period	4,001,880	1,576,400	3,376,419	284,631
Loan-loss provision set	631,364	-	167,399	-
Loan-loss provision return	-	-	(4,268)	(63)
Elimination	(6,890)	-	-	-
Reduced current value discount	(4,592)	-	(6,799)	-
End of the period	4,621,762	1,576,400	3,532,751	284,568

In determining the recoverability of trade receivables, the Company considers changes in credit ratings for trade receivables from the date of credit grant to the end of the reporting period. The Company has many customers and it not correlated with each other. Hence, concentration of credit risk is limited.

7. Long-term financial assets

Details of long-term financial assets as of the end of the current year and the previous year are as follows:

(End of the current year)

(Unit: Thousand KRW)

Division	End of the current year			
	Equity rate (%)	Acquisition cost	Fair value	Carrying amount
Other comprehensive income-Fair value measurement financial product				
The Korea Economic Daily Co., Ltd. (*1)	0.06	263,875	87,418	87,418
Busan cement Co., Ltd. (*1)	14.20	1,635,418	81,780	81,780
Pyeongchang Concret Co., Ltd. (*1)	5.63	185,236	37,040	37,040
Dongseok Logistics(*1)	5.00	25,000	25,000	25,000
Dongyang International(*1)	0.05	3,511	3,511	3,511
SamKyung MSM(*1)	0.62	2,110	2,110	2,110
Hanil Daewoo Cement and others(*1)	-	2,161,933	-	-
Sub total		4,277,083	236,859	236,859
Profits and losses - Fair value measurement financial product				
Korea Cement Association and others(*1)	-	979,166	979,166	979,166
Total		5,256,249	1,216,025	1,216,025

(*1) Fair value cannot be measured reliably. Hence, carrying amount is assessed as cost.

(End of the previous year)

(Unit: Thousand KRW)

Division	End of the previous year			
	Equity rate (%)	Acquisition cost	Fair value	Carrying amount
Other comprehensive income-Fair value measurement financial product				
The Korea Economic Daily Co., Ltd. (*1)	0.06	263,875	87,418	87,418
Busan cement Co., Ltd. (*1)	14.20	1,635,418	81,780	81,780
Pyeongchang Concret Co., Ltd. (*1)	5.63	185,236	37,040	37,040
Dongseok Logistics(*1)	5.00	25,000	25,000	25,000
Dongyang International(*1)	0.05	3,511	3,511	3,511
SamKyung MSM(*1)	0.62	2,110	2,110	2,110
Hanil Daewoo Cement and others(*1)	-	2,161,933	-	-
s		4,277,083	236,859	236,859
Profits and losses - Fair value measurement financial product				
Korea Cement Association and others(*1)	-	979,166	979,166	979,166
Total		5,256,249	1,216,025	1,216,025

(*1) Fair value cannot be measured reliably. Hence, carrying amount is assessed as cost.

8. Inventory assets

Details of inventory assets as of the end of the current year and the previous year are as follows:

(Unit: Thousand KRW)

Division	End of the current year	End of the previous year
Merchandises	260,195	212,438
Finished goods	2,286,002	1,687,929
Half-finished goods	50,534,170	28,137,336
Work in process	4,264,401	5,794,872
Raw materials	7,800,499	7,880,117
Supplies	149,411,645	81,654,878
Unexamined materials	35,340,953	9,650,146
Total	249,897,865	135,017,716

9. Investment in subsidiaries and associates

(1) Details of investment in subsidiaries as of the end of the current year and the previous year are as follows:

(Unit: Thousand KRW)

Name of company (*1)	End of the current year					End of the previous year	
	Equity rate (%)	Location	Setting date	Acquisition cost	Carrying amount	Equity rate (%)	Carrying amount
SsangYong Remicon Co., Ltd.	100.00	Seoul	12.31	45,025,000	45,025,000	100.00	45,025,000
Ssangyong Slag & Materials Co., Ltd.	100.00	Gunsan	12.31	32,829,748	32,829,748	100.00	32,829,748
Hankook Slag & Materials Co., Ltd.	100.00	Incheon	12.31	37,075,732	37,075,732	100.00	37,075,732
Ssangyong Logistics Co., Ltd.	100.00	Dong hae	12.31	36,000,000	36,000,000	100.00	36,000,000
Daehan Cement Co., Ltd. (*2,3)	100.00	Gwang yang	12.31	261,924,771	234,246,815	100.00	214,757,945
Green Eco Solution Co., Ltd. (*4)	100.00	Seoul	12.31	95,000,000	95,000,000	100.00	95,000,000
Total				507,855,251	480,177,295		460,688,425

(*1) Sub-subsidiaries controlled by subsidiaries are excluded.

(*2) An impairment reversal test was performed as there were signs of impairment reversal, such as an improvement in cash flow estimates due to an increase in the selling price of products of subsidiaries at the end of the current year. The recoverable amount of the stake was calculated as the sum of the value in use of Daehan Cement Co., Ltd. and Daehan Slag Co., Ltd. owned by Daehan Cement Co., Ltd. with the help of an independent external evaluation agency. For value in use, discount rates of 12.29% and 13.02% were applied to the future cash flows of Daehan Cement Co., Ltd. and Daehan Slag Co., Ltd., respectively, and a growth rate of 1% was assumed. As a result of the impairment reversal test, the recoverable amount significantly exceeded the carrying amount, resulting in a reversal of impairment loss of KRW 19,488,870 Thousand.

(*3) An impairment test was performed as there were signs of impairment, such as the net assets of investments in subsidiaries at the end of the previous year were less than the carrying amount. The recoverable amount of the stake was calculated as the sum of the value in use of Daehan Cement Co., Ltd. and Daehan Slag Co., Ltd. owned by Daehan Cement Co., Ltd. with the help of an independent external evaluation agency. As a result of the impairment test, an impairment loss of KRW 25,419,526 Thousand was recognized as the carrying amount significantly exceeded the recoverable amount.

(*4) During the previous year, the Company established a new subsidiary through equity investment to expand its business area, and changed its name from Green Vein Co., Ltd. to Green Eco Solution Co., Ltd. on July 9, 2021.

(2) Details of investment in associates as of the end of the current year and the previous year are as follows:

Name of company	End of the current year					End of the previous year	
	Equity rate (%)	Location	Setting date	Acquisition cost	Carrying amount	Equity rate (%)	Book value
Hankook Remicon Co., Ltd.	40.00	Goryeong	12.31	798,658	798,658	40.00	798,658
Youngil Remicon Co., Ltd. (*1)	40.00	Pohang	12.31	1,057,535	377,016	40.00	462,069
Total				1,856,193	1,175,674		1,260,727

(*1) During the current year, the impairment loss of KRW 85,053 Thousand was recognized due to the decrease in the recoverable value of Youngil Remicon Co., Ltd.

(3) Details of financial information summary of subsidiaries and associates as of the end of the current year and the previous year are as follows:

(End of the current year)						(Unit: Thousand KRW)			
Division (*1)	Name of company	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Sales	Operating profit or loss	Other comprehensive income	Total comprehensive income
Subsidiaries	Ssangyong Remicon Co., Ltd.	101,982,540	223,278,493	106,484,808	88,726,315	392,400,440	28,748,343	2,159,243	20,558,155
	Ssangyong Slag & Materials Co., Ltd.	24,405,686	20,402,281	23,394,053	1,977,534	79,056,711	7,220,302	346,076	5,635,172
	Hankook Slag & Materials Co., Ltd.	20,243,457	61,733,070	27,461,831	4,803,605	75,882,499	13,212,540	297,590	10,654,031
	Ssangyong Logistics Co., Ltd.	6,049,390	30,179,305	24,304,058	2,849,842	35,113,834	2,717,156	279,634	1,689,854
	Daehan Cement Co., Ltd.	61,814,950	146,577,379	71,559,929	67,450,390	198,966,659	33,732,907	3,445,025	36,610,273
	Green Eco Solution Co., Ltd.	22,042,635	117,613,310	10,385,480	37,000,000	-	(1,212,138)	-	(2,142,976)
Associates	Hankook Remicon Co., Ltd.	4,292,277	1,973,214	3,619,080	-	20,999,231	937,490	-	436,340
	Youngil Remicon Co., Ltd.	88,912	1,008,597	154,970	-	80,000	(762,003)	-	(812,633)

(*1) Summarized financial information is the amount before the elimination of internal transactions.

(End of the previous year)

(Unit: Thousand KRW)

Division (*1)	Name of company	Current assets	Non-current assets	Current liabilities	Non- current liabilities	Sales	Operating profit or loss	Other comprehen sive income	Total comprehen sive income
Subsidiari es	Ssangyong Remicon Co., Ltd.	85,306,489	224,093,203	97,090,998	92,790,075	351,971,732	15,942,331	687,262	8,723,371
	Ssangyong Slag & Materials Co., Ltd.	19,673,936	20,684,098	19,412,735	2,144,092	69,209,596	5,044,153	(40,501)	3,696,051
	Hankook Slag & Materials Co., Ltd.	16,701,943	60,697,092	26,590,499	4,751,476	65,601,359	9,667,592	(8,541)	6,890,828
	Ssangyong Logistics Co., Ltd.	5,678,298	41,674,277	34,259,612	3,708,022	34,136,875	2,220,503	407,915	1,285,100
	Daehan Cement Co., Ltd.	46,881,136	134,415,377	118,452,399	9,720,908	163,513,881	23,949,575	(143,638)	7,117,138
	Green Eco Solution Co., Ltd.	15,524,613	112,589,970	797,342	37,000,000	-	(4,360,683)	-	(4,325,473)
Associates	Hankook Remicon Co., Ltd.	4,206,290	1,973,227	3,969,448	-	14,777,876	317,849	-	95,094
	Youngil Remicon Co., Ltd.	917,448	1,093,293	255,568	-	68,000	18,834	-	18,663

(*1) Summarized financial information is the amount before the elimination of internal transactions.

10. Property, plant, and equipment

(1) Details of composition of property, plant, and equipment as of the end of the current year and the previous year are as follows:

(End of the current year)

(Unit: Thousand KRW)

Division	Acquisition cost	Accumulated depreciation	Government grant	Accumulated damage loss	Carrying amount
Land	325,380,011	-	-	-	325,380,011
Buildings	379,086,882	(211,032,687)	(270,358)	(348,281)	167,435,556
Structures	1,298,943,507	(698,682,536)	(5,604,620)	(128,820)	594,527,531
Equipment	1,990,061,172	(1,313,445,842)	(935,441)	-	675,679,889
Ships	125,456,525	(96,229,887)	-	-	29,226,638
Vehicle carriers	71,854,031	(62,329,185)	(386,431)	-	9,138,415
Tools and implements	22,236,789	(20,599,911)	-	-	1,636,878
Furniture and fixtures	18,256,504	(13,378,169)	-	-	4,878,335
Timbers	1,587,308	-	-	-	1,587,308
Assets under construction	45,281,267	-	-	-	45,281,267
Total	4,278,143,996	(2,415,698,217)	(7,196,850)	(477,101)	1,854,771,828

(End of the previous year)

(Unit: Thousand KRW)

Division	Acquisition cost	Accumulated depreciation	Government grant	Accumulated damage loss	Carrying amount
Land	334,787,386	-	-	-	334,787,386
Buildings	374,463,407	(201,574,999)	(288,757)	(348,281)	172,251,370
Structures	1,282,877,126	(668,404,406)	(6,013,626)	(128,820)	608,330,274
Equipment	1,852,774,964	(1,263,261,904)	(779,437)	-	588,733,623
Ships	127,438,465	(96,220,773)	-	-	31,217,692
Vehicle carriers	74,872,886	(64,933,169)	(471,526)	-	9,468,191
Tools and implements	22,817,168	(21,055,654)	-	-	1,761,514
Furniture and fixtures	15,445,699	(12,239,179)	-	-	3,206,520
Timbers	1,587,308	-	-	-	1,587,308
Assets under construction	63,258,232	-	-	-	63,258,232
Total	4,150,322,641	(2,327,690,084)	(7,553,346)	(477,101)	1,814,602,110

(2) Details of changes in the carrying amount of property, plant and equipment during the current year and previous year are as follows:

(Current year)

(Unit: Thousand KRW)

Division	Beginning of the year	Acquisition	Elimination (*1)	Amortization	Replacement (*2)	End of the year
Land	334,787,386	2,662,399	(3,479,683)	-	(8,590,091)	325,380,011
Building	172,251,370	407,748	(71,406)	(9,511,458)	4,359,302	167,435,556
Structures	608,330,274	88,484	(192,159)	(30,237,167)	16,538,099	594,527,531
Equipment	588,733,623	2,891,883	(7,119,521)	(74,100,232)	165,274,136	675,679,889
Ships	31,217,692	-	(1,068,744)	(4,250,657)	3,328,347	29,226,638
Vehicle carriers	9,468,191	2,898,766	(47,277)	(3,181,265)	-	9,138,415
Tools and implements	1,761,514	327,753	(114)	(593,025)	140,750	1,636,878
Furniture and fixtures	3,206,520	2,616,633	(72,366)	(1,265,832)	393,380	4,878,335
Timbers	1,587,308	-	-	-	-	1,587,308
Assets under construction(*3)	63,258,232	173,971,533	-	-	(191,948,498)	45,281,267
Total	1,814,602,110	185,865,199	(12,051,270)	(123,139,636)	(10,504,575)	1,854,771,828

(*1) Disposition and disposal of disused assets due to land sale and renovation construction during the current year are included.

(*2) The transfer of assets under construction to the main account and the transfer of investment property and intangible assets are included.

(*3) The Company capitalized borrowing costs of KRW 2,631,711,000 as tangible assets, and the capitalization interest rate is 3.14%.

(Previous year)

(Unit: Thousand KRW)

Division	Beginning of the year	Acquisition	Elimination	Amortization	Impairment loss (*1)	Replacement (*2)	End of the year
Land	335,017,565	120,083	(394,404)	-	-	44,142	334,787,386
Building	168,495,993	106,007	(3,433)	(9,292,356)	(348,281)	13,293,440	172,251,370
Structures	617,923,373	401,169	(51,635)	(29,508,051)	(128,820)	19,694,238	608,330,274
Equipment	541,678,699	1,655,119	(298,100)	(67,975,815)	-	113,673,720	588,733,623
Ships	31,353,441	-	(2)	(3,311,893)	-	3,176,146	31,217,692
Vehicle carriers	10,508,662	2,177,094	(15,358)	(3,202,207)	-	-	9,468,191
Tools and implements	1,812,198	527,980	(90)	(578,574)	-	-	1,761,514
Furniture and fixtures	3,074,628	1,106,435	(1,894)	(972,649)	-	-	3,206,520
Timbers	838,758	-	-	-	-	748,550	1,587,308
Assets under construction (*3)	18,815,287	196,148,578	-	-	-	(151,705,633)	63,258,232
Total	1,729,518,604	202,242,465	(764,916)	(114,841,545)	(477,101)	(1,075,397)	1,814,602,110

(*1) The Company performed appraisal on non-operating assets for the current period. An impairment loss of KRW 477,101 thousand was recognized.

(*2) The transfer of assets under construction to the main account and the transfer of investment property and intangible assets are included.

(*3) The Company capitalized borrowing costs of KRW 1,368,208 thousand as property, plant, and equipment in the current year. The interest rate on capitalization was 2.69%.

11. Leases

(1) Details of composition of right-of-lease assets as of the end of the current year and the previous year are as follows:

(End of the current year)

(Unit: Thousand KRW)

Division	Acquisition cost	Accumulated depreciation	Carrying amount
Land	43,788,493	(12,427,982)	31,360,511
Buildings	16,352,912	(2,721,894)	13,631,018
Structures	1,348,280	(448,145)	900,135
Ships	196,046,403	(76,012,365)	120,034,038
Vehicle carriers	26,489,320	(9,577,567)	16,911,753
Total	284,025,408	(101,187,953)	182,837,455

(End of the previous year)

(Unit: Thousand KRW)

Division	Acquisition cost	Accumulated depreciation	Accumulated damage loss	Carrying amount
Land	42,912,184	(9,539,123)	-	33,373,061
Buildings	32,394,897	(15,597,012)	(69,071)	16,106,814
Structures	1,346,194	(361,663)	-	984,531
Ships	70,918,621	(37,632,569)	-	33,286,052
Vehicle carriers	24,621,439	(6,241,932)	-	18,379,507
Total	172,193,335	(69,372,299)	(691,071)	102,129,965

(2) Details of changes in the carrying amount of right-of-lease assets during the current year and previous year are as follows:

(Current year)

(Unit: Thousand KRW)

Division	Beginning of the year	Increase	Decrease	Change	Depreciation	End of the year
Land	33,373,061	96,136	(2,785)	802,039	(2,907,940)	31,360,511
Buildings	16,106,814	35,829	-	(279,228)	(2,232,397)	13,631,018
Structures	984,531	-	-	2,085	(86,481)	900,135
Ships	33,286,052	149,123,471	-	17,845,089	(80,220,574)	120,034,038
Vehicle carriers	18,379,507	6,217,805	(267,364)	168,094	(7,586,289)	16,911,753
Total	102,129,965	155,473,241	(270,149)	18,538,079	(93,033,681)	182,837,455

(Previous year)

(Unit: Thousand KRW)

Division	Beginning of the year	Increase	Decrease	Change	Depreciation	End of the year
Land	31,814,620	1,820,941	(79)	2,301,445	(2,563,866)	33,373,061
Buildings	5,593,946	15,357,303	-	178,206	(5,022,641)	16,106,814
Structures	1,160,967	-	-	(89,984)	(86,452)	984,531
Ships	21,942,351	47,504,401	-	25,056,585	(61,217,285)	33,286,052
Vehicle carriers	20,650,262	4,763,524	(5,224)	57,133	(7,086,188)	18,379,507
Total	81,162,146	69,446,169	(5,303)	27,503,385	(75,976,432)	102,129,965

(3) Details of changes of lease receivables during the current year and previous year are as follows:

(Current year)

(Unit: Thousand KRW)

Division	Beginning of the year	Increase	Interest income	Acquisition	End of the year
Lease receivables	5,279,691	200,677	117,168	(1,079,026)	4,518,510

(Previous year)

(Unit: Thousand KRW)

Division	Beginning of the year	Increase	Interest income	Acquisition	End of the year
Lease receivables	4,189,193	2,630,050	99,033	(1,638,585)	5,279,691

(4) Details of changes of lease liabilities during the current year and previous year are as follows:

(Current year)

(Unit: Thousand KRW)

Division	Beginning of the year	Increase	Decrease	Change	Interest expense	Payment	End of the year
Lease liabilities	100,680,400	155,448,270	(201,632)	18,638,893	3,634,918	(96,661,695)	181,539,154

(Previous year)

(Unit: Thousand KRW)

Division	Beginning of the year	Increase	Decrease	Change	Interest expense	Payment	End of the year
Lease liabilities	86,495,805	67,386,479	(11,229)	27,857,508	2,322,459	(83,370,622)	100,680,400

(5) Details of changes of cash outflow from lease during the current year and previous year are as follows:

(Unit: Thousand KRW)

Division	Current year	Previous year
Cash outflows from lease liabilities	96,661,695	83,370,622
Short-term lease related expenses	803,080	706,333
Small asset lease related expenses	353,821	272,556
Expenses related to variable lease payments not included in lease assets and liabilities	37,817	45,150
Total cash outflow	97,856,413	84,394,661

(6) Details of maturity analysis of lease receivables as of the end of the current year and the previous year are as follows:

(Unit: Thousand KRW)

Maturity analysis – Undiscounted contractual cash flows	End of the current year	End of the previous year
Within 1 year	1,085,998	1,039,243
More than 1 year ~ within 2 years	1,092,828	1,046,216
More than 2 year ~ within 3 years	1,131,759	1,053,045
More than 3 year ~ within 4 years	763,743	1,091,976
More than 4 year ~ within 5 years	351,492	728,340
more than 5 years	341,958	693,450
Total undiscounted lease payments	4,767,778	5,652,270
Unrealized financial income	(249,268)	(372,579)
Net lease investment	4,518,510	5,279,691

(7) Details of maturity analysis of lease liabilities as of the end of the current year and the previous year are as follows:

(Unit: Thousand KRW)

Maturity analysis – Undiscounted contractual cash flows	End of the current year	End of the previous year
Within 1 year	66,617,698	40,472,620
More than 1 year ~ within 5 years	81,303,902	57,620,562
More than 5 years	51,192,460	38,747,893
Undiscounted lease liabilities as of 31 December	199,114,060	136,841,075
Lease liabilities recognized in the statement of financial position as of December 31	181,539,154	100,680,399
Current lease liabilities	64,157,171	37,412,623
Non-current lease liabilities	117,381,983	63,267,776

12. Investment property

(1) Details of composition of investment property as of the end of the current year and the previous year are as follows:

(End of the current year)

(Unit: Thousand KRW)

Division	Acquisition cost	Accumulated depreciation	Carrying amount
Land	81,109,461	-	81,109,461
Buildings	2,485,382	(2,176,263)	309,119
Total	83,594,843	(2,176,263)	81,418,580

(End of the previous year)

(Unit: Thousand KRW)

Division	Acquisition cost	Accumulated depreciation	Carrying amount
Land	72,688,929	-	72,688,929
Buildings	2,494,678	(2,088,630)	406,048
Total	75,183,607	(2,088,630)	73,094,977

(2) Details of changes in the carrying amount of investment property as of the end of the current year and the previous year are as follows:

(Current year)

(Unit: Thousand KRW)

Division	Beginning of the year	Elimination	Depreciation	Replacement(*1)	End of the year
Land	72,688,929	(169,560)	-	8,590,092	81,109,461
Buildings	406,048	-	(92,143)	(4,786)	309,119
Total	73,094,977	(169,560)	(92,143)	8,585,306	81,418,580

(*1) It is a replacement between investment real estate and tangible assets.

(Previous year)

(Unit: Thousand KRW)

Division	Beginning of the year	Depreciation	Replacement(*1)	End of the year
Land	72,733,071	-	(44,142)	72,688,929
Buildings	498,353	(92,305)	-	406,048
Total	73,231,424	(92,305)	(44,142)	73,094,977

(*1) It is a replacement between investment real estate and tangible assets.

- (3) Details of profits and losses recognized in relation to investment property during the end of the current year and the previous year are as follows:

(Unit: Thousand KRW)

Division	Current year	Previous year
Rental income from investment property	4,745,214	3,993,392
Direct operating expenses related to rental income	(1,379,645)	(1,037,479)
Total	3,365,569	2,955,913

- (4) The fair value of investment property was determined based on the official land price of the relevant region. Meanwhile, the fair value of investment property as of the end of the current year and the previous year, does not differ materially from the carrying amount.

- (5) All investment properties of the Company are our own properties.

13. Intangible assets

- (1) Details of composition of intangible assets as of the end of the current year and the previous year are as follows:

(End of the current year)

(Unit: Thousand KRW)

Division	Acquisition cost	Accumulated amortization	Accumulated impairment loss	Carrying amount
Industrial property rights	153,147	(125,400)	-	27,747
Membership	6,600,019	-	(202,650)	6,397,369
Development costs	4,757,187	(4,757,187)	-	-
Usable and profitable donation assets	51,452,811	(51,174,098)	-	278,713
Right to use railroad facilities	8,916,977	(8,469,078)	-	447,899
Mining right	37,694,838	(18,942,077)	-	18,752,761
Right to occupy	181,343	(125,657)	-	55,686
Other intangible assets	23,995,928	(13,386,467)	-	10,609,461
Emissions certificates	158,716	-	-	158,716
Total	133,910,966	(96,979,964)	(202,650)	36,728,352

(End of the previous year)

(Unit: Thousand KRW)

Division	Acquisition cost	Accumulated amortization	Accumulated impairment loss	Carrying amount
Industrial property rights	685,667	(674,686)	-	10,981
Membership	6,600,019	-	(202,650)	6,397,369
Development costs	4,757,187	(4,757,187)	-	-
Usable and profitable donation assets	51,452,811	(51,148,761)	-	304,050
Right to use railroad facilities	8,916,977	(8,441,136)	-	475,841
Mining right	37,717,090	(18,802,952)	-	18,914,138
Right to occupy	181,746	(118,080)	-	63,666
Other intangible assets	22,076,659	(11,331,123)	-	10,745,536
Total	132,388,156	(95,273,925)	(202,650)	36,911,581

(2) Details of changes in the carrying amount of intangible assets during the current year and the previous year are as follows:

(Current year)

(Unit: Thousand KRW)

Division	Beginning of the year	Acquisition	Disposal	Amortization	Replacement (*1)	End of the year
Industrial property rights	10,981	21,288	(88)	(4,434)	-	27,747
Membership	6,397,369	-	-	-	-	6,397,369
Usable and profitable donation assets	304,050	-	-	(25,337)	-	278,713
Right to use railroad facilities	475,841	-	-	(27,942)	-	447,899
Mining right	18,914,138	-	(22,252)	(139,125)	-	18,752,761
Right to occupy	63,666	-	(380)	(7,600)	-	55,686
Other intangible assets	10,745,536	-	-	(2,055,344)	1,919,269	10,609,461
Emissions certificates (*2)	-	28,512,500	(82,178)	-	(28,271,606)	158,716
Total	36,911,581	28,533,788	(104,898)	(2,259,782)	(26,352,337)	36,728,352

(*1) Includes replacement from assets under construction and replacement with other current assets

(*2) Emissions rights acquired through swap transactions during the current term are included, and the portion of the emission rights to be submitted to the government within one year from the end of the reporting period has been replaced with other current assets.

(Previous year)

(Unit: Thousand KRW)

Division	Beginning of the year	Acquisition	Amortization	Replacement(*1)	End of the year
Industrial property rights	17,034	1,056	(7,109)	-	10,981
Membership	6,397,369	-	-	-	6,397,369
Development costs	21,695	-	(21,695)	-	-
Usable and profitable donation assets	452,318	-	(148,268)	-	304,050
Right to use railroad facilities	503,783	-	(27,942)	-	475,841
Mining right	19,060,064	-	(145,926)	-	18,914,138
Right to occupy	71,200	404	(7,938)	-	63,666
Other intangible assets	11,573,749	-	(1,947,752)	1,119,539	10,745,536
Total	38,097,212	1,460	(2,306,630)	1,119,539	36,911,581

(*1) Transfers from assets under construction and transfers to replacement and account replacement are included.

14. Other assets

Details of composition of other assets as of the end of the current year and the previous year are as follows:

(Unit: Thousand KRW)

Division	End of the current year		End of the previous year	
	Current	Non-current	Current	Non-current
Prepayment	3,511,471	3,708,868	2,786,691	3,133,457
Advanced expenses	3,926,104	653,433	4,898,629	462,176
Emissions certificates	28,271,606	-	78,964	-
Other	188,940	-	4,540,012	-
Total	35,898,121	4,362,301	12,304,296	3,595,633

15. Trade and other payables

Details of trade and other payables as of the end of the current year and the previous year are as follows:

(Unit: Thousand KRW)

Division	End of the current year		End of the previous year	
	Current	Non-current	Current	Non-current
Trade payables	127,971,269	-	88,088,286	-
Other payables				
Account payables	86,211,520	-	100,411,345	-
Unpaid expenses	8,606,478	1,395,179	6,678,767	1,600,159
Deposits received	33,000	1,086,249	4,430,640	1,139,369
Rental deposits	-	296,500	-	1,180,033
Derivatives liabilities	11,686	-	443,317	437,629
Lease liabilities	64,157,171	117,381,983	37,412,623	63,267,776
Sub total	159,019,855	120,159,911	149,376,692	67,624,966
Total	286,991,124	120,159,911	237,464,978	67,624,966

16. Derivative transaction

(1) Details of derivative assets and liabilities as of the end of the current year and the previous year are as follows:

(Unit: Thousand KRW)

Division	End of the current year		End of the previous year	
	Current	Non-current	Current	Non-current
Derivative assets	2,579,148	-	327,340	38,872
Derivative liabilities	11,686	-	443,317	437,629

(2) Details of derivatives transactions to which cash flow hedge accounting is applied as of the end of the current year are as follows:

1) Swap trading

(KRW unit: KRW thousand, Foreign currency unit: USD)

Division	Details	
Derivative types	Interest rate swaps(non-current)	Currency swap (current)
Trading purpose	Interest rate risk hedging	Exchange rate risk and interest rate risk hedging
Trading financial institution	Hana Bank	KB Kookmin Bank
Items subject to hedging	Variable rate department Short-term borrowings in KRW	Variable rate department Foreign currency bonds
Par value	KRW 60,000,000	USD 20,000,000
Contract periods	2018.10.17~2023.10.17	2020.06.29~2023.06.29
Accumulated valuation gains and losses at the end of current year	849,567	1,600,293
Accumulated other comprehensive income (before tax)	849,567	397,230
Derivatives valuation gains or losses (other comprehensive income) for the current year	1,404,885	190,753
Derivatives valuation gains for the current year (current profit or loss)	-	1,633,324

2) Currency forward trading

During the current year, currency-leading derivatives for import coal ash processing and export cement sales were liquidated, recognizing transaction profits of KRW 570,195 thousand and transaction losses of KRW 192,257 thousand and KRW 4,694,645 thousand was deducted from sales. Through this transaction, the transaction profit of KRW 123,216 thousand and the transaction loss of KRW 182,008 thousand were recognized in the first half, and KRW 1,480,913 thousand was added to the sales.

3) Future trading

(KRW unit: KRW thousand, Foreign currency unit: USD)

Division	Details
Derivative types	Futures trading (current)
Trading purpose	Charter rate change risk hedging
Trading financial institution	Hana Financial Investment
Items subject to hedging	Charter fee (ships)
Face value	USD 105,000
Contract periods	2022.12.29 ~ 2023.01.31
Accumulated valuation gains and losses at the end of current year	(6,159)
Accumulated other comprehensive income (before tax)	(6,159)
Derivatives valuation gains or losses (other comprehensive income) for the current year	(6,159)
Derivatives valuation gains for the current year (current profit or loss)	-

During the current year, KRW 4,928,394 thousand was recognized by adding KRW 4,928,394 thousand to the amortization cost of right-of-use assets due to the liquidation of derivatives of charter (ship) futures trading, and KRW 322,671 thousand was recognized after deducting amortization of right-of-use assets in the previous year.

(3) Details of composition of derivatives for trading as of the end of the current year and details of profit or loss from trading of trading derivatives during the current year and previous year are as follows:

1) Composition details

(KRW unit: KRW thousand, Foreign currency unit: USD, JPY)

Division	Contractor	Contract date	Due date	Contract amount				Contract exchange rate(KRW)
				Sales amount		Purchase amount		
Currency forward trading	Shinhan Bank	2022-12-12	2023-01-20	USD	1,701,000.00	KRW	2,217,628	1,303.72
Currency forward trading	Shinhan Bank	2022-12-05	2023-01-13	USD	1,643,000.00	KRW	2,114,377	1,286.90
Currency forward trading	Shinhan Bank	2022-12-20	2023-01-19	USD	1,980,000.00	KRW	2,541,924	1,283.80
Currency forward trading	Shinhan Bank	2022-12-26	2023-02-03	USD	1,701,000.00	KRW	2,163,791	1,272.07
Currency forward trading	Shinhan Bank	2022-12-19	2023-01-31	JPY	14,441,000.00	KRW	137,529	9.52
Currency forward trading	Shinhan Bank	2022-12-29	2023-01-31	JPY	26,701,000.00	KRW	252,218	9.45
Currency forward trading	Shinhan Bank	2022-12-05	2023-01-31	JPY	26,701,000.00	KRW	255,876	9.58
Currency forward trading	Shinhan Bank	2022-12-05	2023-01-31	JPY	26,194,000.00	KRW	251,017	9.58
Currency forward trading	Shinhan Bank	2022-12-07	2023-01-31	JPY	14,764,000.00	KRW	142,261	9.64
Currency forward trading	Shinhan Bank	2022-12-05	2023-01-31	JPY	9,517,000.00	KRW	91,201	9.58
Currency forward trading	Shinhan Bank	2022-12-29	2023-01-31	JPY	7,257,000.00	KRW	68,550	9.45
Currency forward trading	Shinhan Bank	2022-12-22	2023-01-31	JPY	8,215,000.00	KRW	79,529	9.68
Currency forward trading	Shinhan Bank	2022-12-09	2023-01-31	JPY	6,653,000.00	KRW	63,603	9.56

2) Related profit or loss

(Unit: Thousand KRW)

Division	Current year	Previous year
Derivatives valuation profit	129,288	-
Derivatives valuation loss	(5,527)	(3,231)
Derivatives trading profit	2,553,124	232,149
Derivatives trading loss	(1,131,580)	(6,469,955)
Total	1,545,305	(6,241,037)

17. Borrowings and bonds

(1) Details of composition of borrowings and bonds as of the end of the current year and the previous year are as follows:

(Unit: Thousand KRW)

Division	End of the current year		End of the previous year	
	Current	Non-current	Current	Non-current
Short-term borrowings	170,603,641	-	-	-
Long-term borrowings	230,503,620	113,913,490	17,063,853	315,926,110
Short-term bonds	99,685,983	-	-	-
Corporate bonds	175,214,659	259,445,084	99,946,444	402,951,450
Total	676,007,903	373,358,574	117,010,297	718,877,560

(2) The details of short-term borrowings as of the end of current and previous year are as follows.

(Unit: Thousand KRW)

Division	Borrower	End of the current year		End of the previous year
		Annual interest rate (%)	Amount	
Bank overdraft	Shinhan Bank	5.88	6,964,033	-
Discount draft	Shinhan Bank.	5.57	7,975,294	-
USANCE	other than Shinhan Bank	4.44~5.20	25,664,314	-
Revolving facility	other than Shinhan Bank	4.52~5.26	130,000,000	-
Total			170,603,641	-

(3) The details of short-term bonds as of the end of current and previous year are as follows.

(Unit: Thousand KRW)

Division	Date of issuance	Due date	End of the current year		End of the previous year
			Annual interest rate (%)	KRW amount	
#317Non-guaranteed public bonds	2022.09.06	2023.09.06	4.94	80,000,000	-
#318Non-guaranteed public bonds	2023.11.23	2023.11.23	7.70	20,000,000	-
Deduction: Bond discount issuance difference				(314,017)	-
Total				99,685,983	-

(4) The details of long-term borrowings as of the end of current and previous year are as follows.

(Unit: Thousand KRW)

Division	Borrower	End of the current year		End of the previous year
		Annual interest rate (%)	Amount	
General loan	Korea Mine Reclamation and Mining Co., Ltd. etc.	2.00~4.65	221,559,160	215,977,440
Energy use rationalization fund loan	Korea Development Bank, etc.	2.41~2.50	35,053,100	43,522,900
Facility loan	Korea Mine Reclamation and Mining Co., Ltd. etc.	2.41~3.73	87,804,850	73,489,623
Sub total			344,417,110	332,989,963
Deduction: current long-term borrowings			(230,503,620)	(17,063,853)
Total			113,913,490	315,926,110

(5) The repayment plan of long-term borrowings as of the end of the current year is as follows.

(Unit: Thousand KRW)

Year	Amount
01 January 2023~31 December 2023	230,503,620
01 January 2024~31 December 2024	23,018,020
01 January 2025~31 December 2025	24,616,990
After 01 January 2026	66,278,480
Total	344,417,110

(6) Details of long-term bonds as of the end of the current year and the previous year are as follows:

(KRW unit: KRW thousand, Foreign currency unit: USD)

Division	Date of issuance	Due date	End of the current year			End of the previous year
			Annual interest rate (%)	Foreign currency amount	KRW amount	
#313-1Non-guaranteed public bonds	2019.09.11	2022.09.11	-	-	-	100,000,000
#313-2 Non-guaranteed public bonds	2019.09.11	2024.09.11	2.93	-	100,000,000	100,000,000
#314 Overseas floating rate private equity bonds(*1)	2020.06.29	2023.06.29	LIBOR 3M+1.30	USD 20,000,000	25,346,000	23,710,000
#315Non-guaranteed public bonds	2020.09.25	2023.09.25	2.32	-	150,000,000	150,000,000
#316-1Non-guaranteed public bonds	2021.09.16	2024.09.13	2.24	-	30,000,000	30,000,000

Division	Date of issuance	Due date	End of the current year			End of the previous year
			Annual interest rate (%)	Foreign currency amount	KRW amount	
#316-2Non-guaranteed public bonds	2021.09.16	2026.09.16	2.96	-	100,000,000	100,000,000
#319Non-guaranteed public bonds	2022.12.27	2024.06.27	7.90		30,000,000	
Sub total					435,346,000	503,710,000
Deduction: Current bonds(*2)					(175,346,000)	(100,000,000)
Sub total					260,000,000	403,710,000
Deduction: Bond discount issuance difference					(554,916)	(758,550)
Total					259,445,084	402,951,450

(*1) The Company has entered into a currency swap contract with KB Kookmin Bank to hedge foreign exchange risk and interest rate risk in relation to overseas floating rate guaranteed private placement bonds, and pays a guarantee fee of 0.75% per annum in relation to the principal and interest payment guarantee.

(*2) This is the amount before deduction of current bonds discount issuance (end of current year: KRW 131,341 thousand end of previous year: KRW 53,556 thousand).

(7) Assets provided as collateral for borrowings

As of the end of the current year, the Company is providing tangible assets as collateral to financial institutions, etc. in relation to the above borrowings. (see Note 36).

18. Retirement benefit plans

The Company operates a defined benefit retirement benefit plan for eligible employees. Under this system, employees receive a lump sum payment by applying the final 3-month average wage to the service period provided at the time of retirement. This system exposes the Company to investment risk, interest rate risk and wage risk.

The most recent actuarial evaluation of plan assets and defined benefit obligations was performed by NH Investment & Securities Co., Ltd. in January 2023. The present value of the defined benefit obligation and related current service cost and past service cost have been measured, using the projected unit credit method.

(1) Items in the statement of financial position arising from our obligations in relation to the defined benefit retirement benefit plan as of the end of the current year and the previous year are as follows.

(Unit: Thousand KRW)

Division	End of the current year	End of the previous year
Present value of defined benefit obligation	178,700,182	207,853,415
Fair value of plan assets	(7,244,751)	(7,970,754)
Net defined benefit liabilities	171,455,431	199,882,661

(2) Estimates used for actuarial evaluation as of the end of the current year and the previous year are as follows:

(Unit: %)

Division	End of the current year	End of the previous year
Discount rate	5.43	2.91
Expected wage growth rate	5.00	5.00

(3) Changes in net defined benefit liability during the current year and previous year are as follows:

(Current year)

(Unit: Thousand KRW)

Division	Present value of defined benefit obligation	Fair value of plan assets	Total
Beginning of the year	207,853,415	(7,970,754)	199,882,661
Amount recognized in profit or loss:			
Service cost in the current year	12,012,963	-	12,012,963
Past service cost	1,328,773	-	1,328,773
Interest expense (interest income)	6,932,630	(245,645)	6,686,985
Sub total	20,274,366	(245,645)	20,028,721
Re-measurement factors:			
Earnings on plan assets (excluding amounts included in interest above)	-	151,900	151,900
Actuarial profit or loss arising from changes in financial assumptions	(30,358,480)	-	(30,358,480)
Actuarial profit or loss arising from empirical adjustments	(3,074,348)	-	(3,074,348)
Sub total	(33,432,828)	151,900	(33,280,928)
Amount paid by the system	(15,994,771)	819,748	(15,175,023)
End of the year	178,700,182	(7,244,751)	171,455,431

(Previous year)

(Unit: Thousand KRW)

Division	Present value of defined benefit obligation	Fair value of plan assets	Total
Beginning of the year	215,445,175	(8,953,767)	206,491,408
Service cost in the current year			
Service cost in the current year	12,479,616	-	12,479,616
Interest expense (interest income)	4,514,858	(178,296)	4,336,562
Sub total	16,994,474	(178,296)	16,816,178
Re-measurement factors:			
Earnings on plan assets (excluding amounts included in interest above)	-	146,916	146,916
Actuarial profit or loss from changes in	6,208,512	-	6,208,512

Division	Present value of defined benefit obligation	Fair value of plan assets	Total
demographic assumptions			
Actuarial profit or loss arising from changes in financial assumptions	(14,777,348)	-	(14,777,348)
Actuarial profit or loss arising from empirical adjustments	5,101,243	-	5,101,243
Sub total	(3,467,593)	146,916	(3,320,677)
Amount paid by the system(*1)	(21,118,641)	1,014,393	(20,104,248)
End of the year	207,853,415	(7,970,754)	199,882,661

(4) Details of retirement benefits during the current year and previous year are as follows:

(Unit: Thousand KRW)

Division	Current year	Previous year
Cost of sales	16,044,826	13,554,868
Selling and administrative expenses	4,130,708	4,403,997
Construction cost	109,887	120,301
Total	20,285,421	18,079,166

(5) Details of recognized expenses for each retirement benefit plan during the current year and previous year are as follows:

(Unit: Thousand KRW)

Division	Current year	Previous year
Defined benefit plans	20,028,721	16,816,178
Defined contribution plans	211,945	155,079
Total	20,240,666	16,971,257

Meanwhile, retirement bonus of KRW 45 million and KRW 1,108 million, respectively, occurred during the current and previous year.

(6) Components of the fair value of external reserve assets as of the end of the current year and the previous year are as follows:

(Unit: Thousand KRW)

Division	End of the current year	End of the previous year
Cash and cash equivalent assets	6,922,803	7,586,003
National pension conversion	321,948	384,751
Total	7,244,751	7,970,754

Actual revenues from plan assets during the current year and previous year was KRW 93,745 thousand, and during the previous year was KRW 31,380 thousand.

- (7) When all other assumptions are maintained as of the end of the current year, significant actuarial assumptions may fluctuate within a reasonable range that may occur. In those cases, the impacts on defined benefit obligations are as follows:

(Unit: Thousand KRW)

Division	Increase	Decrease
Change of 100 basis points in discount rates	(9,843,506)	10,916,844
Change of 100 basis point in expected wage growth rate	10,927,878	(10,027,694)

Since there is a correlation between the actuarial assumptions, the sensitivity analysis above will not represent the actual change in the defined benefit obligation because changes in the assumptions will not occur independently. In addition, in the sensitivity analysis above, the present value of the defined benefit obligation was measured using the projected unit reserve method used to measure the defined benefit obligation as expressed in financial position.

19. Provisions

- (1) Details of provisions as of the end of the current year and the previous year are as follows:

(Unit: Thousand KRW)

Division	End of the current year		End of the previous year	
	Current	Non-current	Current	Non-current
Emissions liabilities	28,271,606	-	167,111	-
Restoration provisions	1,325,034	31,207,847	5,061,482	27,881,067
Total	29,596,640	31,207,847	5,228,593	27,881,067

- (2) Details of changes in provisions during the current year and previous year are as follows:

(Current year)

(Unit: Thousand KRW)

Division	Beginning of the year	Setting	Returns	Paid	Discount on amortization	End of the year
Emissions liabilities(*1)	167,111	28,271,606	(5,969)	(161,142)	-	28,271,606
Restoration provisions(*2) (*3)	32,942,549	7,061,900	(201,101)	(7,295,448)	24,981	32,532,881
Total	33,109,660	35,333,506	(207,070)	(7,456,590)	24,981	60,804,487

(*1) The Company has established emission liabilities to comply with the obligation to submit carbon credits (see Note 35).

(*2) The Company set aside KRW 3,632,900 thousand for forest restoration during the current term. Forest restoration provisions are the present value of discounting the best estimate of future estimated recovery costs for damaged areas as of the end of the current term at an appropriate discount rate, and the expenditure will be incurred at the end of mining for individual mines. Meanwhile, regarding provisions, the Company deposited KRW 18,108,746 thousand with the Korea Mine Rehabilitation and mineral Resources Corporation as a deposit for the performance of forest restoration obligations, and the amount is recorded as other receivables (long-term deposits).

(*3) The Company has additionally set up a recovery provision of KRW 3,429,000 thousand for expected future restoration costs due to the restoration of contaminated land at the Mukho Plant during the current term.

(Previous year)

(Unit: Thousand KRW)

Division	Beginning of the year	Setting	Returns	Paid	Discount on amortization	End of the year
Emissions liabilities(*1)	-	2,056,599	(78,964)	(1,810,524)	-	167,111
Restoration provisions(*2,3)	36,092,761	3,907,008	(2,820,695)	(4,247,928)	11,403	32,942,549
Total	36,092,761	5,963,607	(2,899,659)	(6,058,452)	11,403	33,109,660

(*1) The Company has established emission liabilities to comply with the obligation to submit carbon credits (see Note 35).

(*2) During the current year, the Company set additional liabilities for forest restoration by KRW 2,844,390 thousand. The provision for forest restoration is the present value obtained by discounting the best estimate of the future restoration cost for the damaged area among the permitted mining areas as of the end of the current year at an appropriate discount rate. Meanwhile, in relation to the provision, the Company deposited 16,302,097 thousand won as a security deposit for the forest restoration obligation in the Korea Mine Receipt and Mining Corporation, and this amount is recorded as other receivables (long-term deposit).

(*3) The expected future restoration cost of 1,259,841 thousand won (not reflecting the present value discount difference of 197,223 won) due to building lease was set as a restoration provision.

20. Other liabilities

Details of other liabilities as of the end of the current year and the previous year are as follows:

(Unit: Thousand KRW)

Division	End of the current year		End of the previous year	
	Current	Non-current	Current	Non-current
Prepaid income	11,539,633	-	88,927	2,384
Advances received	2,954,699	7,967,613	1,469,991	7,967,614
Deposits	4,415,490	-	783,480	-
Others	965,066	-	2,686,385	-
Total	19,874,888	7,967,613	5,028,783	7,969,998

21. Share capital

(1) Details of the number of issued shares and share capital as of the end of the current year and the previous year are as follows:

(Unit: Thousand KRW)

Division	End of the current year	End of the previous year
	Ordinary shares	Ordinary shares
Number of issued shares	503,859,595 share	503,859,595 share
Share capital	50,385,960	50,385,960

(2) There was no change in the number of issued shares during the current and previous year.

22. Share-based payment

(1) Conditions and grant details of stock options

Division	Details
Types of stocks to be issued as stock options	Registered ordinary share
Granted method	① Issuance of new shares ② During treasury share issuance, it is decided by a resolution of the board of directors at the time of exercise or prior.
Granted date	31 August 2020
Granted quantity(share)	2,475,000
Exercise price(KRW)	5,500
Period of exercise of right	1 September 2022~ 31 August 2030
Conditions for exercising rights	<ul style="list-style-type: none"> Without a separate resolution by the board of directors, the grantee cannot exercise the stock option for the exercisable stock until five years have elapsed from the date of change of management right or the date of grant. If the grantee has not served in the affiliated company for more than two years from the grant date, the grantee cannot exercise the stock option in this issue. Still, except for cases in which the grantee dies within 2 years from the grant date or leaves office for reasons other than attributable to the person) Transfers between SsangYong C&E and its affiliates are also considered to be in the company.

(2) The compensation cost of stock options granted to the Company was calculated by applying the fair value approach using the binomial model. All assumptions and variables for calculating the compensation cost are as follows.

(Unit: KRW)

Division	Details	Note
Fair value of options granted	923.54	
Closing price on grant date	5,640	Closing price on August 31 2020
Discount rate/risk-free rate of return	1.53%	SPOT RATE CURVE value of KTB on the valuation base date corresponding to the remaining maturity of stock options
Share price volatility	33.04%	Application of average volatility as of the business day immediately prior to the base date of assessment
Dividend rate	7.80%	Market dividend rate for one year immediately prior to the evaluation base date divided by the share price at the time of evaluation
Effective date	After 5 years	Assumed to be available for 5 years. This is because the stock option cannot be exercised unless 5 years have elapsed from the date of grant or otherwise allowed by the board of directors.

(3) The quantity and weighted average exercise price of options not exercised at the end of the current year and the previous year are as follows.

(Unit: shares, KRW)

Division	End of the current year		End of the previous year	
	Quantity	Exercise price	Quantity	Exercise price
Non-exercised at the beginning of the term	2,475,000	5,500	2,475,000	5,500
Lost during the term	(30,000)	5,500	-	-
Non-exercised portion at the end of the term	2,445,000	-	2,475,000	5,500
Exercisable quantity as of end of the term	2,445,000	5,500	-	-

(4) Due to the granting of the stock purchase option, the stock-based compensation recognized in the current and prior year is KRW 760,877 thousand and KRW 1,142,881 thousand.

23. Other components of equity

Details of other components of equity as of the end of the current year and the previous year are as follows:

(Unit: Thousand KRW)

Division	End of the current year	End of the previous year
Capital surplus		
Profit from disposal of treasury shares	25,997,358	25,997,358
Capital adjustments		
Treasury shares	(8,207,827)	(8,207,827)
Stock option	2,285,762	1,524,885
Total	(5,922,065)	(6,682,942)
Accumulated other comprehensive income		
Other comprehensive income - profit or loss after tax on equity instruments measured at fair value	(3,102,841)	(3,062,490)
Cash flow hedging derivatives valuation profit or loss	952,810	(15,366)
Total	(2,150,031)	(3,077,856)
Retained earnings		
Voluntary reserve	38,000,000	38,000,000
Reserved surplus earnings	59,282,647	59,282,647
Unappropriated retained earnings(*1,2)	1,414,280,564	1,466,022,938
Total	1,511,563,211	1,563,305,585

24. Surplus appropriation statement

(1) Surplus appropriation statement during the current year and the previous year is as follows:

(Unit: Thousand KRW)

Account	Current Year	Previous Year
I. Unappropriated retained earnings	1,414,280,564	1,466,022,938
Unappropriated retained earnings carried forward for the previous year	1,410,771,939	1,450,162,089
Net income for the period	144,326,674	179,290,831
Re-measurement factors for defined benefit plans	24,932,977	2,517,073
Other comprehensive income - profit or loss after tax on equity instruments measured at fair value	-	(194,059)
Interim dividend	(165,752,996)	(165,752,996)
Others	1,970	-
II. Retained earnings transfer amount	-	-
Gain on retirement of capital shares and others	-	-
III. Total(I+II)	1,414,280,564	1,466,022,938
IV. Appropriated retained earnings	55,250,999	55,250,999
Reserved surplus earnings	-	-
Annual dividends	55,250,999	55,250,999
V. Unappropriated retained earnings carried	1,359,029,565	1,410,771,939

The estimated date of disposal of the above surplus appropriation statement for the current year is 29 March 2023, and the final date of disposal for the previous year was 25 March 2022.

(2) Our dividends (including interim dividends) for the year are as follows.

(Unit: KRW)

Subjects	Ordinary shares
Number of shares to be distributed	502,281,805share
Par value per share	100
Par dividend rate	440.00%
Dividend per share	440
Dividend	221,003,994,200

25. Sales and cost of sales

(1) Source and classification of revenue

The divided details of revenue from contracts with customers based on major geographic markets, major product and service lines and timing of revenue recognition are as follows.

(Unit: Thousand KRW)

Division	Current Year	Previous Year
Major geographic market		
Domestic	1,037,087,736	850,647,225
Overseas	292,359,105	291,612,535
Total	1,329,446,841	1,142,259,760
Major product and service lines		
Cement	985,567,549	824,289,505
Circulating resources	107,884,930	106,617,597
Others	235,994,362	211,352,658
Total	1,329,446,841	1,142,259,760
Revenue recognition time		
Implement at a point in time	1,150,867,024	992,582,339
Implement over time	178,579,817	149,677,421
Total	1,329,446,841	1,142,259,760

(2) Contract balance

Receivables and contract liabilities arising from contracts with customers at the end of the current year and the previous year are as follows.

(Unit: Thousand KRW)

Division	End of the current year	End of the previous year
Receivables included in trade receivables and other receivables	292,613,324	199,886,620
Contract liabilities	11,521,565	59,996

Contract liabilities are those for which the Company has not yet performed its obligations for shipping services to be provided, but has received consideration in advance.

(3) Details of sales during the current year and previous year are as follows:

(Unit: Thousand KRW)

Division	Current year	Previous year
Commodity sales	44,052,516	47,274,288
Product sales	999,592,794	837,106,775
Other sales	285,801,531	257,878,697
Total	1,329,446,841	1,142,259,760

(4) Classification of sales during the current year and previous year is as follows:

(Unit: Thousand KRW)

Division	Current year	Previous year
Revenue from the sale of goods	1,044,122,184	885,566,611
Revenue from the provision of services	285,324,657	256,693,149
Total	1,329,446,841	1,142,259,760

(5) Details of cost of sales during the current year and previous year are as follows:

(Unit: Thousand KRW)

Division	Current year	Previous year
Cost of commodity sales	40,819,557	43,737,190
Cost of product sales	877,950,840	665,313,657
Cost of other sales	178,130,963	152,114,625
Total	1,096,901,360	861,165,472

26. Selling and administrative expenses

Details of selling and administrative expenses during the current year and previous year are as follows:

(Unit: Thousand KRW)

Subjects	Current year	Previous year
Benefits	17,523,496	17,200,076
Retirement benefits	3,642,519	3,896,186
Share compensation	760,877	1,142,881
Welfare benefits	4,873,861	8,049,135
Travel expenses	438,635	305,518
Supply expenses	83,509	132,575
Vehicle expenses	330,893	279,741
Communication cost	292,051	250,844
Printing cost	87,411	119,466
Taxes and duties	1,532,974	1,578,470
Water and light cost	5,733	1,594
Repair expenses	313,056	271,535
Rental fee	1,422,551	1,038,941
Reception expenses	1,826,921	1,459,595
Premium	204,639	153,652
Book budget	65,989	121,788
Depreciation cost	841,357	634,708
Amortization of intangible assets	1,676	25,930
Amortization of right-of-use assets	2,600,615	3,325,775
Fees	6,015,902	3,735,301
Education and training expenses	1,193,952	1,060,695
Contract fees	819,764	663,190
Research expenses	4,229,917	4,261,451
Transport charges	48,627,057	43,821,827
Advertising cost	833,094	2,575,832
Bad debt expenses (Reversal of allowance for bad debts)	(495,531)	631,364
Miscellaneous expenses	1,735,853	1,482,028
Total	99,808,771	98,220,098

27. Finance income and finance costs

Details of finance income and finance costs during the current year and previous year are as follows:

(Unit: Thousand KRW)

Division	Current year	Previous year
Finance income		
Interest income	1,458,241	875,825
Dividend income	45,566,273	42,842,346
Total	47,024,514	43,718,171
Finance expenses		
Interest expenses	28,416,471	20,801,793

28. Other income and other expenses

Details of other income and other expenses during the current year and previous year are as follows:

(Unit: Thousand KRW)

Division	Current year	Previous year
Other income		
Management and maintenance cost income	44,944	41,502
Gains on disposal of property, plant and equipment	21,274,709	1,249,898
Gains on investment property disposal	137,134	-
Gains from disposal of right-of-use assets	730	1,091
Reversal of impairment losses in subsidiary investment stocks	19,488,871	-
Reversal of other bad debt expenses	138,523	4,331
Foreign exchange profit	5,736,126	3,785,049
Foreign currency translation profit	3,881,741	71,630
Derivatives valuation profit	1,762,613	2,288,123
Derivatives transaction profit	3,123,319	960,200
Miscellaneous profit	4,180,192	28,393,123
Total	59,768,902	36,794,947
Other expenses		
Other bad debt expenses	5,838	167,399
Impairment loss on investment in associates	85,054	-
Impairment loss on investment shares in subsidiaries	-	25,419,526
Loss on disposal of government bonds	23,441	10,552
Losses on disposal of right-of-use assets	317	
Loss on disposal of property, plant, and equipment	8,108,491	152,192
Losses on disposal of intangible assets	22,720	-

Division	Current year	Previous year
Losses on disposal of trade receivables	2,186	-
Impairment loss on property, plant and equipment	-	477,101
Contribution	8,005,755	12,556,659
Foreign exchange loss	6,263,241	3,360,145
Foreign currency translation loss	3,027,129	3,085,742
Derivatives valuation loss	5,527	2,633,323
Derivatives trading loss	1,323,836	6,651,963
Miscellaneous loss	14,605,373	11,888,223
Total	41,478,908	66,402,825

29. Tax expenses (Revenue)

(1) Details of composition of tax expenses for the current year and previous year are as follows:

(Unit: Thousand KRW)

Division	Current year	Previous year
Current tax burden	33,871,911	32,717,888
Adjustments recognized in the current year for current tax for the previous year	(634,664)	589,141
Changes in deferred tax due to temporary differences	751,861	(37,776,981)
Deferred tax added directly to equity	(8,681,036)	1,361,811
Tax expenses(Revenue)	25,308,072	(3,108,141)

(2) Relationship between accounting profit and tax expense for the current year and previous year are as follows:

(Unit: Thousand KRW)

Division	Current year	Previous year
Net income before tax	169,634,745	176,182,690
Tax expense according to applicable tax rate(*1)	40,589,608	42,174,211
Adjustments:		
Effects of non-taxable income/non-deductible expenses	(9,120,936)	(13,089,259)
Unrecognized deferred tax effect	(7,221,752)	(31,625,139)
Basic retained deferred tax effect	763,491	(567,270)
Additional tax payment	(634,664)	589,141
Tax credit	(1,843,217)	(1,843,425)
Others (effects of changes in tax rates, etc.)	2,775,542	1,253,600
Tax expenses(revenue)	25,308,072	(3,108,141)
Effective tax rate (income tax expense/net income before corporate tax expense) (*2)	14.92%	-

(*1) The applicable tax rate considered the tax rate (10% for less than KRW 200 million, 20% for more than KRW 200 million and less than KRW 20 billion, 22% for more than KRW 20 billion) and the local income tax rate (corporate tax) (10% of corporate tax).

(*2) The effective tax rate is not calculated as corporate tax revenue during the previous year.

(3) Details of changes in deferred tax during the current year and previous year are as follows:

(Current year)

(Unit: Thousand KRW)

Division	Beginning of the year	Increase or decrease	End of the year	Deferred tax assets (liabilities)
Receivable income	(2,258,851)	(590,808)	(2,849,659)	(661,121)
Temporary filling-up depreciation	(2,429,566)	299,636	(2,129,930)	(494,144)
Advanced depreciation provisions	(22,621,386)	346,392	(22,274,994)	(5,167,799)
Loan-loss provisions	64,664,428	(2,574,792)	62,089,636	14,404,796
Securities	104,067,927	(20,216,274)	83,851,653	19,453,584
Property, plant, and equipment	43,698,393	(4,148,184)	39,550,209	9,175,649
Intangible assets	71,003	(48,785)	22,218	5,154
Defined benefit liabilities	199,882,662	(28,105,283)	171,777,379	39,852,352
Foreign currency translation profits and losses	(514)	-	(514)	(119)
Long-term deposit cash installment	395,642	(50,075)	345,567	80,172
Land and investment property revaluation	(131,007,257)	5,425,563	(125,581,694)	(29,134,953)
Long-term prepaid expenses	(431,007)	-	(431,007)	(99,994)
Accrued expenses	5,818,142	1,168,192	6,986,334	1,620,829
Others	43,139,536	27,185,277	70,324,813	16,315,357
Accumulated temporary difference Subtotal	302,989,152	(21,309,141)	281,680,011	65,349,763
Total				65,349,763
Deduction: unrecognized deferred tax assets				(34,528,105)
Deferred tax assets after deduction				30,821,658

(Previous year)

(Unit: Thousand KRW)

Division	Beginning of the year	Increase or decrease	End of the year	Deferred tax assets (liabilities)
Receivable income	(2,046,259)	(212,592)	(2,258,851)	(546,642)
Temporary filling-up depreciation	(2,729,202)	299,636	(2,429,566)	(587,955)
Advanced depreciation provisions	(22,640,273)	18,887	(22,621,386)	(5,474,375)
Loan-loss provisions	63,943,070	721,358	64,664,428	15,648,792
Securities	57,297,051	46,770,876	104,067,927	25,184,438
Property, plant, and equipment	36,177,497	7,520,896	43,698,393	10,575,011
Intangible assets	42,654	28,349	71,003	17,183
Defined benefit liabilities	206,491,408	(6,608,746)	199,882,662	48,371,604
Foreign currency translation profits and losses	(514)	-	(514)	(125)
Long-term deposit cash installment	150,470	245,172	395,642	95,745

Division	Beginning of the year	Increase or decrease	End of the year	Deferred tax assets (liabilities)
Long-term unearned revenue	23,077	(23,077)	-	-
Land and investment property revaluation	(134,217,119)	3,209,862	(131,007,257)	(31,703,756)
Long-term prepaid expenses	(431,007)	-	(431,007)	(104,303)
Accrued expenses	6,417,669	(599,527)	5,818,142	1,407,990
Lease deposit cash installment	(24,059)	24,059	-	-
Others	67,967,977	(24,828,441)	43,139,536	10,439,768
Accumulated temporary difference Subtotal	276,422,440	26,566,712	302,989,152	73,323,375
Loss carried forward	22,511,171	(22,511,171)	-	-
Total				73,323,375
Deduction: unrecognized deferred tax assets				(41,749,856)
Deferred tax assets after deduction				31,573,519

(4) Income tax effects related to each component of other comprehensive income during the current year and previous year are as follows:

(Unit: Thousand KRW)

Division	Current year			Previous year		
	Before reflection	Tax effect	After reflection	Before reflection	Tax effect	After reflection
Re-measurement factors for defined benefit plans	33,280,928	(8,347,951)	24,932,977	3,320,676	(803,604)	2,514,072
Other comprehensive income- Re-measurement gains on equity instruments measured at fair value	-	(40,351)	(40,351)	7,603	978,235	985,838
Profit or loss on valuation of cash flow hedging derivatives	1,260,910	(292,734)	968,176	(5,474,954)	1,324,939	(4,150,015)
Total	34,541,838	(8,681,036)	25,860,802	(2,146,675)	1,496,570	(647,105)

(5) : The temporary differences to be deducted without recognizing the corporate tax effect are as follows.

(Unit: Thousand KRW)

Division	Current year	Previous year	Due date
Temporary differences to be deduct	148,828,035	172,520,066	-

30. Breakdown of expenses by nature

Details of breakdown of expenses by nature during the current year and previous year are as follow:

(Unit: Thousand KRW)

Division	Current year	Previous year
Changes in inventory assets	426,118,472	267,178,821
Employee benefits	111,877,328	107,984,943
Welfare benefits	21,979,765	26,654,137
Depreciation cost	223,194,837	190,507,249
Power cost	136,429,621	109,565,406
Transport cost	135,288,997	137,041,911
Contract fees	95,022,012	89,732,830
Commission fee	9,374,178	5,509,532
Rental fee	2,595,912	2,511,052
Research expenses	512,359	367,797
Advertising cost	833,094	2,575,832
Other expenses	33,483,557	19,756,062
Total	1,196,710,132	959,385,572

31. Earnings per share

(1) Basic earnings per share

Calculation details of basic earnings per share during the current year and previous year are as follows:

(Ordinary shares)

(Unit: KRW)

Division	Current year	Previous year
Net income on the income statement	144,326,673,778	179,290,831,006
Net income from ordinary shares	144,326,673,778	179,290,831,006
Weighted-average number of ordinary shares outstanding	502,281,805 share	502,281,805 share
Basic earnings per share	287	357

(2) Calculation details of weighted-average number of ordinary shares outstanding for the current year and previous year are as follows:

(Current year)

(Unit: Share)

Division	Number of shares	Weighted value	Weighted-average number of ordinary shares outstanding
Number of shares outstanding	503,859,595	365/365	503,859,595
Number of treasury shares	(1,577,790)	365/365	(1,577,790)
Total of ordinary shares	502,281,805		502,281,805

(Previous year)

(Unit: Share)

Division	Number of shares	Weighted value	Weighted-average number of ordinary shares outstanding
Number of shares outstanding	503,859,595	365/365	503,859,595
Number of treasury shares	(1,577,790)	365/365	(1,577,790)
Total of ordinary shares	502,281,805		502,281,805

(3) Diluted earnings per share

Diluted earnings per share are calculated by applying the weighted average number of common shares in circulation adjusted assuming that all dilute potential common shares are converted to common shares. The calculation details of earnings per share of common stock during the current and previous year are as follows.

(Unit: KRW)

Division	Current year	Previous year
Common stock net income	144,326,673,778	179,290,831,006
Net income used to calculate diluted earnings per share	144,326,673,778	179,290,831,006
Weighted average number of common shares in circulation used in calculating diluted earnings per share	502,823,010share	502,281,805share
Diluted earnings per share (*1)	287	357

(*1) As of the end of the prior year, the Company does not have any potential common stock with dilution effect, so diluted earnings per share is the same as basic earnings per share.

Meanwhile, the weighted average number of shares to calculate diluted earnings per share is calculated by adjusting the following from the weighted average number of common shares in circulation used in the calculation of basic earnings per share.

(Unit: Share)

Subjects	Common share
Weighted average number of common shares in circulation used in the calculation of basic earnings per share	502,281,805
Stock option incremental stock	541,205
Weighted average number of common shares in circulation used in calculating diluted earnings per share	502,823,010

32. Financial instruments

(1) Capital risk management

The capital management of the Company aims to maintain our ability to continue as a continuing company and to maximize shareholder returns by minimizing the cost of raising capital. Our executives periodically review the capital structure and maintains an optimal capital structure through long-term and short-term borrowings.

The Company's capital structure consists of net liabilities after deducting cash and cash equivalents from borrowings and equity. The Company's overall capital risk management policy is the same as in the previous year. Meanwhile, details of items the Company manages as capital as of the end of the current year and the previous year are as follows:

(Unit: Thousand KRW)

Division	End of the current year	End of the previous year
Liabilities(A)	1,744,378,392	1,412,689,517
Capital(B)	1,579,874,432	1,629,928,104
Cash and cash equivalents(C)	314,665	101,404,709
Borrowings(D)	1,050,366,751	836,699,963
Liability ratio(A/B)	110.41%	86.67%
Net borrowing ratio(D-C)/B	66.46%	45.11%

(2) The major accounting policies and methods (including recognition and measurement standards, and revenue and expense recognition standards) adopted for each category of financial assets, financial liabilities and equity are the same as in the previous year.

(3) Carrying amount by category of financial assets and financial liabilities and net profit or loss by category

1) Carrying amounts of financial assets by category as of the end of the current year and the previous year are as follows:

(End of the current year)

(Unit: Thousand KRW)

Division	Fair value-current profit or loss financial instruments	Amortized cost measurement financial instrument	Fair value-other comprehensive income	Fair value-hedging instrument derivatives
Short-term financial assets	129,288	-	-	2,449,860
Long-term financial assets	979,166	13,500	236,859	-
Trade receivables	-	292,613,324	-	-
Other receivables	-	69,440,534	-	-
Total	1,108,454	362,067,358	236,859	2,449,860

(End of the previous year)

(Unit: Thousand KRW)

Division	Fair value-current profit or loss financial instruments	Amortized cost measurement financial instruments	Fair value-other comprehensive income	Fair value-hedging instrument derivatives
Short-term financial assets	9,242	-	-	318,098
Long-term financial assets	979,166	13,500	236,859	38,872
Trade receivable	-	199,886,620	-	-
Other receivables	-	51,706,691	-	-
Total	988,408	251,606,811	236,859	356,970

2) Carrying amounts of financial liabilities by category as of the end of the current year and the previous year are as follows:

(End of the current year)

(Unit: Thousand KRW)

Division	Financial liabilities recognized in profit or loss	Amortized cost measurement financial liabilities	Hedging instrument derivatives
Trade payables	-	127,971,269	-
Other payables	5,527	279,168,081	6,159
Short-term borrowings		170,603,641	
Long-term borrowings	-	344,417,110	-
Short-term bonds		99,685,983	
Long-term bonds		434,659,743	
Total	5,527	1,456,505,827	6,159

(End of the previous year)

(Unit: Thousand KRW)

Division	Financial liabilities recognized in profit or loss	Amortized cost measurement financial liabilities	Hedging instrument derivatives
Trade payables	-	88,088,286	-
Other payables	11,581	216,120,712	869,365
Long-term borrowings	-	332,989,963	-
Long-term bonds		502,897,894	
Total	11,581	1,140,096,855	869,365

3) Net profit or loss by category of financial assets and financial liabilities during the current year and previous year are as follows:

(Current year)

(Unit: Thousand KRW)

Division	Revenue			Expenses			Net profit or loss	Other comprehensive income
	Financial revenue	Other revenue	Sub total	Financial expenses	Other expenses	Sub total		
Financial assets								
Fair value-financial liabilities recognized in profit or loss	-	2,317,196	2,317,196	-	(170,945)	(170,945)	2,146,251	-
Amortized cost measured financial instruments	1,125,915	3,770,681	4,896,596	-	(4,237,405)	(4,237,405)	659,191	-
Fair value-Other comprehensive income financial assets	-	-	-	-	-	-	-	(40,351)
Fair value-hedging instruments derivatives	-	1,656,089	1,656,089	-	(7,334)	(7,334)	1,648,755	546,545
Sub total	1,125,915	7,743,966	8,869,881	-	(4,415,684)	(4,415,684)	4,454,197	506,194
Financial liabilities								
Financial liabilities recognized in profit or loss	-	365,216	365,216	-	(966,162)	(966,162)	(600,946)	-

Division	Revenue			Expenses			Net profit or loss	Other comprehensive income
	Financial revenue	Other revenue	Sub total	Financial expenses	Other expenses	Sub total		
Amortized cost measured financial liabilities	-	6,475,401	6,475,401	(28,391,490)	(5,076,406)	(33,467,896)	(26,992,495)	-
Hedge designated derivatives	-	547,430	547,430	-	(184,923)	(184,923)	362,507	421,630
Sub total	-	7,388,047	7,388,047	(28,391,490)	(6,227,491)	(34,618,981)	(27,230,934)	421,630
Total	1,125,915	15,132,013	16,257,928	(28,391,490)	(10,643,175)	(39,034,665)	(22,776,737)	927,824

(Previous year)

(Unit: Thousand KRW)

Division	Revenue			Expenses			Net profit or loss	Other comprehensive income
	Financial revenue	Other revenue	Sub total	Financial expenses	Other expenses	Sub total		
Financial assets								
Fair value-financial liabilities recognized in profit or loss	-	424,313	424,313	-	(149,198)	(149,198)	275,115	-
Amortized cost measured financial instruments	623,314	3,232,331	3,855,645	-	(1,963,693)	(1,963,693)	1,891,952	-
Fair value-Other comprehensive income financial assets	-	-	-	-	-	-	-	985,838
Fair value-hedging instruments derivatives	-	2,623,839	2,623,839	-	(2,664,948)	(2,664,948)	(41,109)	(5,672,488)
Sub total	623,314	6,280,483	6,903,797	-	(4,777,839)	(4,777,839)	2,125,958	(4,686,650)
Financial liabilities								
Financial liabilities recognized in profit or loss	-	143,616	143,616	-	(6,323,989)	(6,323,989)	(6,180,373)	-
Amortized cost measured financial liabilities	-	624,349	624,349	(20,790,390)	(5,287,178)	(26,077,568)	(25,453,219)	-
Hedge designated derivatives	-	56,554	56,554	-	(147,151)	(147,151)	(90,597)	1,522,473
Sub total	-	824,519	824,519	(20,790,390)	(11,758,318)	(32,548,708)	(31,724,189)	1,522,473
Total	623,314	7,105,002	7,728,316	(20,790,390)	(16,536,157)	(37,326,547)	(29,598,231)	(3,164,177)

(4) Financial risk management

The Company is exposed to various financial risks such as market risk (foreign exchange risk, interest rate risk, market price risk) and credit risk in relation to financial instruments. Our risk management aims to identify potential risks that may affect our financial performance and to reduce, eliminate and avoid them to an acceptable level.

The Company uses derivatives to avoid certain risks such as foreign exchange risk. Our overall financial risk management strategy is the same as the previous year

1) Market risk

The Company is exposed to market risk in which the fair value of financial instruments or future cash flows may fluctuate due to fluctuations in market prices. Market risk consists of foreign exchange risk, interest rate risk and other price risk.

A. Foreign exchange risk

The Company is exposed to exchange rate fluctuations because its transactions are denominated in foreign currencies.

① Foreign currency amounts of major monetary assets and liabilities denominated in foreign currencies as of the end of the current year and the previous year are as follows:

(Foreign currency unit: USD,JPY, AUD)

Division	Foreign currency assets		Foreign currency liabilities	
	End of the current year	End of the previous year	End of the current year	End of the previous year
USD	36,545,637	16,751,337	63,876,892	12,584,974
JPY	215,467,530	202,655,556	48,886,894	31,657,582
AUD	114,764	49,689	7,825	556
EUR	-	-	4,352,453	-

② When the KRW exchange rate for each foreign currency fluctuates by 10% as of the end of the current year and the previous year, the effect of exchange rate fluctuations on net income and capital before tax expense is as follows:

(Unit: Thousand KRW)

Division	End of the current year		End of the previous year	
	10% increase	10% decrease	10% increase	10% decrease
Net profit increase(decrease)	(3,883,832)	3,883,832	674,311	(674,311)
Increase(decrease) of capital	(3,883,832)	3,883,832	674,311	(674,311)

The above sensitivity analysis is based on monetary assets and liabilities denominated in a foreign currency other than the functional currency as of the end of the reporting period.

B. Interest rate risk

The Company is exposed to cash flow interest rate risk due to borrowings issued at variable interest rate. The Company internally measures interest rate risk based on a 1% change in the interest rate, and the above rate of change reflects executives' assessment of reasonably possible interest rate change risk.

① Floating rate borrowings of the Company as of the end of the current year and the previous year are as follows:

(Unit: Thousand KRW)

Division	End of the current year	End of the previous year
Short-term borrowings	170,603,641	-
Long-term borrowings	133,524,610	115,874,713
Total	304,128,251	115,874,713

② The effect of 1% of change in interest rates on net income and capital before deducting tax expenses in relation to variable interest rate loans and bonds as of the current year and the previous year is as follows:

(Unit: Thousand KRW)

Division	End of the current year		End of the previous year	
	1% increase	1% decrease	1% increase	1% decrease
Net profit increase(decrease)	(3,041,283)	3,041,283	(1,158,747)	1,158,747
Increase(decrease) of capital	(3,041,283)	3,041,283	(1,158,747)	1,158,747

Meanwhile, the Company maintains an appropriate balance between fixed and variable interest rate borrowings to manage interest rate risk.

C. Managing interest rate benchmark reform and associated risks

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform').

As of the end of the current term, the Company's major financial assets and liabilities that were exposed to the IBOR reform are overseas floating rate bonds, and the redemption is scheduled to be completed before the USD LIBOR is discontinued due to maturity on 29 June 2023. Therefore, the Company is not exposed to risks from IBOR reform.

D. Other market price risk

The Company is exposed to price fluctuation risk arising from equity instruments. Equity instruments are held for strategic rather than trading purposes. The Company does not actively trade the investment assets.

2) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company transacts with clients with a certain level or higher as a means of mitigating financial loss caused by default and adopts a policy of receiving sufficient collateral. The Company only transacts with companies with credit ratings that are above the investment grade. Such credit information is provided by an independent credit rating agency. When the information provided by the credit rating agency is not available, the Company uses other financial information and transactions that are officially announced and available to determine credit ratings for major clients. The Company is continuously reviewing credit risk exposure and credit ratings of the Company for the clients, and the total amount of these transactions is evenly distributed among approved clients. Credit risk is controlled by the transaction limits reviewed and approved annually by the risk management committee.

Carrying amounts of financial assets and contract assets as of the end of the current year and the previous year represent the maximum credit exposure.

3) Liquidity risk

In order to manage liquidity risk, the Company establishes short-term and medium-term fund management plans, continuously analyzes and reviews cash outflow budgets and actual cash outflows to respond to the maturity structure of financial liabilities and financial assets.

Separately, in preparation for liquidity risk, the Company secures trade finance and overdraft limits. In addition, liquidity risk is minimized by matching the procurement period through the use of internal reserves or long-term borrowing when investing in large-scale facilities.

The amount of the contract that has not been discounted as repayment plan for each financial liability as of the end of the current year and the previous year is as follows:

(End of the current year)					(Unit: Thousand KRW)
Division	Within 3 months	3months~1year	1year~5years	More than 5years	Total
Trade and other payables	254,057,324	35,394,327	82,995,582	52,278,709	424,725,942
Short-term borrowings	14,939,327	155,664,314	-	-	170,603,641
Short-term bonds	-	100,000,000	-	-	100,000,000
Corporate bonds	-	173,710,00	260,000,000	-	433,710,000
Long-term borrowings	4,130,200	226,373,420	82,073,890	31,839,600	344,417,110
Financial expenses related to borrowings	8,072,690	17,589,464	21,899,278	2,296,766	49,858,198
Total	281,199,541	708,731,525	446,968,750	86,415,075	1,523,314,891

(End of the previous year)					(Unit: Thousand KRW)
Division	Within 3months	3months~1year	1year~5years	More than 5years	Total
Trade and other payables	207,507,864	29,957,114	58,217,901	9,093,019	304,775,898
Corporate bonds	-	100,000,000	404,150,000	-	504,150,000
Long-term borrowings	4,271,591	12,792,262	271,466,310	44,459,800	332,989,963
Financial expenses related to borrowings	5,037,642	14,383,688	30,049,593	2,491,278	51,962,201
Total	216,817,097	157,133,064	763,883,804	56,044,097	1,193,878,062

(5) Transferred financial assets

There are no transferred financial assets that have been transferred but have not been completely derecognized as of the end of the current year and the previous year.

(6) Fair value

1) Details of the breakdown of the fair value of financial instruments that are subsequently measured at fair value by level of the fair value hierarchy in the statement of financial position as of the end of the current year and the previous year as follows:

(End of the current year)

(Unit: Thousand KRW)

Division	Level 1	Level 2	Level 3	Total
Fair value measurement assets				
Derivative assets	-	2,579,148	-	2,579,148
Fair value measurement liabilities				
Derivatives liabilities	-	(11,686)	-	(11,686)
Total	-	2,567,462	-	2,567,462

(End of the previous year)

(Unit: Thousand KRW)

Division	Level 1	Level 2	Level 3	Total
Fair value measurement assets				
Derivative assets	-	366,212	-	366,212
Fair value measurement liabilities				
Derivatives liabilities	-	(880,946)	-	(880,946)
Total	-	(514,734)	-	(514,734)

There is no significant shift between level 1 and level 2 during the current year and previous year.

- 2) The executives judge that the carrying amounts of financial assets and financial liabilities measured at amortized cost in the financial statements are similar to their fair values.
- 3) The following table describes the valuation techniques used in Level 2 and Level 3 fair value measurement, significant but unobservable inputs, and the relationship between unobservable inputs and fair value measurements.

(Unit: Thousand KRW)

Division	Fair value		Levels in affair value hierarchy	Valuation Techniques	Significant unobservable inputs	Inter-relationship between unobservable inputs and fair value measurement periods		
	End of the current year	End of the previous year						
Financial instruments measured at fair value in the statement of financial position								
Currency swap	Assets	1,600,293	Assets	90,263	Level 2	Discounted cash flows Currency swap is evaluated by calculating the difference between the present value of future cash flows received and the present value of future cash flows paid. The discount rate and forward interest rate used to measure the fair value of currency swaps are determined based on applicable yield curves derived from interest rates announced in the market as of the end of the reporting period.. The fair value of currency swaps is measured by discounting the future cash flows of currency swaps estimated based on the forward interest rate derived by the above method at an appropriate discount rate.	Not applicable.	Not applicable.
	Liabilitie s	-	Liabilitie s	(314,047)				
Interest rate swaps	Assets	849,567	Assets		Level 2	Discounted cash flows The discount rate and forward interest rate used to measure the fair value of interest rate swaps are determined based on the applicable yield curve derived from the interest rates announced in the market as of the end of the reporting period. The fair value of interest rate swaps is measured by discounting and offsetting the future cash flows of interest rate swaps estimated based on the forward interest rates derived by the above method at an appropriate discount rate.	Not applicable.	Not applicable.
	Liabilitie s		Liabilitie s	(555,317)				
Currency forwards	Assets	129,288	Assets	115,575	Level 2	Discounted cash flows The discount rate and forward interest rate used to measure the fair value of currency forwards are determined based on the applicable yield curve derived from the interest rates announced in the market as of the end of the reporting period. The fair value of a currency forward is measured by discounting the future cash flows of a currency forward measured based on the forward interest rate derived by the above method at an appropriate discount rate.	Not applicable.	Not applicable.
	Liabilitie s	(5,527)	Liabilitie s	(11,581)				
Futures trading (ship charter fees)	Assets	-	Assets	160,374	Level 2	Discounted cash flows The discount rate and forward interest rate used to measure the fair value of ship charter futures transactions are determined based on the applicable yield curve derived from the interest rates announced in the market as of the end of the reporting period.. The fair value of ship charter futures transactions is measured by discounting the future cash flows of currency forwards estimated based on the forward interest rate derived by the above method at an appropriate discount rate.	Not applicable.	Not applicable.
	Liabilitie s	(6,159)	Liabilitie s					

4) There are no changes in the financial instruments classified as Level 3 during the current year and previous year.

5) The Company recognizes movement between levels when an event or change in circumstances occurs that results in the movement between levels. In addition, there was no change in the valuation technique used to measure the fair value of financial instruments classified as Level 2 and Level 3 fair value measurement during the current year.

6) The fair value of financial assets or financial liabilities, which are subject to subsequent measurement at fair value, cannot be measured reliably as of the end of the current year and the previous year. Details of financial assets and financial liabilities for which fair value information has not been disclosed and related carrying amounts are as follows:

(Unit: Thousand KRW)

Division	Details	End of the current year	End of the previous year
Equity securities	Unlisted shares (*1)	1,216,024	1,216,024

(*1) There is no market price disclosed in the active market and fair value cannot be measured reliably.

(7) Reclassification of financial assets

No financial assets have been reclassified due to changes in purpose or use during the current year.

33. Related party transactions

(1) Current status of the Company and its related parties as of the end of the current year is as follows.

Division	Name of company
The largest shareholder	Han&Co Cement Holdings(L.L.C)
Subsidiaries	Ssangyong Remicon Co., Ltd., Ssangyong Slag & Materials Co., Ltd., Hankook Slag & Materials Co., Ltd., Hankook Logistics Co., Ltd., Ssangyong Logistics Co., Ltd., Daehan Cement Co., Ltd., Daehan Slag Co., Ltd., Green Eco Logics Co., Ltd (*1) Green Ecocycle Co., Ltd. (*2) Green Eco Nexus Co., Ltd., (*4) Green Eco Logics Co., Ltd. (*4)
Associates	Hankook Remicon Co., Ltd., Youngil Remicon Co., Ltd.
Others	Green Eco Gimhae Co., Ltd.(*4), Samho Environment Technolgy Co., Ltd.(*5)

(*1) It was newly established during the current year, and as of 9 July 2021, the name of company was changed from Green Vein Co., Ltd. to Green Eco Solution Co., Ltd.

(*2) It was included in the consolidation scope as the acquisition of shares of Green Eco Cycle Co., Ltd. (100% subsidiary of Green Eco Solution Co., Ltd.) during the current year. The name was changed from KC Eco Logistics Co., Ltd. to Green Eco Cycle Co., Ltd.

(*3) It was newly established during the current year (100% subsidiary of Green Eco Cycle Co., Ltd.).

(*4) It was newly established during the previous year (100% subsidiary of Green Eco-cycle Co., Ltd.) and excluded from related parties when it was merged into Green Eco-cycle Co., Ltd. as of May 31, 2022.

(*5) During the previous year, it was included in the scope of consolidation due to the acquisition of shares by Samho Environmental Technology Co., Ltd. (a 100% subsidiary of Green Eco Solution Co., Ltd.), and as it was merged with Green Eco Nexus Co., Ltd. as of September 30, 2022, it was excluded from related parties.

(2) Details of related party transactions (see separate notes below for fund transactions and equity transactions) during the current year and previous year are as follows:

(Current year)

(Unit: Thousand KRW)

Division	Name of company	Sales	Other sales	Dividend income	Raw material purchase	Other purchases
Subsidiaries	Ssangyong Remicon Co., Ltd.	107,934,939	706,760	10,000,000	2,351,600	69,391
	Ssangyong Slag & Materials Co., Ltd.	28,380,142	123,889	5,000,000	2,140,139	115,000
	Hankook Slag & Materials Co., Ltd.	15,115,906	118,134	7,000,000	1,403,788	-
	Ssangyong Logistics Co., Ltd.	-	132,126	2,000,000	7,246,523	1,630,568
	Hankook Logistics Co., Ltd.	-	4,000	-	-	272,547
	Daehan Cement Co., Ltd. (*1)	46,865,840	186,273	21,000,000	33,383	515,174
	Daehan Slag Co., Ltd. (*2)	3,975,609	509,136	-	6,102,819	-
	Green Eco Solution Co., Ltd.	2,393	252,559	-	-	-
	Green Eco cycle Co., Ltd.	9,842,393	318,844	-	260,253	-
	Green Eco Nexus Co., Ltd.	9,006,078	170,367	-	-	-
	Green Eco Logics Co., Ltd.	-	2,611	-	-	-
Associates	Hankook Remicon Co., Ltd.	3,700,040	-	-	-	-
Others	Green Eco Gimhae Co., Ltd. (*3)	572,096	5,961			
	Samho Environment Technolgy Co., Ltd. (*4)	1,971,801	18,211			
Total		227,367,237	2,548,871	45,000,000	19,538,505	2,602,680

(*1) Sales of KRW 4,305,793 thousand generated by swap transactions with Daehan Cement Co., Ltd. are excluded.

(*2) Sales of KRW 6,207,261 thousand generated by swap transactions with Daehan Slag Co., Ltd. are excluded.

(*3) It is the transaction history until the corporation was extinguished due to the merger with Green Eco-cycle Co., Ltd. on May 31, 2022.

(*4) It is the transaction history until the corporation was extinguished due to the merger with Green Eco Nexus Co., Ltd. on September 30, 2022.

(Previous year)

(Unit: Thousand KRW)

Division	Name of company	Sales	Other sales	Dividend income	Raw material purchase	Other purchases
Subsidiaries	Ssangyong Remicon Co., Ltd.	89,618,883	612,555	-	4,847,848	61,447
	Ssangyong Slag & Materials Co., Ltd.	26,427,180	41,387	1,000,000	2,450,296	115,000
	Hankook Slag & Materials Co., Ltd.	11,978,183	180,419	9,000,000	1,129,230	-
	Ssangyong Logistics Co., Ltd.	-	150,369	12,000,000	7,218,615	2,227,951
	Hankook Logistics Co., Ltd.	-	7,000	-	-	199,333
	Daehan Cement Co., Ltd. (*1)	35,548,576	178,365	20,000,000	619,447	343,746
	Daehan Slag Co., Ltd. (*2)	3,609,358	395,407	-	6,997,404	-
	Green Eco Solution Co., Ltd.	1,240	7,319	-	-	-
	Green Eco cycle Co., Ltd.	3,843,291	1,079	-	-	-
	Green Eco Gimhae Co., Ltd.	214,696	-	-	-	-
	Green Eco Nexus Co., Ltd.	1,379,870	8,696	-	-	-
	Green Eco Logics Co., Ltd.	1,032	-	-	-	-
	Samho Environment Technolgy Co., Ltd.	333,125	-	-	-	-
Associates	Hankook Remicon Co., Ltd.	2,622,067	-	-	-	-
Total		175,577,501	1,582,596	42,000,000	23,262,840	2,947,477

(*1) Sales of KRW 6,359,306 thousand generated by swap transactions with Daehan Cement Co., Ltd. are excluded.

(*2) Sales of KRW 4,642,584 thousand generated by swap transactions with Daehan Slag Co., Ltd. are excluded.

(3) The balance of receivables and liabilities (excluding borrowings and loans) as of the end of the current year and the previous year is as follows:

(End of the current year)

(Unit: Thousand KRW)

Division	Name of company	Receivables		Payables	
		Trade receivables	Other receivables	Trade payables	Other payables
Subsidiaries	Ssangyong Remicon Co., Ltd.	41,770,841	1,840,102	639,640	396,820
	Ssangyong Slag & Materials Co., Ltd.	4,813,140	1,188	202,649	-
	Hankook Slag & Materials Co., Ltd.	1,787,915	296,674	945,504	-
	Ssangyong Logistics Co., Ltd.	-	14,073	1,640,425	538,687
	Hankook Logistics Co., Ltd.	-	-	24,998	-
	Daehan Cement Co., Ltd.	9,056,865	2,565	587,697	-
	Daehan Slag Co., Ltd.	346,050	1,331,972	2,543,545	33,514
	Green Eco Solution Co., Ltd.	-	252,559	-	-
	Green Eco cycle Co., Ltd.	1,823,813	6,476	714,225	-
	Green Eco Nexus Co., Ltd.	608,396	113,149	-	-
Associates	Hankook Remicon Co., Ltd.	1,008,437	-	-	-
Total		61,215,457	3,858,758	7,298,683	696,021

(End of the previous year)

(Unit: Thousand KRW)

Division	Name of company	Receivables		Payables	
		Trade receivables	Other receivables	Trade payables	Other payables
Subsidiaries	Ssangyong Remicon Co., Ltd.	32,885,842	2,014,453	1,909,525	445,000
	Ssangyong Slag & Materials Co., Ltd.	2,448,934	1,094	266,895	-
	Hankook Slag & Materials Co., Ltd.	1,276,615	439,318	542,536	-
	Ssangyong Logistics Co., Ltd.	-	12,443	1,284,704	500,464
	Hankook Logistics Co., Ltd.	-	896	25,440	-
	Daehan Cement Co., Ltd.	3,798,550	2,296	408,657	-
	Daehan Slag Co., Ltd.	333,476	1,616,507	2,674,931	-
	Green Eco cycle Co., Ltd.	858,868	175	-	-
	Green Eco Gimhae Co., Ltd.	24,105	-	-	-
	Green Eco Nexus Co., Ltd.	864,822	-	-	-
	Samho Environment Technolgy Co., Ltd.	213,018	-	-	-
Associates	Hankook Remicon Co., Ltd.	873,123	-	-	-
Total		43,577,353	4,087,182	7,112,688	945,464

(4) Details of rental transactions for related parties during the current year and previous year are as follows:

(Current year)

(Unit: Thousand KRW)

Division	Name of company	Loan transaction			
		Beginning of the year	Loan	Recovery	End of the year
Subsidiaries	Green Eco Solution Co., Ltd.	-	10,000,000		10,000,000
Subsidiaries	Green Eco cycle Co., Ltd.	-	25,200,000	25,200,000	-
Subsidiaries	Green Eco Nexus Co., Ltd.	-	14,900,000	4,900,000	10,000,000
Others	Green Eco Gimhae Co., Ltd.(*1)	-	2,600,000	2,600,000	-
Others	Samho Environment Technolgy Co., Ltd.(*2)	-	2,500,000	2,500,000	-
Total		-	55,200,000	35,200,000	20,000,000

(*1) It is the transaction history until the corporation was extinguished due to the merger with Green Eco Cycle Co., Ltd. on May 31, 2022.

(*2) It is the transaction history until the corporation was extinguished due to the merger with Green Eco Nexus Co., Ltd. on September 30, 2022.

(Previous year)

(Unit: Thousand KRW)

Division	Name of company	Loan transaction				Cash invested
		Beginning of the year	Loan	Recovery	End of the year	
Subsidiaries	Green Eco Solution Co., Ltd.	-	6,000,000	6,000,000	-	95,000,000
Subsidiaries	Green Eco Nexus Co., Ltd.	-	3,000,000	3,000,000	-	-
Total		-	9,000,000	9,000,000	-	95,000,000

(5) As of the end of the current year, there are no details of payment guarantees provided by the Company to related parties.

(6) As of the end of the current year, there are no details of payment guarantees provided by the Company from related parties.

(7) The main management of the Company is a registered executive who has important authority and responsibility for the planning · operation · control of the Company's corporate activities. Details of compensation for the management during the current year and previous year are as follows:

(Unit: Thousand KRW)

Division	Current year	Previous year
Benefits	1,744,910	2,516,149
Retirement benefits	150,987	124,667
Share-based compensation	594,867	893,525
Total	2,490,764	3,534,341

(8) Details of collateral provided by related parties as of the end of the current year are as follows:

(Unit: Thousand KRW)

Company that provided	Financial institute	Collateral assets	Maximum amount of receivables
Ssangyong Remicon Co., Ltd. (*1)	KB Kookmin Bank and others	Buildings and others	156,494,200

(*1) As of the end of the current year, the Company and Ssangyong Remicon Co., Ltd. are jointly responsible for repayment of the Company's liabilities that occurred prior to the division.

(9) As of the end of the current year, there are no collateral detail provided to related parties.

34. Cash flow statement

(1) Cash on the cash flow statement is the same as the cash and cash equivalents on the statement of financial position.

(2) Details of income and expenses without cash flow during the current year and previous year are as follows:

(Unit: Thousand KRW)

Division	Current Year	Previous Year
Retirement benefits	20,028,721	16,816,178
Share compensation	760,877	1,142,881
Welfare benefits	22,380	672,236
Depreciation cost	221,193,775	190,587,611
Amortization of intangible assets	2,259,782	2,306,630
Impairment loss on investment in associates	85,054	-
Impairment loss on investment shares in subsidiaries	-	25,419,525
Reversal of impairment loss on equity investments in subsidiaries	(19,488,871)	-
Loss on disposal of property, plant, and equipment	8,108,491	152,192
Gains on disposal of property, plant, and equipment	(21,274,709)	(1,249,898)
Impairment loss on property, plant, and equipment	-	477,101
Loss on disposal of intangible assets	22,720	-
Loss on disposal of investment property	(137,134)	-
Loss on disposal of Right-Of-Use (ROU) assets	317	-
Gains on disposal of right-of-use assets	(730)	(1,091)
Bad debt expenses	(495,531)	631,364
Other bad debt expenses	5,838	167,399
Reversal of other bad debt expenses	(138,523)	(4,331)
Loss on disposal of trade receivables	2,186	-
Loss on disposal of government bonds	23,441	10,552
Interest expenses	28,416,471	20,801,793
Interest income	(1,458,241)	(875,825)
Dividend income	(45,566,273)	(42,842,345)
Derivatives valuation loss	5,527	2,633,323
Derivatives valuation profit	(1,762,613)	(2,288,123)
Derivatives trading loss	1,323,836	6,651,963
Derivatives trading profit	(3,123,319)	(960,200)
Foreign currency translation loss	3,027,129	3,085,742
Foreign currency translation profit	(3,881,741)	(71,630)
Miscellaneous loss	18,606	3,245
Miscellaneous profit	(279,578)	(2,155,497)
Tax expenses(revenue)	25,308,072	(3,108,141)
Total	213,005,960	218,002,654

(3) Changes in assets and liabilities due to business activities during the current year and previous year are as follows:

(Unit: Thousand KRW)

Division	Current year	Previous year
Decrease(Increase) of trade receivables	(93,290,714)	(536,830)
Decrease(Increase) of account receivables	1,087,096	(7,314,984)
Decrease(Increase) of prepayment	(724,780)	1,285,103
Decrease(Increase) of prepaid expenses	4,987,816	(7,822,475)
Decrease(Increase) of derivative assets	1,735,281	48,189,736
Decrease(Increase) of other property, plant, and equipment liabilities	201,365	1,162,208
Recovery of lease receivables	961,859	1,539,551
Decrease(Increase) of inventory assets	(121,910,616)	(111,083,392)
Increase(Decrease) of trade payables	39,665,658	8,274,862
Increase(Decrease) of account payables	(8,699,879)	13,071,857
Increase(Decrease) of unpaid expenses	(1,130,999)	(328,285)
Increase(Decrease) of deposit received	3,632,010	(6,191,131)
Increase(Decrease) of deposits	(4,392,640)	(6,697,728)
Increase(Decrease) of Advances received	1,484,708	(770,136)
Increase(Decrease) of prepaid income	(17,064,178)	(2,371,601)
Increase(Decrease) of provision liabilities	28,162,089	(2,246,598)
Increase(Decrease) of other property, plant, and equipment liabilities	(1,721,319)	341,162
Increase(Decrease) of long-term unpaid expenses	-	(145,974)
Increase(Decrease) of lease deposits	(883,533)	34,370
Increase(Decrease) of long term deposits	(53,120)	337,120
Increase(Decrease) of long-term unearned revenue	-	(23,079)
Payment of retirement benefits	(12,692,132)	(20,889,027)
Total	(180,646,028)	(92,185,271)

(4) Major non-cash transactions that are not included in the statement of cash flows during the current year and previous year are as follows:

(Unit: Thousand KRW)

Division	Current Year	Previous Year
Liquidity replacement of long-term borrowings	230,503,620	17,063,853
Liquidity replacement of bonds	173,511,694	99,932,493
Main account transfer of assets under construction	191,948,497	151,705,633
Replacement of account payables as property, plant, and equipment	2,924,695	64,072,146
Replacement of payment of retirement benefits as account payables	2,482,891	784,779
Replacement of capital reserve as retained earnings	-	460,000,000
Increase in right-of-use assets and lease liabilities	173,867,003	95,380,958

(5) Reconciliation of liabilities arising from financing activities during the current year and previous year is as follows.

(Current year)

(Unit: Thousand KRW)

Division	Beginning of the year	Cash flow	Non-cash changes				End of the year
			Exchange rate fluctuations	Liquidity replacement	Interest expenses depreciation	Others	
Short-term borrowings	-	172,520,671	(1,917,030)	-	-	-	170,603,641
Short-term bonds	-	99,606,260	-	-	79,723	-	99,685,983
Current long-term borrowings	17,063,853	(17,063,853)	-	230,503,620	-	-	230,503,620
Current bonds	99,946,444	(100,000,000)	1,633,324	173,511,694	123,197	-	175,214,659
Long-term borrowings	315,926,110	28,491,000	-	(230,503,620)	-	-	113,913,490
Corporate bonds	402,951,450	29,741,224	-	(173,511,694)	264,104	-	259,445,084
Lease liabilities	100,680,400	(96,661,696)	-	-	3,634,919	173,885,531	181,539,154
Total	936,568,257	116,633,606	(283,706)	-	4,101,943	173,885,531	1,230,905,631

(Previous year)

(Unit: Thousand KRW)

Division	Beginning of the year	Cash flow	Non-cash changes				End of the year
			Exchange rate fluctuations	Liquidity replacement	Interest expenses depreciation	Others	
Current long-term borrowings	38,033,845	(38,033,844)	-	17,063,853	-	-	17,063,854
Current bonds	-	-	-	99,932,493	13,951	-	99,946,444
Long-term borrowings	294,358,962	38,631,000	-	(17,063,853)	-	-	315,926,109
Corporate bonds	370,956,356	129,687,172	1,940,453	(99,932,493)	299,962	-	402,951,450
Lease liabilities	86,495,805	(83,370,622)	-	-	2,322,459	95,232,758	100,680,400
Total	789,844,968	46,913,706	1,940,453	-	2,636,372	95,232,758	936,568,257

35. Greenhouse gas emissions liabilities

(1) Greenhouse gas emissions certificate

1) Greenhouse gas emissions certificate held for the purpose of performance of obligation

① The quantity of free quota emissions certificate for the third planning period (2021~2025) is as follows:

(Unit: ton (tCO₂-eq))

Division	For 2021	For 2022	For 2023	For 2024	For 2025	Total
Free allocation emissions certificate	10,678,954	10,678,954	10,678,954	10,578,938	10,578,938	53,194,738

② Details of emissions certificate and carrying amount during the current year and previous year are as follows:

(Current year)

(Unit: ton (tCO₂-eq)) (Unit: Thousand KRW)

Division	For 2020		For 2021	
	Quantity	Carrying amount	Quantity	Carrying amount
Basic and free allocation	10,678,954	-	10,678,954	-
Cancellation of allocation and additional allocation	783,961	-	-	-
Swap	525,000	28,512,500	(1,375,000)	-
Disposal	(792,115)	-	(970,000)	-
Government submission	(10,609,944)	(161,142)	-	-
Carried forward	(585,856)	(28,351,358)	1,371,037	28,430,322
End of the year	-	-	9,704,991	28,430,322

(Previous year)

(Unit: ton(tCO₂-eq)) (Unit: Thousand KRW)

Division	For 2020		For 2021	
	Quantity	Carrying amount	Quantity	Carrying amount
Basic and free allocation	11,384,430	-	10,678,954	-
Cancellation of allocation and additional allocation	(8,573)	-	-	-
Swap	850,000	1,889,488	(850,000)	-
Disposal	(1,600,000)	-	(792,115)	-
Government submission	(9,869,202)	(1,810,524)	-	-
Carried forward	(756,655)	(78,964)	785,181	78,964
End of the year	-	-	9,822,020	78,964

③ There are no emissions certificates provided as collateral as of the end of the current year.

2) Greenhouse gas emissions certificate held for short-term trading gains

There are no emissions certificates held for short-term trading gains as of the end of the current year and the previous year.

(2) Emissions liabilities

① The estimated greenhouse gas emission for the current implementation year is 10,669,246 tons (tCO₂-eq).

② Details of the increase or decrease in emission liabilities during the current year and previous year are as follows:

(Unit: Thousand KRW)

Division	Current year	Previous year
Beginning of the year	167,111	-
Transfer(*1,2)	28,271,606	2,056,599
Reversal(*1)	(167,111)	(1,889,488)
End of the year	28,271,606	167,111

(*1) Transfers and reversals include reductions due to government submission of KAU20.. For the shortfall in greenhouse gas emissions for the current implementation year, provision was established based on the 'Act on Allocation and Transaction of Greenhouse Gas Emission Permits'.

(*2) Due to the difference between the calculation method of carbon dioxide conversion based on the 4th planned year and the calculation method of the current emission standard, the emission liability was set excluding KRW 21,462 thousand.

36. Contingent Liabilities and Agreements

(1) Pending litigation

As of the end of the current year, there is a pending litigation case against the Company. However, the Company judged that there are no current obligations arising from the litigation case. Hence, the pending litigation has not been recognized as provision.

The Company would respond appropriately to minimize the damage resulting from the lawsuit.

(2) Details of payment guarantees provided by others

As of 31 December 2022, the Company is provided with three guarantees; a) KRW 304,943 million from Seoul Guarantee Insurance Co., Ltd. in relation to contract guarantees, etc. b) USD 20,000,000 from KB Kookmin Bank in relation to FRN (Floating Rate Note); c) KRW 265,116 million from the Korea Mine Rehabilitation and mineral Resources Corporation in relation to the guarantee for the performance of forest restoration obligations.

(3) As at the end of the current period, there are no details of payment guarantees provided by the Company for others.

(4) Key agreements

1) As at the of the current period of the agreement with the financial institution, the details of the financing arrangements the Company is contracting are as follows.

(FKRW unit: KRW thousand, Foreign currency unit: USD)

Division	Financial institutions	Limited amount	Used amount
Overdrafts	KB Kookmin Bank, etc.	34,000,000	6,964,033
Commercial bill discount	KB Kookmin Bank, etc.	-	7,975,294
Trade finance	Korea Development Bank, etc.	USD 67,600,000	USD 20,251,164
General loans	Korea Development Bank, etc.	589,595,110	474,417,110

2) Sales related agreements

The Company has signed a cement supply contract with Jeongseon Remicon Co., Ltd. and others. In addition, The Company has concluded subcontracts related to cement transportation and packaging with Kyungdong Freight Vehicle Co., Ltd. and others. The Company has obtained permission to use cement piers from the Korea Railroad Corporation and the Maritime and Port Administration, etc. and paid usage fees.

3) Other agreements

The Company recorded KRW 54.4 billion in land acquired from Sampyo Cement Co., Ltd. as a long-term loan in accordance with the contract resale agreement, and 4% interest per year is recorded as long-term receivables and financial income according to the contract details.

Furthermore, in accordance with the mine joint development agreement signed with Sampyo Cement Co., Ltd., the Company accounts for limestone mining rights in the joint mining area and the land to be relocated after 2027 are recorded as other intangible assets and long-term Advances received, respectively.

(5) Collateral assets

Assets that the Company is providing as collateral to financial institutions in relation to long-term and short-term borrowings as of the end of the current year are as follows:

(Unit: Thousand KRW)

Division	Book amount	Maximum amount of receivables	Financial institutions
Land	294,475,885	1,043,014,295	KDB Development Bank Korea Mine Rehabilitation and Mineral Resources Corporation NH Nonghyup Bank KEB Hana Bank KB Kookmin Bank Woori Bank Co., Ltd Shinhan Bank Co., Ltd
Buildings	143,867,601		
Structure	566,588,985		
Machinery and equipment	641,071,435		
Delivery equipment or vehicles	597,574		
Ships	5,633,596		
Mining rights	3,834,304		
Total	1,656,069,380	1,043,014,295	

Regarding forest recovery provisions, a long-term deposit of KRW 18,108,746 thousand is provided to Korea Mine Rehabilitation and Mineral Resources Corporation as a deposit for the performance of forest recovery obligations. (see Note 19).

37. Non-current assets held for sale

(1) Details of non-current assets held for sale as of the end of the current year and the previous year are as follows.

(Unit: Thousand KRW)

Division	End of the current year	End of the previous year
Lands held for sale	-	16,858,415

(2) Details of changes in the carrying amount of non-current assets held for sale during the current year and previous year are as follows.

(Current year)

(Unit: Thousand KRW)

Division	Beginning of the year	Disposal (*1)	End of the year
Lands held for sale	16,858,415	(16,858,415)	-

(*1) The book amount of KRW 16,858,415 thousand at the end of the previous year was Namyangju site, and appraisal was completed on January 27, 2022 by two evaluation corporations selected by the Central Land Acquisition Committee in accordance with the application for expropriation decision, and on May 12, 2022, as a result of the decision of the Central Land Acquisition Committee/Acquisition Reconsideration Review Committee, land compensation of KRW 32,899,147 thousand was received on June 7, 2022, and after that, through an objection resolution, compensation of KRW 546,709 thousand was received on December 26, 2022.

(Previous year)

(Unit: Thousand KRW)

Division	Beginning of the year	Disposal (*1)	End of the year (*2)
Lands held for sale	28,726,896	(11,868,481)	16,858,415

- (*1) Among lands held for sale, the sale of the Mungyeong Plant land was completed on 30 November 2021, four months earlier than the base date of the sale contract (31 March 2022). Hence, gain on the disposal of tangible assets of KRW 631,519 thousand during the current year was recognized.
- (*2) The establishment of a development plan for the Yangjeong Station area of Namyangju City was announced for the Namyangju site with a carrying amount of 16,858,415 thousand at the end of the year on 25 March 2021. As of 1 July 2021, the Company was notified of the compensation amount of KRW 31,186,263 thousand. Still, the Company plans to receive the compensation at the end of April 2022 due to applying for an acquittal on 31 August 2021.

Opinion on Audit or Review of Internal Accounting Management System

The accompanying independent internal accounting management system auditor's report is attached in accordance with the Article 8 (7) of the External Audit Act of SsangYong C&E Co., Ltd. as a result of conducting an audit of the financial statements for the reporting period ending 31 December 2022.

Attachment 1. Independent Auditor's Internal Accounting Management System
Report

2. Internal Accounting Management System Operation Status Report

Independent Auditor's Internal Accounting Management System Report

SsangYong C&E Co., Ltd.

Dear Shareholders and Board of Directors

21 March 2023

Audit Opinion on Internal Accounting Management System

We have audited the internal accounting management system of SsangYong C&E Co., Ltd. (hereinafter "Company") based on 「Internal Accounting Management System Design and Operation Conceptual System」 as of 31 December 2022.

In our opinion, as of December 31, 2022, the Company's internal accounting management system is effectively designed and operated from the point of view of materiality in accordance with the 「Internal Accounting Management System Design and Operation Conceptual System」.

In accordance with Korea's accounting audit standards, we audited the Company's statement of financial position as of December 31, 2022 and December 31, 2021, the statement of income, statement of comprehensive income and statement of change in equity for both reporting periods ending on the same date, audited the notes to the financial statements, including the cash flow statement and summary of significant accounting policies, and we expressed an unqualified opinion in the audit report dated March 21, 2023.

Basis for Audit Opinion on Internal Accounting Management System

We conducted our audit in accordance with Accounting Standards on Auditing in Republic of Korea. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the corporation in accordance with the ethical requirements of the Republic of Korea related to the audit of financial statements, 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 the Internal Accounting Management System

Management is responsible for designing, implementing, and maintaining an effective internal accounting management system, and is responsible for evaluating the effectiveness of the internal accounting management system included in the internal accounting management system operation status report.

Governance is responsible for monitoring the Company's internal accounting management system.

Auditor's Responsibilities for the Audit of the Internal Accounting Management System

Our responsibility is to express an opinion on the Company's internal accounting management system based on our audit. We conducted our audits in accordance with the Auditing Standards of the Republic of Korea. These standards require that we plan and conduct the audit to obtain reasonable assurance about whether the internal accounting management system is being effectively maintained in terms of materiality.

The internal accounting control system audit involves conducting procedures to obtain audit evidence that material vulnerabilities exist.

The choice of procedure depends on the auditor's judgment, including a risk assessment of the presence of a critical vulnerability.

An audit includes obtaining an understanding of the internal accounting control system and testing and evaluating the design and operation of the internal accounting management system based on assessed risks.

Definition and Inherent Limits of Internal Accounting Management System

The internal accounting management system of the Company is implemented by the governance, management, and other employees, and is a process designed to provide reasonable assurance in the preparation of reliable financial statements in accordance with the Korean International Financial Reporting Standards.

The internal accounting management system of the Company include those three inherent limits; (1) to maintain records that accurately and fairly reflect transactions and disposal of company assets at a reasonable level (2) to provide reasonable assurance that transactions are recorded so that financial statements are prepared in accordance with Korean International Accounting Standards, and that the Company's income and expenses are generated only with the approval of the Company's management and the board of directors (3) to include policies and procedures that provide reasonable assurance in timely prevention and detection of improper acquisition, use and disposal of Company assets that may have a significant impact on the financial statements.

The internal accounting management system may not be able to detect or prevent important misstatement of the financial statements due to the inherent limitations of the internal accounting management system. In addition, when estimating the contents of the future period for the effectiveness evaluation, the internal accounting management system may become inappropriate due to changes in circumstances or non-compliance with procedures or policies, and the evaluation and estimation for the future period may be at risk of changing the future period and estimation.

The engagement partner on the audit resulting in this independent auditors' internal accounting management system report is Kyung Seok Lee.

152 Teheran-ro, Gangnam-gu, Seoul (Yeoksam-dong, Gangnam Finance Center 27th floor), Republic of Korea

Samjong Accounting Co., Ltd. Representative **Kyo Tae Kim**

This audit report is valid as of the audit report date (21 March 2023). Accordingly, events or situations that may have a significant impact on the Company's internal accounting management system may occur between the days after which the audit report is accessed. This may lead to amendments to this audit report.

External Audit Report

According to 「Act on External Audit of Corporation」 Article 18 Clause 3, external audit report is executed and attached.

1. Audit Target

Company name	FLOTRON CORPORATION LTD.				
Business years of audit target	From	January 1 st , 2022	To	December 31 st , 2022	

2. Audit Participants Headcount and Time

Audit attendees No. and time		Quality management reviewer (Psychology, etc.)		Audit work accountant						System audit Taxation Value evaluation Specialist		Experts of winning contracts of construction contracts, etc.		Total	
				Manager (Manager in charge of duty)		Registered CPA		CPA under probation							
		Current term	Previous term	Current term	Previous term	Current term	Previous term	Current term	Previous term	Current term	Previous term	Current term	Previous term	Current term	Previous term
Input headcount		5	5	1	1	9	8	4	4	16	16	-	-	35	34
Input time	Quarterly Half yearly review	11	11	147	138	1,154	1,124	500	383	18	-	-	-	1,830	1,656
	Audit	99	75	151	173	2,858	2,995	1,518	1,409	239	698	-	-	4,865	5,350
	Total	110	86	298	311	4,012	4,119	2,018	1,792	257	698	-	-	6,695	7,006

3. Major Audit Contents

Classification	Contents									
Overall audit plan (Audit process stages)	Execution period	2022.07.04						1	Days	
	Main contents	Identification of significant audit risk factors and establishment of mid-term and end-of-year audit plans								
Field audit main contents	Execution period				Inputted workforce			The performance content of major audit task		
					Settled		Unsettled			
	2022.06.27~2022.07.01		5	days	7	Person	2	Person	Internal accounting management system design evaluation	
	2022.07.04~2022.07.08		5	days	7	Person	2	Person	Internal accounting management system design evaluation	
	2022.08.16~2022.08.26		9	days	7	Person	2	Person	Internal accounting management system operation evaluation	
	2022.12.19~2022.12.22		3	days	1	Person	2	Person	Computer audit	
	2022.12.12~2022.12.22		9	days	8	Person	2	Person	Interim audit	
	2023.02.15~2023.02.28		10	days	8	Person	2	Person	Audit of separate and consolidated financial statements, Internal accounting management system audit, Tax evaluation, accounting evaluation, value assessment	
Inventory asset	Conduction (session)		2022.12.27~2022.12.29					3	Days	

conduction (session)	period					
	Conduction (session) location	Donghae Plant, Yeongwol Plant, and Bukpyeong Plant				
	Conduction (session) target	Inventory assets held by the company, such as products, semi-finished products, raw materials, and stored goods				
Financial asset conduction (session)	Conduction (session) period	2022.12.28, 2023.01.02		3	day	
	Conduction (session) location	Donghae Plant, Yeongwol Plant, Company Headquarter				
	Conduction (session) target	Confirmation of securities held by the company, such as cash and membership				
External inquiry	Financial transaction inquiry	O	Claim-obligation inquiry	O	Lawyer inquiry	X
	Other inquiry	-				
Communication with dominating organization	No. of communication	1	times			
	Performance period	2022.05.11, 2022.08.05, 2022.11.10, 2023.03.15				
Utilization of external specialist	Content for the utilization of audit	-				
	Performance time	-			-	day

4. Communication with the Auditor (Audit Committee)

Classific ation	Date	Participant	Method	Content of major discussion
1	May 11, 2022	3 members of Samjong Accounting Corporation and the Company's audit committee	Written meeting	Purpose of auditing financial statements, responsibility of management, responsibility of auditors, significant risks, maintenance of independence, audit plan, etc.
2	August 5, 2022	3 members of Samjong Accounting Corporation and the Company's audit committee	Written meeting	Purpose of auditing financial statements, responsibility of management, responsibility of auditor, significant risks, maintenance of independence, audit plan, key audit matters, etc.
3	November 10, 2022	3 members of Samjong Accounting Corporation and the Company's audit committee	Written meeting	Purpose of auditing financial statements, responsibility of management, responsibility of auditor, significant risks, maintenance of independence, audit plan, key audit matters, etc.
4	March 15, 2023	3 members of Samjong Accounting Corporation and the Company's audit committee	Written meeting	Purpose of auditing financial statements, responsibility of management, responsibility of auditor, significant risks, maintenance of independence, audit plan, key audit matters, etc.