

SsangYong C&E Co., Ltd.

**Audit's Report**  
on Financial Statements

The 61<sup>th</sup>

From 1 January 2022

To 31 December 2022

The 60<sup>th</sup>

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

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.

## (Attachment) Financial Statements

### SsangYong C&E Co., Ltd.

The 61<sup>th</sup>

From 1 January 2022

To 31 December 2022

The 60<sup>th</sup>

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

SsangYong C&E Co., Ltd.

(Unit: KRW)

| Account                                   | NOTE           | Current Year             | Previous Year            |
|---|----------------|--------------------------|--------------------------|
| <b>ASSETS</b>                             |                |                          |                          |
| 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            |
| <b>Total assets</b>                       |                | <b>3,324,252,823,811</b> | <b>3,042,617,621,433</b> |
| <b>Liabilities</b>                        |                |                          |                          |
| 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 61<sup>th</sup> (Current Year) From 1 January 2022 to 31 December 2022  
The 60<sup>th</sup> (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 61<sup>th</sup> (Current Year) From 1 January 2022 to 31 December 2022

The 60<sup>th</sup> (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 61<sup>th</sup> (Current Year) From 1 January 2022 to 31 December 2022

The 60<sup>th</sup> (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<br>(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   |
| <b>Other comprehensive income:</b>  |                |                   |                    |   |                   |                   |
| 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)   |
| <b>Transactions with owners reflected directly in equity:</b>                           |                |                   |                    |   |                   |                   |
| 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   |
| <b>Other comprehensive income:</b>  |                |                   |                    |   |                   |                   |
| 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       |
| <b>Transactions with owners reflected directly in equity:</b>                           |                |                   |                    |   |                   |                   |
| 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 61<sup>th</sup> (Current Year) From 1 January 2022 to 31 December 2022

The 60<sup>th</sup> (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 61<sup>th</sup> (Current Year) From 1 January 2022 to 31 December 2022

The 60<sup>th</sup> (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 highly 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 of 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<br>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<br>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<br>(*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:

(Unit: Thousand KRW)

| 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 comprehensive income | Total comprehensive income |
|---------------|--------------------------------------|----------------|--------------------|---------------------|-------------------------|-------------|--------------------------|----------------------------|----------------------------|
| Subsidiaries  | 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<br>Short-term borrowings in KRW | Variable rate department<br>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"> <li>— 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.</li> <li>— 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&amp;E and its affiliates are also considered to be in the company.</li> </ul> |

(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-<br>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                          | -               | 173,710,000   | 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<br><br>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.<br>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. |
|   | Liabilities             | -                        | Liabilities                      | (314,047)            |                                 |  |                 |                 |
| Interest rate swaps   | Assets                  | 849,567                  | Assets                           |                      | Level 2                         | Discounted cash flows<br><br>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. |
|   | Liabilities             |                          | Liabilities                      | (555,317)            |                                 |  |                 |                 |
| Currency forwards   | Assets                  | 129,288                  | Assets                           | 115,575              | Level 2                         | Discounted cash flows<br><br>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. |
|   | Liabilities             | (5,527)                  | Liabilities                      | (11,581)             |                                 |  |                 |                 |
| Futures trading (ship charter fees)   | Assets                  | -                        | Assets                           | 160,374              | Level 2                         | Discounted cash flows<br><br>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. |
|   | Liabilities             | (6,159)                  | Liabilities                      |                      |                                 |  |                 |                 |

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.,<br>Green Eco Logics Co., Ltd (*1) Green Ecocycle Co., Ltd. (*2)<br>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 Technology 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 (tCO<sub>2</sub>-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 (tCO<sub>2</sub>-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(tCO<sub>2</sub>-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 (tCO<sub>2</sub>-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<br>Korea Mine Rehabilitation and Mineral Resources Corporation<br>NH Nonghyup Bank<br>KEB Hana Bank<br>KB Kookmin Bank<br>Woori Bank Co., Ltd<br>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 |                               |   |

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 <sup>st</sup> , 2022 | To | December 31 <sup>st</sup> , 2022 |  |

### 2. Audit Participants Headcount and Time

| Audit attendees<br>\<br>No. and time |                                 | Quality management reviewer<br>(Psychology, etc.) |    | Audit work accountant                        |                  |                   |                  |                           |                  | System audit<br>Taxation<br>Value<br>evaluation<br>Specialist |     | Experts of<br>winning<br>contracts of<br>construction<br>contracts, etc. |   | Total |       |
|--------------------------------------|---------------------------------|---|----|--|------------------|-------------------|------------------|---------------------------|------------------|---|-----|--|---|-------|-------|
|                                      |                                 |   |    | Manager<br>(Manager in<br>charge of<br>duty) |                  | Registered<br>CPA |                  | CPA<br>under<br>probation |                  |   |     |  |   |       |       |
|                                      |                                 |   |    | Current<br>term                              | Previous<br>term | Current<br>term   | Previous<br>term | Current<br>term           | Previous<br>term |   |     |  |   |       |       |
| Input headcount                      |                                 | 5   | 5  | 1  | 1                | 9                 | 8                | 4                         | 4                | 16  | 16  | -  | - | 35    | 34    |
| Input<br>time                        | Quarterly Half<br>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<br>(Audit process<br>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<br>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,<br>Internal accounting management system audit,<br>Tax evaluation, accounting evaluation,<br>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)

| Classification | 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. |