

SsangYong C&E Co., Ltd and its subsidiaries

Audit's Report

On Consolidated Financial Statements

The 61th

From 1 January 2022

To 31 December 2022

The 60th

From 1 January 2021

To 31 December 2021

Samjong Accounting Co., Ltd.

Independent Auditor's Report

SsangYong C&E Co., Ltd.

Dear Shareholders and Board of Directors

21 March 2023

Opinion

We have audited the accompanying consolidated financial statements of SsangYong C&E Co., Ltd and its subsidiaries (hereinafter "Group"). These consolidated financial statements comprise the consolidated statements of financial position as at 31 December 2022 and 31 December 2021 and the notes to the consolidated financial statements, including the consolidated statements of income, the consolidated statements of comprehensive income, the consolidated statements of changes in equity, the consolidated 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 consolidated financial statements for both reporting periods ended as at 31 December 2022 and 31 December 2021 give a true and fair view of the consolidated financial position of the Corporation, the consolidated financial results, and the consolidated cash flows in accordance with the Korean International Financial Reporting Standards.

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 consolidated 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 consolidated 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.

- Impairment of goodwill

Goodwill constitutes a significant portion of the consideration paid to purchase a subsidiary. Its value is included in the operating results of the Group. Still, it is exposed to risks such as industrial volatility and economic cycles.

Evaluation of potential impairment of goodwill is subject to inherent uncertainties and may involve management's bias, and significant judgment and estimation are required to predict future performance and determine the discount rate to be applied. Hence, assessment of impairment of goodwill was 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 goodwill
- Evaluating the qualifications of external experts hired by the company to evaluate the use value of goodwill
- Determining adequacy of assumptions applied to cash flow from operating activities and discount rate for cash-generating units for which goodwill evaluation has been performed
- 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 evaluation on cash-generating units among goodwill
- Confirming that the amount of impairment loss is correctly distributed and recorded

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements of the Group 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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

Samjong Accounting Co., Ltd.

Representative **Kyo Tae Kim**

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

SsangYong C&E Co., Ltd and its subsidiaries

The 61th

From 1 January 2022

To 31 December 2022

The 60th

From 1 January 2021

To 31 December 2021

"The attached consolidated financial statements have been prepared by the Company."

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

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Consolidated Statement of Financial Position

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

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

SsangYong C&E Co., Ltd and its subsidiaries

(Unit: KRW)

Account	NOTE	Current Year	Previous Year
Assets			
Current		769,745,188,939	629,235,958,114
Cash and cash equivalents	32	4,851,579,833	108,182,651,383
Short-term financial assets	5,17,32	12,557,148,392	357,138,622
Trade receivables	6,32,33	416,696,633,633	313,291,955,505
Other receivables	2,6,12,32,33	17,904,750,831	20,717,426,841
Inventories	8	278,306,078,889	152,511,117,514
Other current assets	15	39,340,671,539	17,283,099,653
Corporate tax assets of current term		88,325,822	34,153,950
Assets held for sale	37	-	16,858,414,646
Noncurrent assets		3,104,600,877,304	2,935,528,963,023
Long-term financial assets	5,7,17,32,36	3,525,911,942	3,199,451,444
Associates and joint venture investment	10,33	1,435,579,565	1,353,562,331
Long-term trade receivables	6,32,33	447,293,636	787,534,612
Long-term other receivables	6,12,32,33,36	34,926,204,024	35,208,123,565
Tangible assets	4,11,36	2,447,653,688,602	2,357,118,825,408
Licensed assets	2,4,12	199,324,822,748	119,553,170,402
Investment property	4,13,36	10,816,228,353	12,026,358,292
Intangible assets	4,14,36	358,117,054,730	365,518,866,247
Deferred tax assets	29	35,202,124,465	37,058,056,962
Other non-current assets	15	13,151,969,239	3,705,013,760
Total assets		3,874,346,066,243	3,564,764,921,137
Liabilities			
Current liabilities		1,267,467,409,367	665,160,630,736
Trade payables	16,32,33	165,401,184,466	119,587,151,646
Other payables	2,12,16,17,32,33	191,432,711,394	198,452,287,224
Short-term borrowings	18,32,36	231,941,453,551	32,221,080,761
Short-term bonds	18,32,36	99,685,982,889	-
Current long-term liabilities	18,32,36	477,354,752,933	261,106,483,584
Tax liabilities for the period		42,706,177,058	36,140,751,412

Account	NOTE	Current Year	Previous Year
Current provisions	20,35,36	29,688,753,165	5,272,421,477
Other current liabilities	21	29,256,393,911	12,380,454,632
Non-current liabilities		1,013,737,710,019	1,244,134,185,689
Debentures	18,32,36	347,014,273,771	442,867,779,014
Long-term borrowings	18,32,36	293,824,715,689	450,195,710,000
Long-term other payables	12,16,17,32,33	128,845,882,005	77,351,893,228
Net defined benefit liabilities	19	184,798,771,844	217,311,145,336
Non-current provisions	20,36	31,853,590,271	28,386,017,044
Deferred tax liabilities	29	18,498,736,499	20,051,643,482
Other non-current liabilities	21,36	8,901,739,940	7,969,997,585
Total Liabilities		2,281,205,119,386	1,909,294,816,425
Capital			
Attributable capital to the owners of the Controlling corporation		1,593,140,946,857	1,655,470,104,712
Capital	1,22	50,385,959,500	50,385,959,500
Retained capital	24	25,997,357,790	25,997,357,790
Capital adjustment	23,24	(65,684,904,449)	(66,445,781,222)
Accumulated other comprehensive income	24	(3,409,788,237)	(3,411,267,441)
Retained earnings	24	1,585,852,322,253	1,648,943,836,085
Non-controlling interests		-	-
Total equity		1,593,140,946,857	1,655,470,104,712
Total liabilities and equity		3,874,346,066,243	3,564,764,921,137

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

Consolidated Statement Income

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

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

SsangYong C&E Co., Ltd and its subsidiaries

(Unit: KRW)

Account	NOTE	Current Year	Previous Year
Revenue	4,25,33	1,965,042,623,424	1,661,398,330,069
Cost of sales	25,30,33	1,554,625,093,667	1,236,980,372,897
Gross profit		410,417,529,757	424,417,957,172
Selling and administrative expenses	26,30	189,546,194,022	175,685,897,787
Operating profit		220,871,335,735	248,732,059,385
Finance income	27,32	1,511,087,706	1,801,528,503
Finance expenses	27,32	43,238,280,380	30,917,399,261
Other income	28,32	43,580,084,833	39,297,024,913
Other expenses	28,32	51,713,616,507	67,982,430,299
Investment profit (loss) in associates	10	167,070,749	45,503,142
Net profit before deducting tax		171,177,682,136	190,976,286,383
Tax expenses	29	43,397,559,428	5,019,130,290
Net profit for the period	4	127,780,122,708	185,957,156,093
Attributable to net income for the period			
Percentage ownership of the Controlling corporation		127,780,122,708	185,957,156,093
Non-controlling interests		-	-
Earnings per share	31		
Basic earnings per share to owners of the Controlling corporation		254	370
Diluted earnings per share to owners of the Controlling corporation		254	370

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

Consolidated Statement of Comprehensive Income

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

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

SsangYong C&E Co., Ltd and its subsidiaries

(Unit: KRW)

Account	NOTE	Current Year	Previous Year
Net profit for the period		127,780,122,708	185,957,156,093
Other comprehensive income for the period		30,051,117,025	(169,935,589)
Items not subsequently reclassified to profit or loss		29,556,881,507	3,565,602,057
Re-measurement factors for defined benefit plans	19	30,076,500,971	2,579,424,153
Other comprehensive income - profit after tax on equity instruments measured at fair value		(519,619,464)	986,177,904
Items that may be subsequently reclassified to profit or loss		494,235,518	(3,735,537,646)
Cash flow hedges derivative valuation loss	17	494,235,518	(3,735,537,646)
Total comprehensive income for the period		157,831,239,733	185,787,220,504
Total comprehensive income attributable to:			
Percentage ownership of the Controlling corporation		157,831,239,733	185,787,220,504
Non-controlling interests		-	-

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

Consolidated Statement of Changes in Equity

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

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

SsangYong C&E Co., Ltd and its subsidiaries

(Unit: KRW)

Account	Attributable capital to the owners of the Controlling corporation						Non-controlling interests	Total equity
	Capital	Capital surplus	Capital adjustment	Other comprehensive income accumulated amount	Retained earnings	Sub total		
1 January 2021 (Beginning of the previous year)	50,385,959,500	486,135,116,482	(67,588,661,972)	(855,966,907)	1,221,605,309,247	1,689,681,756,350	-	1,689,681,756,350
Net profit for the period	-	-	-	-	185,957,156,093	185,957,156,093	-	185,957,156,093
Other comprehensive income:								
Re-measurement factors for defined benefit plans	-	-	-	-	2,579,424,153	2,579,424,153	-	2,579,424,153
Other comprehensive income after-tax gains on equity instruments measured at fair value	-	-	-	1,180,237,112	(194,059,208)	986,177,904	-	986,177,904
Loss on valuation of cash flow hedging derivatives	-	-	-	(3,735,537,646)	-	(3,735,537,646)	-	(3,735,537,646)
Transactions with owners reflected directly in equity:								
Capital reserve transfer	-	(460,000,000,000)	-	-	460,000,000,000	-	-	-
Annual dividends	-	-	-	-	(55,250,998,550)	(55,250,998,550)	-	(55,250,998,550)
Interim dividends	-	-	-	-	(165,752,995,650)	(165,752,995,650)	-	(165,752,995,650)
Disposal of treasury shares	-	(137,758,692)	-	-	-	(137,758,692)	-	(137,758,692)
Stock option	-	-	1,142,880,750	-	-	1,142,880,750	-	1,142,880,750
31 December 2021(End of the previous year)	50,385,959,500	25,997,357,790	(66,445,781,222)	(3,411,267,441)	1,648,943,836,085	1,655,470,104,712	-	1,655,470,104,712
1 January 2022(Beginning of the year)	50,385,959,500	25,997,357,790	(66,445,781,222)	(3,411,267,441)	1,648,943,836,085	1,655,470,104,712	-	1,655,470,104,712
Net profit for the period	-	-	-	-	127,780,122,708	127,780,122,708	-	127,780,122,708
Other comprehensive income:								
Re-measurement factors for defined benefit plans	-	-	-	-	30,076,500,971	30,076,500,971	-	30,076,500,971
Other comprehensive income after-tax gains on equity instruments measured at fair value	-	-	-	(492,756,314)	(26,863,150)	(519,619,464)	-	(519,619,464)
Loss on valuation of cash flow hedging derivatives	-	-	-	494,235,518	-	494,235,518	-	494,235,518
Transactions with owners reflected directly in equity:								
Annual dividends	-	-	-	-	(55,250,998,550)	(55,250,998,550)	-	(55,250,998,550)
Interim dividends	-	-	-	-	(165,752,995,650)	(165,752,995,650)	-	(165,752,995,650)
Stock option	-	-	760,876,773	-	-	760,876,773	-	760,876,773
Others	-	-	-	-	82,719,839	82,719,839	-	82,719,839
31 December 2022(End of the current year)	50,385,959,500	25,997,357,790	(65,684,904,449)	(3,409,788,237)	1,585,852,322,253	1,593,140,946,857	-	1,593,140,946,857

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

Consolidated Statement of Cash flows

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

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

SsangYong C&E Co., Ltd and its subsidiaries

(Unit: KRW)

Account	NOTE	Current Year	Previous Year
I. Cash flows from operating activities		228,138,187,208	381,172,309,972
1. Net profit for the period		127,780,122,709	185,957,156,093
2. Adjustment for non-cash provision	34	364,599,207,893	313,693,129,683
3. Adjustment for working equity	34	(218,853,585,459)	(90,453,869,932)
4. Interest received		447,257,130	436,489,701
5. Dividends received		607,899,068	893,388,504
6. Tax refunds		29,816,020	132,257,587
7. Taxes paid		(46,472,530,153)	(29,486,241,664)
II. Cash flows from investing activities		(225,037,372,837)	(329,974,665,130)
Decrease of short-term financial assets		548,361,924	186,385,538,081
Increase of short-term financial assets		(11,297,534,331)	(175,401,365,126)
Decrease of long-term financial assets		144,258	419,148,894
Increase of long-term financial assets		(66,592,518)	(637,931,204)
Recovery of short-term loan		49,229,630	15,700,704
Recovery of long-term loans		63,992,200	94,000,000
Increase of long-term loan		(500,565,870)	(212,276,080)
Recovery of short-term loans		15,000,000	62,400,000
Increase of short-term deposit		(3,000,000)	-
Recovery of long-term loans		3,464,239,013	1,615,893,713
Increase of long-term deposit		(2,601,312,830)	(3,012,467,944)
Acquisition of tangible assets		(254,825,558,844)	(199,311,656,662)
Disposal of tangible assets		45,098,286,037	9,207,152,484
Recovery of government grant		-	(66,746,520)

Account	NOTE	Current Year	Previous Year
Receipt of government grant		430,086,146	151,500,000
Acquisition of investment property		(96,227,795)	(190,523,758)
Disposal of investment property		306,694,000	456,069,805
Acquisition of intangible assets		(182,989,136)	(39,084,940)
Acquisition of right-of-use assets		(953,621)	-
Increase in long-term advance payment		(5,438,671,100)	-
Net cash outflows from business combinations		-	(149,510,016,577)
III. Cash flows from financing activities		(106,431,885,921)	(159,379,915,838)
Borrowing of short-term borrowings		1,410,057,880,325	1,170,238,640,137
Repayment of short-term borrowings		(1,208,420,477,353)	(1,193,874,122,827)
Issuance of short-term bonds		100,000,000,000	-
Repayment of current long-term liabilities		(209,431,973,000)	(104,027,025,488)
Issue of convertible notes		79,890,900,000	170,000,000,000
Payment of receivables issuance fee		(664,060,000)	(424,260,000)
Refund of receivables issuance fee		11,544,140	17,011,930
Borrowing of long-term borrowings		90,680,500,000	139,686,800,000
Repayment of long-term borrowings		(498,000,000)	-
Repayment of lease liabilities, etc.		(102,556,448,821)	(88,753,205,210)
Payment of interest		(42,107,598,095)	(31,239,760,180)
Dividends paid		(221,003,994,200)	(221,003,994,200)
Others		1,969,320	-
Settlement of derivatives		(2,392,128,237)	-
IV. Increase(decrease) of cash and cash equivalents (I+II+III)		(103,331,071,550)	(108,182,270,996)
V. Cash and cash equivalents at the beginning of the year		108,182,651,383	216,364,922,379
VI. Cash and cash equivalents at the end of the year		4,851,579,833	108,182,651,383

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

NOTE

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

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

SsangYong C&E Co., Ltd and its subsidiaries

1. Current status of the Controlling corporation

SsangYong C&E Co., Ltd. (hereinafter "the Controlling corporation") 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 Controlling corporation'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 year, the largest shareholder of the Controlling corporation is Han & Co Cement Holdings (Ownership ratio: 77.68%). Consolidated financial statements for the reporting period ending 31 December 2021 consist of the Controlling corporation and its subsidiaries (hereinafter "the Group"), its associates and joint ventures.

Consolidated financial statements for the reporting period ending 31 December 2022 consist of the Controlling corporation and its subsidiaries (hereinafter referred to as the "Group"), its affiliates and joint ventures.

2. Basis for preparing financial statements

The Group prepared consolidated 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. Our consolidated 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 consolidated financial statements were prepared on a historical cost basis except for the major items in the consolidated 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 consolidated financial statements are presented in functional currency of the main economic environment in which the Group operates. These consolidated financial statements are presented and reported in Korean Won, which is the Controlling corporation's functional and presentation currency.

(3) Use of judgements and estimates

According to the Korean International Financial Reporting Standards, preparing the consolidated 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 as of the end of the current year 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 12: measuring the lease term
- Note 14: measuring the discount rate and cash flow used in goodwill impairment testing
- Note 17: measuring the fair value of derivatives
- Note 19: measuring defined benefit obligations - key actuarial assumptions
- Note 20 and 36: provisions and contingent liabilities - assumptions about the likelihood and amount of an outflow of resources
- Note 29: 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 Group 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 Group 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 Group 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 Group 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

As of January 1, 2022, the Group has applied the amended provisions for onerous contract-contract fulfillment cost (Corporation Accounting Standards No. 1037 'Provisions, Contingent Liabilities, and Contingent Assets'). As a result, the accounting policy for conducting the valuation of onerous contracts has been changed. When evaluating whether a contract is onerous, the Group included only incremental costs required to fulfill the contract before the policy change. The revised policy includes incremental costs of fulfilling a contract and other cost allocations that are directly attributable to fulfilling a contract when assessing whether a contract is onerous.

This amendment applies to contracts for which all obligations have not yet been fulfilled at the beginning of the first fiscal year (date of initial application) and does not restate comparative information for prior periods. The cumulative effect of initial application of these amendments is recognized as an adjustment to the opening balance of retained earnings or other equity items on the date of initial application. The Group analyzed all existing contracts as of January 1, 2022 and determined that there are no onerous contracts when the changed accounting policy is applied.

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 Group 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) Connection

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

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

③ Non-controlling interests

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

④ Loss of control

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

⑤ Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in affiliates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

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

⑥ Transactions eliminated on consolidation

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

⑦ Business combination under common control

A combination of entities or businesses under the same control recognizes acquired assets and assumption of liabilities as carrying amounts in the consolidated financial statements of the ultimate controlling corporation. The Group adds or subtracts the difference between the consideration transferred and the carrying amount of the acquired net assets from capital surplus.

(2) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations;
or
- Is a subsidiary acquired exclusively with a view to resale

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

(3) Cash and cash equivalent

The Group 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 Group 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 fair value through profit or loss, 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 fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Group 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 fair value through profit or loss:

- 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 Group 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 fair value through profit or loss. 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 fair value through profit or loss 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 fair value through profit or loss.

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-resource 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 Group measures it as one of the following according to the category of financial asset and recognizes profit or loss.

Financial assets at fair value through profit or loss	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized 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 Group updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform.

If the Group 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.

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 Group updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform only 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 Group 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 Group applies the policies on accounting for modifications to the additional changes.

④ Offsetting

The Group 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 Group holds derivative financial instruments to hedge risks exposed to foreign exchange, interest rates, purchase price of stored goods, and transaction amount of sea freight. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

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 Group 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 Group documents the risk management objective and strategy for undertaking the hedge. The Group 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 Group 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 Group 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 Group 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 Group is no longer designated as a hedged risk. If there are no uncertainties in the timing or amount of cash flows, the Group 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 Group 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 Group changes the formal designation of previously documented hedging relationships to reflect the changes required by the interest rate indicator reform.

When the Group 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 Group 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 Group 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 Group'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 Group 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 Group 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 consolidated 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 Elimination

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a cash flow in its entirety or a portion thereof. The Group 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, the property 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 recognition 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 Group 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 Group has reasonable assurance that the Group will receive the grant and comply with the conditions that accompany the grant.

The Group 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 Group 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 included in the carrying amount of 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 25 to 50 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 Group 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 Group allocates the contract consideration to each lease element based on its relative individual price. Still, the Group 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 Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group 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 Group 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 Group is reasonably certain not to terminate early

The lease liability is measured at amortized cost using the effective interest method. It is remeasured 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 remeasured 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 Group 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 consolidated statement of financial position.

Short-term leases and leases of low-value assets

The Group 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 Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The Group 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 Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group 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 Group 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 Group considers certain indicators such as whether the lease is for major part of the economic life of the asset.

When the Group 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 Group 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 Group applies IFRS 1115 to allocate the consideration in the contract.

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

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

The accounting policy applied by the Group as a lessor for the comparative period is not different from the provisions of Korean IFRS 1116. However, the Group classified the sub-lease concluded during the current year as a financial lease.

(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 Group 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 at fair value through profit or loss include financial liabilities that are classified as held-for –trading or 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 Group 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 Group 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 Group can no longer withdraw the offer of those benefits and when the Group 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.

The Group 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 Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly.

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 Group classifies the emissions certificates held for the purpose of fulfilling its obligations as other assets and the emissions certificates held for short-term trading profit as current assets. Emission certificates classified as intangible assets are carried at cost less accumulated impairment losses after initial recognition. Emission certificates held for short-term trading profit 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.

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 consolidated 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.

(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 Group 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 Group 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 Group 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 Group 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 Group 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 Group recognizes revenue at the time of acquisition when control of circulating resources is transferred.

3) Ready-mixed concrete sector

In the ready-mixed concrete supply contract with the customer, the Group identifies performance obligations divided into ① manufacturing of ready-mixed concrete, ② transportation of ready-mixed concrete, and ③ follow-up management. Revenue is recognized when ready-mixed concrete is transported to the site designated by the customer in accordance with the Korean Industrial Standard KS F 4009 Ready Mixed Concrete.

4) Limestone business sector

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

5) Shipping business sector

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

6) Aggregate sector

The Group recognizes revenue when the aggregate is produced and delivered to the buyer.

7) Leases business sector The Group recognizes revenue as the rental period elapses.

(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 consolidated statement of income. Hence, current tax is different from profit or loss on the consolidated statement of income. The Group 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 Group 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 Group 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 recognized.

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

- ① Corporate Accounting Standards No. 1012 'Corporate Tax' - Deferred corporate tax related to assets and liabilities arising from a single transaction

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.

The Group applies an approach that derives results similar to the deferred income tax amendment bill that generates right-of-use assets, lease liabilities, provision liabilities and related assets for accounting except for deferred tax effect, which is expressed in net amounts in the statement of financial position.

- 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 liability's liquidity. This amendment will take effect for fiscal years beginning on or after 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 Group cannot determine the impact of application of amendments, and the Group monitors the amendment process.

- ③ The following new · amended standards are not expected to have a significant impact on the Group's consolidated financial statements.

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

Sector	Nature of business
Cement sector	Major clients: ready-mixed concrete companies, construction companies To sell cement, slag cement
Environment sector	To develop circulating resources that can replace fuels and raw materials such as bituminous coal
Ready-mixed concrete sector	To produce concrete by mixing cement, gravel, and sand To supply the produced concrete to construction sites
Other sectors	To rent the office building To mine and sell gravel and sand To transport and unload cement, Clinker , etc. by sea To mine and sell limestone

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

(2) Cost of sales and sector operating profit (loss) for the sales sectors of the Group during the current year and previous year are as follows:

(Current year)

(Unit: Thousand KRW)

Division	Revenue			Sector operating profit (*2)
	External	Internal (*1)	Total	
Cement sector	1,145,259,013	383,649,307	1,528,908,320	108,394,949
Environment sector	172,424,219	93,505,825	265,930,044	83,622,164
Ready-mixed concrete sector	379,788,647	2,418,821	382,207,468	26,618,590
Other sectors (*3)	267,570,744	21,489,609	289,060,353	28,166,701
Sub total	1,965,042,623	501,063,562	2,466,106,185	246,802,404
Common sectors	-	-	-	(26,956,170)
Adjustment and elimination	-	(501,063,562)	(501,063,562)	1,025,101
Total	1,965,042,623	-	1,965,042,623	220,871,335

(*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	961,757,636	274,068,498	1,235,826,134	145,533,068
Environment sector	121,158,302	50,770,784	171,929,086	91,910,371
Ready-mixed concrete sector	331,020,596	4,907,654	335,928,250	13,232,851
Other sector (*3)	247,461,796	21,857,245	269,319,041	25,302,353
Sub total	1,661,398,330	351,604,181	2,013,002,511	275,978,643
Common sectors	-	-	-	(30,127,573)
Adjustment and elimination	-	(351,604,181)	(351,604,181)	2,880,989
Total	1,661,398,330	-	1,661,398,330	248,732,059

(*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) Current status of tangible · intangible assets (including investment property) and right-of-use assets of the Group 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	2,274,580,094	2,021,644,936
Environment sector	264,436,912	355,569,007
Ready-mixed concrete sector	181,073,898	182,000,337
Other sector (*1)	250,700,540	224,333,280
Sub total	2,970,791,444	2,783,547,560
Common sectors	45,120,350	70,669,660
Total	3,015,911,794	2,854,217,220

(*1) Limestone business sector, shipping business sector, aggregate sector, and leases business sector are classified and indicated as other sectors according to quantitative sectors.

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	1,668,629,992	1,362,644,723
Overseas	296,412,631	298,753,607
Total	1,965,042,623	1,661,398,330

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

(5) There is no single major customer that accounts for more than 10% of the Group's 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	9,978,000	92,631	26,117	87,099
Equity securities	-	1,617,046	-	2,235,916
Derivative assets	2,579,148	1,756,030	331,022	876,437
Total	12,557,148	3,465,707	357,139	3,199,452

(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
Short-term financial assets	9,950,000	-	Consignment guarantee money
Long-term financial assets	38,768	40,768	Current open margin
Total	9,988,768	40,768	

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	420,644,161	713,990	317,542,163	1,191,834
Unclaimed construction	283,693	-	130,172	-
Loan-loss provisions	(4,231,221)	(266,696)	(4,380,380)	(404,299)
Sub total	416,696,633	447,294	313,291,955	787,535
Other receivables				
Loans	82,291	8,426,502	47,764	8,073,478
Account receivables	19,069,755	3,995	22,416,890	129,232
Receivable income	401,122	2,191,851	284,870	1,974,251
Equity conversion receivables	-	66,448	-	520,468
Deposits	1,652,459	25,289,811	1,275,030	26,039,549
Lease receivables	369,934	939,032	422,880	1,143,071
Loan-loss provisions	(3,670,810)	(1,645,868)	(3,730,007)	(2,179,179)
Present value discount	-	(345,567)	-	(492,746)
Sub total	17,904,751	34,926,204	20,717,427	35,208,124
Total	434,601,384	35,373,498	334,009,382	35,995,659

(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	417,673,152	3,684,999	314,634,409	4,099,588
Unclaimed construction	283,693	-	130,172	-
Loans	6,932,393	1,576,400	6,544,841	1,576,401
Account receivables	13,115,586	5,958,164	16,538,337	6,007,785
Receivable income	2,308,405	284,568	1,974,553	284,568
Equity conversion receivables	-	66,448	-	520,468
Deposits	26,942,270	-	27,314,579	-
Lease receivables	1,308,966	-	1,565,951	-
Total carrying amount	468,564,465	11,570,579	368,702,842	12,488,810
Loan-loss provisions	(2,530,315)	(7,284,280)	(2,853,378)	(7,840,487)
Present value discount	(345,567)	-	(492,746)	-
Total	465,688,583	4,286,299	365,356,718	4,648,323

(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	-	3,684,999	3,684,999
Loans	-	1,576,400	1,576,400
Account receivables	-	5,958,164	5,958,164
Receivable income	-	284,568	284,568
Equity conversion receivables	-	66,448	66,448
Loan-loss provisions	-	(7,284,280)	(7,284,280)
Total	-	4,286,299	4,286,299

(End of the previous year)

(Unit: Thousand KRW)

Division	Within 6 months	More than 6 months	Total
Trade receivables	302,525	3,797,063	4,099,588
Loans	-	1,576,401	1,576,401
Account receivables	-	6,007,785	6,007,785
Receivable income	-	284,568	284,568
Equity conversion receivables	-	520,468	520,468
Loan-loss provisions	-	(7,840,487)	(7,840,487)
Total	302,525	4,345,798	4,648,323

(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	19,197,498	4,196,943	23,394,441

(End of the previous year)

(Unit: Thousand KRW)

Division	Within 6 months	More than 6 months	Total
Trade receivables	19,045,999	5,151,771	24,197,770

(5) Details of financial assets subject to offsetting, feasible lump sum agreements, and similar agreements 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 asset amount presented in the consolidated statement of financial position	Net financial liabilities amount presented in the consolidated statement of financial position
Trade receivables	22,091,867	(23,524,820)	69,078	(1,502,031)

(End of the previous year)

(Unit: Thousand KRW)

Division	Total recognized financial assets	Total offsetting Financial liabilities	Net financial asset amount presented in the consolidated statement of financial position	Net financial liabilities amount presented in the consolidated statement of financial position
Trade receivables	27,905,613	(27,275,947)	747,445	(117,779)

(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	Equity conversion receivables	Deposits
Beginning of the period	4,784,679	1,576,401	3,527,488	284,568	520,468	261
Loan-loss provision set	771,121	-	2,847	69	-	498
Loan-loss provisions return	(561,303)	-	(135,297)	-	(227,010)	-
Elimination	(501,731)	(1)	(267)	-	(227,010)	-
Recovery of written-off accounts	9,611	-	-	-	-	-
Reduced current value discount	(4,460)	-	(6,337)	-	-	-
End of a period	4,497,917	1,576,400	3,388,434	284,637	66,448	759

(Previous year)

(Unit: Thousand KRW)

Division	Trade receivables	Loans	Account receivables	Receivable income	Equity conversion receivables	Deposits
Beginning of the period	4,437,083	1,576,401	3,366,893	284,631	520,468	4,072
Loan-loss provision set	276,132	-	171,715	-	-	-
Loan-loss provisions return	-	-	(4,321)	(63)	(30,352)	(3,811)
Elimination	(6,891)	-	-	-	-	-
Recovery of written-off accounts	82,946	-	-	-	30,352	-
Reduced current value discount	(4,591)	-	(6,799)	-	-	-
End of a period	4,784,679	1,576,401	3,527,488	284,568	520,468	261

In determining the recoverability of trade receivables, the Group 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	Acquisition cost	Fair value	Carrying amount
Other comprehensive income-Fair value measurement financial product	5,442,380	612,880	612,880
Profits and losses - Fair value measurement financial product	2,354,166	1,004,166	1,004,166
Total	7,796,546	1,617,046	1,617,046

(End of the previous year)

(Unit: Thousand KRW)

Division	Acquisition cost	Fair value	Carrying amount
Other comprehensive income-Fair value measurement financial product	5,506,057	1,231,750	1,231,750
Profits and losses - Fair value measurement financial product	1,604,166	1,004,166	1,004,166
Total	7,110,223	2,235,916	2,235,916

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	318,709	633,236
Finished goods	6,313,878	4,513,504
Half-finished goods	50,467,085	28,067,018
Work in process	4,847,083	6,046,287
Raw materials	24,791,906	15,361,941
Supplies	154,051,449	85,743,853
Unexamined materials	37,515,969	12,145,279
Total	278,306,079	152,511,118

9. Current status of subsidiaries

(1) Details of each subsidiary as of the end of the current year are as follows:

Name of subsidiary	Major operating activities	Share capital (KRW million)	Number of issued shares (shares)	Number of invested shares(shares)			Equity rate (%)	Location
				Controlling corporation	Subsidiaries	Total		
Ssangyong Remicon Co., Ltd.	Manufacture of ready-mixed concrete	85,025	17,005,000	17,005,000	-	17,005,000	100	Seoul
Ssangyong Slag & Materials Co., Ltd.	Manufacture and sales of slag cement	9,223	1,844,578	1,844,578	-	1,844,578	100	Gunsan
Hankook Slag & Materials Co., Ltd.	Manufacture and sales of slag cement	31,250	6,250,000	6,250,000	-	6,250,000	100	Incheon
Hankook Logistics Co., Ltd.	Fright transport	2,800	560,000	-	560,000	560,000	100	Incheon
Ssangyong Logistics Co., Ltd.	Harbor loading and unloading	2,238	360,000	360,000	-	360,000	100	Donghae
Daehan Cement Co., Ltd.	Manufacture and sales of slag cement	6,078	1,215,565	1,215,565	-	1,215,565	100	Gwangyang
Daehan Slag Co., Ltd.	Slag disposal processing	11,039	2,207,800	-	2,207,800	2,207,800	100	Gwangyang
Green Eco Solution Co., Ltd. (*1)	Management of subsidiaries engaged in recycling resource processing	23,750	4,750,000	4,750,000	-	4,750,000	100	Seoul
Green Eco Cycle Co., Ltd. (*2)	Recycling resource disposal processing	4,350	870,000	-	870,000	870,000	100	Pyeongtaek
Green Eco Gimhae Co., Ltd. (*3)	Recycling resource disposal processing	-	-	-	-	-	-	
Green Eco Cycle Co., Ltd.	Recycling resource disposal processing	1,360	272,001	-	272,001	272,001	100	Yongin
Green Eco Logics Co., Ltd.	Recycling resource disposal processing	55	11,000	-	11,000	11,000	100	Pyeongtaek
Samho Environment Technolgy Co., Ltd. (*4)	Recycling resource disposal processing	-	-	-	-	-	-	

(*1) The company name was changed from Green Vein Co., Ltd. to Green Eco Solution Co., Ltd. on 9 July 2021.

(*2) The company name was changed from KC Eco Logistics Co., Ltd. to Green Eco Cycle Co., Ltd. on 9 July 2021.

(*3) As of May 31, 2022, it was absorbed and merged with Green Eco Cycle Co., Ltd. and disappeared.

(*4) As of September 30, 2022, it was absorbed and merged with Green Eco Nexus Co., Ltd. and disappeared.

(2) Corporations included in consolidated subsidiaries during the current year are as follows:

Division	Name of subsidiary	Reason
Excluded from the scope of consolidated subsidiaries	Green Eco Gimhae Co., Ltd.	Extinction due to merger
Excluded from the scope of consolidated subsidiaries	Samho Environment Technolgy Co., Ltd.	Extinction due to merge

(3) The summarized financial position of each subsidiary and the shares of controlling and non-controlling interests as of the end of the current year and previous year are as follows:

(End of the current year)

(Unit: Thousand KRW)

Division (*1)	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Controlling interests	Non-controlling interests
Ssangyong Remicon Co., Ltd.	101,982,540	223,278,493	106,484,808	88,726,315	130,049,910	-
Ssangyong Slag & Materials Co., Ltd.	24,405,686	20,402,281	23,394,053	1,977,534	19,436,380	-
Hankook Slag & Materials Co., Ltd.	20,243,457	61,733,070	27,461,831	4,803,605	49,711,091	-
Hankook Logistics Co., Ltd.	2,180,795	4,715,677	2,936,768	1,961,446	1,998,258	-
Ssangyong Logistics Co., Ltd.	6,049,390	30,179,305	24,304,058	2,849,842	9,074,795	-
Daehan Cement Co., Ltd.	61,814,950	146,577,379	71,559,929	67,450,390	69,382,010	-
Daehan Slag Co., Ltd.	13,858,106	44,143,679	11,128,028	25,843,638	21,030,119	-
Green Eco Solution Co., Ltd.	22,042,635	105,117,950	10,385,480	37,000,000	79,775,105	-
Green Eco Cycle Co., Ltd.	11,585,168	114,004,585	38,218,177	65,812,407	21,559,169	-
Green Eco Nexus Co., Ltd.	6,331,981	120,787,840	30,545,345	34,079,360	62,495,116	-
Green Eco Logics Co., Ltd.	626,369	868,459	448,589	258,444	787,795	-

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

(End of the previous year)

(Unit: Thousand KRW)

Division (*1)	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Controlling interests	Non-controlling interests
Ssangyong Remicon Co., Ltd.	85,306,489	224,093,203	97,090,998	92,790,075	119,518,619	-
Ssangyong Slag & Materials Co., Ltd.	19,673,936	20,684,098	19,412,734	2,144,092	18,801,208	-
Hankook Slag & Materials Co., Ltd.	16,701,943	60,697,092	26,590,499	4,751,476	46,057,060	-
Hankook Logistics Co., Ltd.	2,805,641	6,144,793	2,199,654	3,243,881	3,506,899	-
Ssangyong Logistics Co., Ltd.	5,678,298	41,674,277	34,259,612	3,708,022	9,384,941	-
Daehan Cement Co., Ltd.	46,881,136	134,415,377	118,452,399	9,720,908	53,123,206	-
Daehan Slag Co., Ltd.	16,423,977	37,973,282	10,069,412	26,653,171	17,674,676	-
Green Eco Solution Co., Ltd. (FORMERLY, Green Vein Co., Ltd.)	15,524,613	112,589,970	797,342	37,000,000	90,317,241	-
Green Eco Cycle Co., Ltd. (FORMERLY, KC Eco Logistics Co., Ltd.)	5,336,971	70,337,223	20,131,495	26,287,289	29,255,410	-
Green Eco Gimhae Co., Ltd.	279,201	8,432,903	1,961,898	3,805,175	2,945,031	-
Green Eco Nexus Co., Ltd.	6,881,430	48,850,545	17,873,668	12,191,097	25,667,210	-
Green Eco Logics Co., Ltd.	302,666	906,811	284,473	53,876	871,128	-
Samho Environment Technology Co., Ltd.	2,775,219	31,004,802	4,545,627	11,244,386	17,990,008	-

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

(4) Summarized operating performance and non-controlling interest share of each subsidiary during the current year and previous year are as follows.

(Current year)

(Unit: Thousand KRW)

Division (*1)	Cost of sales	Operating profit or loss	Net income for the period	Total comprehensive income	Non-controlling interests attribution		
					Net income for the period	Total comprehensive income	Dividend
Ssangyong Remicon Co., Ltd.	392,400,440	28,748,343	18,398,912	20,558,155	-	-	-
Ssangyong Slag & Materials Co., Ltd.	79,056,711	7,220,302	5,289,096	5,635,172	-	-	-
Hankook Slag & Materials Co., Ltd.	75,882,499	13,212,540	10,356,441	10,654,031	-	-	-
Hankook Logistics Co., Ltd.	5,744,975	(522,147)	(1,008,640)	(1,008,640)	-	-	-
Ssangyong Logistics Co., Ltd.	35,113,834	2,717,156	1,410,220	1,689,854	-	-	-
Daehan Cement Co., Ltd.	198,966,659	33,732,907	33,165,248	33,886,962	-	-	-
Daehan Slag Co., Ltd.	48,287,549	8,994,270	5,823,360	6,100,214	-	-	-
Green Eco Solution Co., Ltd.	-	(1,212,138)	(14,638,337)	(14,638,337)	-	-	-
Green Eco Cycle Co., Ltd.	46,077,294	(2,363,482)	(6,330,178)	(6,330,178)	-	-	-
Green Eco Gimhae Co., Ltd.(*2)	1,433,686	(452,643)	(825,490)	(825,490)	-	-	-
Green Eco Nexus Co., Ltd.	34,207,929	(789,073)	(1,910,138)	(1,910,138)	-	-	-
Green Eco Logics Co., Ltd	3,170,754	123,558	(49,805)	(49,805)	-	-	-
Samho Environment Technology Co., Ltd.(*3)	8,164,243	(2,300,068)	(2,685,072)	(2,685,072)	-	-	-

(*1) Summarized operating performance is the amount before the elimination of internal transactions.

(*2) This is the details until it merged with Green Eco Cycle Co., Ltd. on May 31, 2022 and disappeared.

(*3) This is the details until it was merged with Green Eco Nexus Co., Ltd. on September 30, 2022 and disappeared.

(Previous year)

(Unit: Thousand KRW)

Division (*1)	Cost of sales	Operating profit or loss	Net income for the period	Total comprehensive income	Non-controlling interests attribution		
					Net income for the period	Total comprehensive income	Dividend
Ssangyong Remicon Co., Ltd.	351,971,732	15,942,331	8,036,110	8,723,371	-	-	-
Ssangyong Slag & Materials Co., Ltd.	69,209,596	5,044,153	3,736,552	3,696,051	-	-	-
Hankook Slag & Materials Co., Ltd.	65,601,359	9,667,592	6,899,369	6,890,828	-	-	-
Hankook Logistics Co., Ltd.	5,903,221	657,527	(68,752)	(68,752)	-	-	-
Ssangyong Logistics Co., Ltd.	34,136,875	2,220,503	877,185	1,285,100	-	-	-
Daehan Cement Co., Ltd.	163,513,881	23,949,575	7,260,776	7,117,138	-	-	-
Daehan Slag Co., Ltd.	45,345,756	6,876,312	3,904,360	3,934,512	-	-	-
Green Eco Solution Co., Ltd. (FORMERLY, Green Vein Co., Ltd.)	-	(4,360,683)	(4,325,473)	(4,325,473)	-	-	-
Green Eco Cycle Co., Ltd.	14,169,649	433,554	636,622	501,125	-	-	-

Division (*1)	Cost of sales	Operating profit or loss	Net income for the period	Total comprehensive income	Non-controlling interests attribution		
					Net income for the period	Total comprehensive income	Dividend
(FORMERELY, KC Eco Logistics Co., Ltd.)							
Green Eco Gimhae Co., Ltd.	583,328	(506,174)	(559,040)	(561,541)	-	-	-
Green Eco Nexus Co., Ltd.	4,426,878	(1,097,811)	(1,311,343)	(1,320,678)	-	-	-
Green Eco Logics Co., Ltd	673,291	(23,011)	(25,307)	(36,386)	-	-	-
Samho Environment Technology Co., Ltd.	999,659	61,831	735,855	442,125	-	-	-

(*1) Summarized operating performance is the amount before the elimination of internal transaction.

(5) Summarized cash flows of each subsidiary during the current year are as follows:

(Current year)

(Unit: Thousand KRW)

Division (*1)	Operating activities	Investment activities	Financial activities
Ssangyong Remicon Co., Ltd.	35,141,120	(16,028,801)	(18,010,129)
Ssangyong Slag & Materials Co., Ltd.	3,925,495	(1,392,451)	(5,812,594)
Hankook Slag & Materials Co., Ltd.	10,845,846	(1,497,800)	(9,277,681)
Hankook Logistics Co., Ltd.	2,988,503	(343,050)	(3,273,389)
Ssangyong Logistics Co., Ltd.	14,471,970	(454,427)	(13,948,542)
Daehan Cement Co., Ltd.	33,445,396	(4,538,401)	(28,378,817)
Daehan Slag Co., Ltd	6,242,116	(964,191)	(5,279,073)
Green Eco Solution Co., Ltd.	(1,266,053)	(7,513,430)	8,649,455
Green Eco Cycle Co., Ltd	(11,019,997)	(41,311,961)	53,150,164
Green Eco Gimhae Co., Ltd.(*2)	(145,033)	(1,855,390)	2,312,591
Green Eco Nexus Co., Ltd.	(3,902,263)	(9,390,773)	12,981,348
Green Eco Logics Co., Ltd	355,904	(19,600)	(83,733)
Samho Environment Technology Co., Ltd. (*3).	2,630,015	(265,393)	(1,627,977)

(*1) Summarized operating performance is the amount before the elimination of internal transactions.

(*2) This is the details until it merged with Green Eco Cycle Co., Ltd. on May 31, 2022 and disappeared.

(*3) This is the details until it was merged with Green Eco Nexus Co., Ltd. on September 30, 2022 and disappeared.

(6) Business combination details

1) General details

A. Equity acquisition

Green Eco Solution Co., Ltd., a subsidiary of the Controlling corporation, acquired shares of Green Eco Cycle Co., Ltd (FORMERLY KC Eco Logistics Co., Ltd.) and Samho Environment Technolgy Co., Ltd. to enter the synthetic resin intermediate processing industry and to strengthen its market power and competitiveness.

Division	Green Ecocycle Co., Ltd. (FORMERLY, KC Eco Logistics Co., Ltd.)	Samho Environment Technolgy Co., Ltd.
Acquisition date	8 June 2021	18 November 2021
Number of shares acquired	600,000 shares	600,200 shares
Equity rate	100%	100%

B. Sales takeover

The Group took over the business through a business takeover contract to operate the waste recycling business and to strengthen its market power and competitiveness.

2) The fair value of the consideration transferred as of the acquisition date is as follows:

(Unit: Thousand KRW)

Division	Amount
Cash	154,666,527

3) Identifiable assets acquired and liabilities assumed

The identifiable assets acquired, liabilities assumed and goodwill amounts as of the date of goodwill acquisition are as follows:

(Unit: Thousand KRW)

Division	Equity acquisition	Sales takeover
Cash and cash equivalent assets	4,656,510	-
Long · short term financial assets	261,945	-
Trade and other receivables	2,731,082	-
Inventory assets	602	-
Other current assets	328,769	-
Property, plant, and equipment	57,134,157	59,600,040
Right-of-use assets	225,314	-
Intangible assets	1,920,481	7,499,667
Other non-liquid assets	37,836	-
Trade and other payables	4,979,045	-
Borrowings	27,241,661	-
Other current liabilities	2,880,859	-
Other non-current liabilities	2,812,537	-
Defined benefit liabilities	146,387	-
Identifiable net assets	29,236,207	67,099,707
Transfer price	61,411,399	93,255,128
Goodwill	32,175,192	26,155,421

4) The details of the allocation of goodwill to cash-generating units and groups of cash-generating units that are expected to benefit from the synergies of goodwill acquired in a business consolidation are as follows.

(Unit: Thousand KRW)

Division	Goodwill
Green Eco Division	11,666,123
Environmental Business Division	46,664,490
Total	58,330,613

10. Associates and joint ventures

(1) Details of each of associate and joint venture as of the end of the current year and previous year are as follows:

(Unit: Thousand KRW)

Name of company	Major operating activities	Location	End of the current year			End of the previous year			Settlement date
			Equity rate (%)	Acquisition cost	Carrying amount	Equity rate (%)	Acquisition cost	Carrying amount	
Hankook Remicon Co., Ltd.	Ready-mixed concrete sales	Goryeong	40.00	798,657	1,058,564	40.00	798,657	884,028	12.31
Youngil Remicon Co., Ltd.	Ready-mixed concrete sales	Pohang	40.00	1,057,535	377,016	40.00	1,057,535	469,534	12.31
Total				1,856,192	1,435,580		1,856,192	1,353,562	

(2) Changes in the current year of associates and joint ventures during the current year and previous year are as follows.

(Current year)

(Unit: Thousand KRW)

Name of company	Beginning of the year	Equity method income	Impairment	End of the year
Hankook Remicon Co., Ltd.	884,028	174,536	-	1,058,564
Youngil Remicon Co., Ltd.	469,534	(7,465)	(85,053)	377,016
Total	1,353,562	167,071	(85,053)	1,435,580

(Previous year)

(Unit: Thousand KRW)

Name of company	Beginning of the year	Equity method income	End of the year
Hankook Remicon Co., Ltd.	845,990	38,038	884,028
Youngil Remicon Co., Ltd.	462,069	7,465	469,534
Total	1,308,059	45,503	1,353,562

(3) Summarized financial position of each associate and joint venture as of the end of the current year and the previous year are as follows:

(End of the current year)

(Unit: Thousand KRW)

Name of company	Current assets	Non-current assets	Current liabilities	Non-current liabilities
Hankook Remicon Co., Ltd.	4,292,277	1,973,214	3,619,080	-
Youngil Remicon Co., Ltd.	88,912	1,008,597	154,970	-

(End of the previous year)

(Unit: Thousand KRW)

Name of company	Current assets	Non-current assets	Current liabilities	Non-current liabilities
Hankook Remicon Co., Ltd.	4,206,290	1,973,227	3,969,448	-
Youngil Remicon Co., Ltd.	917,448	1,093,293	255,568	-

(4) Operating performances of each associate and joint venture during the current year and previous year are as follows:

(Current year)

(Unit: Thousand KRW)

Name of company	Sales	Operating profit or loss	Other comprehensive profits and loss	Total comprehensive income
Hankook Remicon Co., Ltd.	20,999,231	937,490	-	436,340
Youngil Remicon Co., Ltd.	80,000	(762,003)	-	(812,633)

(Previous year)

(Unit: Thousand KRW)

Name of company	Sales	Operating profit or loss	Other comprehensive profits and loss	Total comprehensive income
Hankook Remicon Co., Ltd.	14,777,876	317,849	-	95,094
Youngil Remicon Co., Ltd.	68,000	18,834	-	18,663

11. 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	685,423,339	-	-	-	685,423,339
Buildings	459,043,275	(229,036,743)	(348,281)	(270,358)	229,387,893
Structures	1,365,841,917	(722,766,606)	(128,820)	(5,604,620)	637,341,871
Equipment	2,219,249,975	(1,435,994,510)	-	(1,102,334)	782,153,131
Ships	139,010,221	(102,803,660)	-	-	36,206,561
Vehicle carriers	79,203,324	(66,579,503)	-	(386,430)	12,237,391
Tools and implements	25,893,247	(23,142,075)	-	(48,653)	2,702,519
Furniture and fixtures	23,993,190	(16,932,111)	-	-	7,061,079
Timbers	1,609,281	-	-	-	1,609,281
Other property, plant, and equipment	3,421,110	(2,445,740)	-	-	975,370
Assets under construction	57,783,473	-	(5,228,219)	-	52,555,254
Total	5,060,472,352	(2,599,700,948)	(5,705,320)	(7,412,395)	2,447,653,689

(End of the previous year)

(Unit: Thousand KRW)

Division	Acquisition cost	Accumulated depreciation	Government grant	Accumulated damage loss	Carrying amount
Land	680,542,012	-	-	-	680,542,012
Buildings	441,778,122	(217,221,695)	(348,281)	(288,757)	223,919,389
Structures	1,341,989,001	(689,965,882)	(128,820)	(6,013,626)	645,880,673
Equipment	2,045,924,631	(1,374,746,466)	-	(903,727)	670,274,438
Ships	140,650,462	(101,912,271)	-	-	38,738,191
Vehicle carriers	82,745,584	(68,700,095)	-	(471,526)	13,573,963
Tools and implements	25,919,911	(23,327,984)	-	-	2,591,927
Furniture and fixtures	19,723,391	(15,538,080)	-	-	4,185,311
Timbers	1,609,281	-	-	-	1,609,281
Other property, plant, and equipment	3,175,576	(1,966,821)	-	-	1,208,755
Assets under construction	79,823,104	-	(5,228,219)	-	74,594,885
Total	4,863,881,075	(2,493,379,294)	(5,705,320)	(7,677,636)	2,357,118,825

(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 period	Acquisition	Elimination (*1)	Depreciation	Replacement (*2)	End of the year
Land	680,542,012	7,284,390	(3,479,683)	-	1,076,620	685,423,339
Building	223,919,389	3,371,614	(1,259,629)	(12,304,145)	15,660,664	229,387,893
Structures	645,880,673	1,560,892	(575,828)	(32,914,674)	23,390,808	637,341,871
Equipment	670,274,438	16,105,076	(11,205,749)	(92,134,364)	199,113,730	782,153,131
Ships	38,738,191	456,041	(1,134,858)	(5,181,161)	3,328,348	36,206,561
Vehicle carriers	13,573,963	3,177,669	(288,563)	(4,267,664)	41,986	12,237,391
Tools and implements	2,591,927	777,200	(10,781)	(909,986)	254,159	2,702,519
Furniture and fixtures	4,185,311	3,845,225	(79,074)	(1,343,406)	453,023	7,061,079
Timbers	1,609,281	-	-	-	-	1,609,281
Other property, plant, and equipment	1,208,755	107,720	-	(478,918)	137,813	975,370
Assets under construction(*3)	74,594,885	222,432,171	-	-	(244,471,802)	52,555,254
Total	2,357,118,825	259,117,998	(18,034,165)	(149,534,318)	(1,014,651)	2,447,653,689

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

(*2) This includes the transfer of assets under construction to the main account.

(*3) Borrowing cost of KRW 2,631,711 thousand was capitalized as tangible asset, and the capitalization rate was 3.14%.

(Previous year)

(Unit: Thousand KRW)

Division	Beginning of the period	Business combinations	Acquisition	Elimination	Amortization	Impairment loss(*1)	Replacement (*2)	End of the year
Land	617,905,378	67,597,903	1,125,576	(421,365)	-	-	(5,665,480)	680,542,012
Building	201,840,588	19,391,027	672,373	(65,955)	(11,119,882)	(348,281)	13,549,519	223,919,389
Structures	653,717,124	1,585,173	2,234,509	(501,566)	(32,014,044)	(128,820)	20,988,297	645,880,673
Equipment	601,392,219	24,289,001	12,229,662	(1,685,423)	(82,029,062)	-	116,078,041	670,274,438
Ships	39,029,269	-	1,162,094	(436,010)	(4,193,308)	-	3,176,146	38,738,191
Vehicle carriers	10,966,073	3,561,195	2,782,303	(16,037)	(3,719,571)	-	-	13,573,963
Tools and implements	2,503,577	190,265	749,909	(6,117)	(845,707)	-	-	2,591,927
Furniture and fixtures	3,758,278	119,633	1,665,688	(26,142)	(1,493,586)	-	161,440	4,185,311
Timbers	860,731	-	-	-	-	-	748,550	1,609,281
Other property, plant, and equipment	1,272,547	-	375,631	-	(439,423)	-	-	1,208,755
Assets under construction(*3)	19,320,310	-	210,657,077	-	-	-	(155,382,502)	74,594,885
Total	2,152,566,094	116,734,197	233,654,822	(3,158,615)	(135,854,583)	(477,101)	(6,345,989)	2,357,118,825

(*1) The Group recognized an impairment loss of KRW 477,101 thousand by conducting an appraisal of the assets in operation during the current year.

(*2) Replacement of assets under construction to the main account is included.

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

12. 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	49,687,183	(15,423,042)	34,264,141
Buildings	20,322,132	(4,394,503)	15,927,629
Structures	3,411,777	(1,441,207)	1,970,570
Equipment	3,323,667	(752,269)	2,571,398
Ships	202,370,047	(79,177,650)	123,192,397
Vehicle carriers	37,954,283	(16,555,595)	21,398,688
Total	317,069,089	(117,744,266)	199,324,823

(End of the previous year)

(Unit: Thousand KRW)

Division	Acquisition cost	Accumulated depreciation	Accumulated damage loss	Carrying amount
Land	48,406,827	(11,740,281)	-	36,666,546
Buildings	36,384,994	(16,944,706)	(691,071)	18,749,217
Structures	3,409,692	(1,064,502)	-	2,345,190
Equipment	2,381,161	(415,061)	-	1,966,100
Ships	77,754,354	(39,877,549)	-	37,876,805
Vehicle carriers	32,684,258	(10,734,946)	-	21,949,312
Total	201,021,286	(80,777,045)	(691,071)	119,553,170

(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	36,666,546	409,823	(2,845)	953,699	(3,763,082)	34,264,141
Buildings	18,749,217	150,892	(15,625)	(279,228)	(2,677,627)	15,927,629
Structures	2,345,190	-	-	2,086	(376,706)	1,970,570
Equipment	1,966,100	1,324,294	-	-	(718,996)	2,571,398
Ships	37,876,805	150,908,267	(167,157)	17,845,089	(83,270,607)	123,192,397
Vehicle carriers	21,949,312	13,445,569	(1,662,473)	195,684	(12,529,404)	21,398,688
Total	119,553,170	166,238,845	(1,848,100)	18,717,330	(103,336,422)	199,324,823

(Previous year)

(Unit: Thousand KRW)

Division	Beginning of the year	Business combinations	Increase	Decrease	Depreciation	End of the year
Land	34,056,849	4,298	6,183,503	(228,835)	(3,349,269)	36,666,546
Buildings	6,000,617	-	18,234,814	(23,078)	(5,463,136)	18,749,217
Structures	2,170,079	-	700,689	(145,333)	(380,245)	2,345,190
Equipment	176,155	21,902	2,359,258	-	(591,215)	1,966,100
Ships	27,796,931	-	269,522,311	(195,512,293)	(63,930,144)	37,876,805
Vehicle carriers	24,065,541	199,113	9,499,018	(867,709)	(10,946,651)	21,949,312
Total	94,266,172	225,313	306,499,593	(196,777,248)	(84,660,660)	119,553,170

(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	1,565,950	93,110	31,336	(381,430)	1,308,966

(Previous year)

(Unit: Thousand KRW)

Division	Beginning of the year	Increase	Interest income	Acquisition	End of the year
Lease receivables	2,023,155	393,481	42,250	(892,936)	1,565,950

(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	114,130,032	166,199,137	(1,786,067)	18,826,417	4,146,261	(106,702,710)	194,813,070

(Previous year)

(Unit: Thousand KRW)

Division	Beginning of the year	Business combinations	Increase	Decrease	Interest expense	Payment	End of the year
Lease liabilities	97,246,543	1,023,830	300,835,694	(196,222,829)	2,686,921	(91,440,127)	114,130,032

(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	106,702,710	91,440,127
Short-term lease related expenses	1,217,242	1,110,474
Small asset lease related expenses	522,526	425,587
Expenses related to variable lease payments not included in lease assets and liabilities	1,051,381	568,820
Total cash outflow	109,493,859	93,545,008

(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	381,430	361,539
More than 1 year ~ within 2 years	381,430	361,539
More than 2 year ~ within 3 years	381,430	361,539
More than 3 year ~ within 4 years	209,801	361,539
More than 4 year ~ within 5 years	-	192,100
Total undiscounted lease payments	1,354,091	1,638,256
Unrealized financial income	(45,125)	(72,306)
Net lease investment	1,308,966	1,565,950

(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	72,007,448	46,837,354
More than 1 year ~ within 5 years	88,380,860	68,927,350
More than 5 years	52,920,124	42,398,229
Undiscounted lease liabilities as of 31 December	213,308,432	158,162,933
Lease liabilities recognized in the statement of financial position as of December 31	194,813,070	114,130,032
Current lease liabilities	69,770,294	42,259,691
Non-current lease liabilities	125,042,776	71,870,341

13. 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	9,754,981	-	9,754,981
Buildings	3,288,972	(2,227,725)	1,061,247
Total	13,043,953	(2,227,725)	10,816,228

(End of the previous year)

(Unit: Thousand KRW)

Division	Acquisition cost	Accumulated depreciation	Carrying amount
Land	10,900,552	-	10,900,552
Buildings	3,251,755	(2,125,948)	1,125,807
Total	14,152,307	(2,125,948)	12,026,359

(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	Acquisition	Elimination	Amortization	Replacement (*1)	End of the year
Land	10,900,552	-	(169,560)	-	(976,011)	9,754,981
Buildings	1,125,807	96,228	-	(106,286)	(54,502)	1,061,247
Total	12,026,359	96,228	(169,560)	(106,286)	(1,030,513)	10,816,228

(*1) Replacements of property, plant, and equipment with investment property, etc. are included.

(Previous year)

(Unit: Thousand KRW)

Division	Beginning of the year	Acquisition	Elimination	Amortization	Replacement (*1)	End of the year
Land	5,426,524	62,203	(253,655)	-	5,665,480	10,900,552
Buildings	1,283,919	128,321	(181,346)	(105,087)	-	1,125,807
Total	6,710,443	190,524	(435,001)	(105,087)	5,665,480	12,026,359

(*1) Replacements of property, plant, and equipment with investment property, etc. are included.

(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	2,264,576	1,640,935
Direct operating expenses related to rental income	(935,540)	(665,161)
Total	1,329,036	975,774

(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 property of the Group is directly owned.

14. 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
Goodwill	292,205,702	-	(32,398,362)	259,807,340
Industrial property rights	167,095	(132,179)	-	34,916
Membership	9,208,921	-	(202,650)	9,006,271
Development costs	4,757,187	(4,757,187)	-	-
Usable and profitable donation assets	51,985,916	(51,284,971)	-	700,945
Right to use railroad facilities	8,916,977	(8,469,078)	-	447,899
Mining right	36,001,687	(17,248,926)	-	18,752,761
Other intangible assets	126,372,981	(57,164,774)	-	69,208,207
Emissions certificates	158,716	-	-	158,716
Total	529,775,182	(139,057,115)	(32,601,012)	358,117,055

(End of the previous year)

(Unit: Thousand KRW)

Division	Acquisition cost	Accumulated amortization	Accumulated impairment loss	Carrying amount
Goodwill	292,205,702	-	(32,248,743)	259,956,959
Industrial property rights	695,598	(681,421)	-	14,177
Membership	8,749,021	-	(202,650)	8,546,371
Development costs	4,757,187	(4,757,187)	-	-
Usable and profitable donation assets	51,985,917	(51,236,691)	-	749,226
Right to use railroad facilities	8,916,977	(8,441,136)	-	475,841
Mining right	36,023,939	(17,109,801)	-	18,914,138
Other intangible assets	124,302,315	(47,440,161)	-	76,862,154
Total	527,636,656	(129,666,397)	(32,451,393)	365,518,866

(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	Elimination	Amortization	Impairment	Replacement (*1)	End of the year
Goodwill	259,956,959	-	-	-	(149,619)	-	259,807,340
Industrial property rights	14,177	21,288	(88)	(5,223)	-	4,762	34,916
Membership	8,546,371	9,900	-	-	-	450,000	9,006,271
Usable and profitable donation assets	749,226	-	-	(48,281)	-	-	700,945
Right to use railroad facilities	475,841	-	-	(27,942)	-	-	447,899
Mining right	18,914,138	-	(22,252)	(139,125)	-	-	18,752,761
Other intangible assets	76,862,154	151,801	(383)	(9,724,634)	-	1,919,269	69,208,207
Emissions certificates (*2)	-	28,512,500	(82,178)	-	-	(28,271,606)	158,716
Total	365,518,866	28,695,489	(104,901)	(9,945,205)	(149,619)	(25,897,575)	358,117,055

(*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	Business combinations(*1)	Acquisition	Amortization	Impairment	Replacement (*2)	End of the year
Goodwill	220,441,615	58,330,612	-	-	(18,815,268)	-	259,956,959
Industrial property rights	17,038	3,505	1,056	(7,422)	-	-	14,177
Membership	8,546,371	-	-	-	-	-	8,546,371
Development costs	21,695	-	-	(21,695)	-	-	-
Usable and profitable donation assets	920,241	-	-	(171,015)	-	-	749,226
Right to use railroad facilities	503,784	-	-	(27,943)	-	-	475,841
Mining right	19,060,064	-	-	(145,926)	-	-	18,914,138
Other intangible assets	73,403,143	9,416,643	38,029	(7,115,200)	-	1,119,539	76,862,154
Total	322,913,951	67,750,760	39,085	(7,489,201)	(18,815,268)	1,119,539	365,518,866

- (*1) With the help of an independent external evaluation agency, the value of the relationship with customers and the value of licensing rights recognized according to the results of goodwill and business consolidation cost allocation arising from the acquisition of shares and business transfer during the previous year were evaluated. The discount rate used in the evaluation ranges from 13.76% to 14.70%.
- (*2) Includes replacement from assets under construction and replacement with other current assets
- (3) Carrying amount of goodwill allocated to the Group's cash-generating unit group and the cash-generating unit as of the end of the current year and the previous year is as follows:

(Unit: Thousand KRW)					
Cash generation unit	End of the current year				End of the previous year
	Evaluation method	Permanent growth rate	Discount rate	Amount	
Daehan Cement Co., Ltd. (*1)	Discounted cash flows	1%	12.29%, 13.02%	164,213,390	164,213,390
Hankook Slag & Materials Co., Ltd.	Discounted cash flows	1%	12.46%	26,968,897	26,968,897
Ssangyong Slag & Materials Co., Ltd.	Discounted cash flows	1%	13.02%	10,444,059	10,444,059
Ssangyong Remicon Co., Ltd. Gangneung Office(*2)	-	-	-	-	-
Green Eco Division(*3,4)	-	-	13.30%, 13.58%	11,516,503	11,516,503
Environmental Business Division(*3,4)	-	-	9.16%	46,664,490	46,664,490
Total				259,807,339	259,807,339

- (*1) The recoverable amount of Daehan Cement Co., Ltd., a subsidiary, is determined based on value-in-use calculations with the help of an independent external evaluation agency. The value in use is estimated as the sum of the present values obtained by discounting future cash flows of Daehan Cement Co., Ltd. and Daehan Slag Co., Ltd. for the next five years based on the management's business plan. No impairment loss was recognized because the recoverable amount calculated based on the value in use of the cash-generating unit exceeded the carrying amount. Meanwhile, in the previous year, an impairment loss of KRW 17,920,459 thousand was recognized as the recoverable amount fell below the carrying amount.
- (*2) The recoverable amount of the Gangneung office owned by Ssangyong Remicon Co., Ltd., a subsidiary, is determined based on the calculation of value in use with the help of an independent external evaluation agency. The value in use is estimated by discounting future cash flows for the next five years estimated based on management's business plan. Meanwhile, during the previous year, an impairment loss of KRW 894,810 thousand was recognized as the recoverable amount calculated based on the value in use of the cash-generating unit fell below the carrying amount.
- (*3) This is the goodwill generated from the acquisition of shares and business transfer during the previous year, and the initial distribution of goodwill was completed as the preparation of information necessary for the distribution of goodwill was completed during the current year.
- (*4) The recoverable amount of Green Eco Division of cash generating unit among subsidiaries and Environmental Business Division of parent company is determined based on value in use calculation with the help of an independent external evaluation agency. The value in use is estimated as the sum of the present values of discounted future cash flows for the next five years based on the management's business plan. No impairment loss was recognized because the recoverable amount calculated based on the value in use of the cash-generating unit exceeded the carrying amount.

15. 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	5,210,217	12,476,939	3,999,641	3,133,457
Advanced expenses	5,436,257	675,031	6,812,200	523,465
Emissions certificates	28,301,892	-	80,712	-
Other	392,305	60,204	6,390,546	48,092
Total	39,340,671	13,212,174	17,283,099	3,705,014

16. 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	165,401,184	-	119,587,152	-
Other payables				
Account payables	108,493,187	32,700	140,697,095	39,485
Unpaid expenses	13,002,549	2,394,465	10,390,822	2,634,231
Deposits received	163,000	1,362,854	4,540,640	1,434,744
Rental deposits	-	-	-	896,803
Derivatives liabilities	13,854	2,914	564,039	476,289
Lease liabilities	69,760,121	125,052,949	42,259,691	71,870,341
Sub total	191,432,711	128,845,882	198,452,287	77,351,893
Total	356,833,895	128,845,882	318,039,439	77,351,893

17. 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	1,756,030	331,022	876,437
Derivatives liabilities	13,854	2,914	564,039	476,289

(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(current)	Currency swap (current)	Currency swap (non-current)
Trading purpose	Interest rate risk hedging	Exchange rate risk and interest rate risk hedging	Risk of exchange fluctuations
Trading financial institution	Hana Bank	KB Kookmin Bank	Shinhan Bank
Items subject to hedging	Variable rate department Long-term borrowings in KRW	Variable rate department Foreign currency bonds	Foreign currency long-term borrowings
Par value	KRW 60,000,000	USD 20,000,000	USD 18,000,000
Contract periods	2018.10.17~2023.10.17	2020.06.29~2023.06.29	2021.06.28~2024.06.21
Accumulated valuation gains and losses at the end of current year	849,567	1,600,293	1,750,948
Accumulated other comprehensive income (before tax)	849,567	397,230	(594,452)
Derivatives valuation gains or losses (other comprehensive income) for the current year	1,404,885	190,753	(494,044)
Derivatives valuation gains for the current year (current profit or loss)	-	1,633,324	1,472,400

During the current year, KRW 2,271,317 thousand of trading profit was recognized due to the liquidation of derivatives of currency swap transactions, and there was no settlement of derivatives of currency swap transactions during the previous year.

2) Currency forward trading

Transaction profit of KRW 570,815 thousand and transaction loss of KRW 599,384 thousand were recognized due to the liquidation of currency forward derivatives of expected sales of imported coal ash, expected sales of export cement, and expected sales of export slag powder during the current year, and KRW 4,779,709 thousand was recognized as a deduction from sales revenue. During the previous year, a transaction profit of KRW 197,959 thousand and a transaction loss of KRW 360,732 thousand were recognized due to the liquidation of currency forward derivatives of the expected sales amount of imported coal ash, expected sales amount of export cement, purchase price of raw materials, and expected sales amount of export slag powder, and KRW 1,476,556 thousand was added to sales and KRW 271,260 thousand was recognized after deducting from raw materials.

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 added to the amortization of right-of-use assets following the liquidation of derivatives of charter (ship) futures trading while 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)

18. 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	231,941,454	-	32,221,081	-
Long-term borrowings	302,140,094	293,824,716	87,538,173	450,195,710
Short-term bonds	99,685,983	-	-	-
Corporate bonds	175,214,659	347,014,274	173,568,311	442,867,779
Total	808,982,190	640,838,990	293,327,565	893,063,489

(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	5.44~5.88	8,104,033	140,000
Discount draft	Shinhan Bank.	5.57	7,975,294	-
USANCE	Shinhan Bank, etc.	4.44~5.20	25,664,315	-
Revolving facility	Korea Development Bank, etc.	3.22~7.64	60,197,812	32,081,081
Bank overdraft	Korea Development Bank, etc.	4.52~5.26	130,000,000	-
Total			231,941,454	32,081,081

(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.	2.00~6.31	242,005,260	229,659,240
Energy use rationalization fund loan	Korea Development Bank, etc.	2.41~5.79	277,248,150	219,502,323
Facility loan	Korea Mine Reclamation and Mining Co., Ltd. etc.	2.25~5.40	76,711,400	88,572,320
Sub total			595,964,810	537,733,883
Deduction: current long-term borrowings			(302,140,094)	(87,538,173)
Total			293,824,716	450,195,710

(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	302,140,094
01 January 2024~31 December 2024	82,688,876
01 January 2025~31 December 2025	39,692,510
After 01 January 2026	171,443,330
Total	595,964,810

(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	
Non-guaranteed public bonds	2019.09.11	2022.09.11	-	-	-	100,000,000
Non-guaranteed public bonds	2019.09.11	2024.09.11	2.93	-	100,000,000	100,000,000
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
Non-guaranteed public bonds	2020.09.25	2023.09.25	2.32	-	150,000,000	150,000,000
Non-guaranteed public bonds	2019.07.10	2022.07.10	-	-	-	50,000,000
Credit Guarantee Fund	2022.05.26	2025.05.22	4.09	-	28,000,000	-
Credit Guarantee Fund	2022.05.30	2025.05.30	4.40	-	22,000,000	-
Overseas floating rate private equity bonds	2019.12.05	2022.12.05	-	-	-	23,710,000
Non-guaranteed public bonds	2021.09.16	2024.09.13	2.24	-	30,000,000	30,000,000
Non-guaranteed public bonds	2021.09.16	2026.09.16	2.96	-	100,000,000	100,000,000
Non-guaranteed public bonds	2021.08.26	2024.08.26	3.00	-	40,000,000	40,000,000
Non-guaranteed public bonds	2022.12.27	2024.06.27	7.90	-	30,000,000	-
Sub total					525,346,000	617,420,000
Deduction: Current bonds(*2)					(175,346,000)	(173,710,000)
Sub total					350,000,000	443,710,000
Deduction: Bond discount issuance difference					(2,985,726)	(842,221)
Total					347,014,274	442,867,779

(*1) The Group has signed a currency swap contract with KB Kookmin Bank to hedge the risk of exchange rate fluctuations and interest rate fluctuations in relation to overseas floating rate private equity bonds, and pays an annual guarantee fee of 0.75% regarding principal and interest payment guarantees.

(*2) This is the amount before deducting the difference in issuance of current bonds discount (end of the current year: KRW 131,341 thousand end of the previous year: KRW 141,689 thousand).

(7) Assets provided as collateral for borrowings

As of the end of the current year, the Group provides property, plant, and equipment to financial institutions and others as collateral in relation to the above short- and long-term borrowings (see Note 36).

19. Retirement benefit plans

The Group operates defined benefit retirement benefit plans and defined contribution plans for qualified employees. Under the defined benefit retirement plan, employees receive lump sum benefits by applying the average salary of the last three months to the service period provided at the time of retirement. With this system, the Group is exposed 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) Constituent items in the consolidated statement of financial position arising from the Group's obligations in relation to defined benefit retirement benefit plans 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	206,713,201	241,082,627
Fair value of plan assets	(21,914,429)	(23,771,482)
Net defined benefit liabilities	184,798,772	217,311,145

- (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	5.30~5.76	2.56~3.41
Expected wage growth rate	2.00~3.00+ promotion rate	2.00~3.00+ promotion rate

- (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 period	241,082,628	(23,771,482)	217,311,146
Amount recognized in profit or loss:			
Service cost in the current year	16,019,549	-	16,019,549
Interest expense (interest income)	7,921,137	(713,168)	7,207,969
Past service cost	1,328,773	-	1,328,773
Sub total	25,269,459	(713,168)	24,556,291

Division	Present value of defined benefit obligation	Fair value of plan assets	Total
Re-measurement factors:			
Earnings on plan assets (excluding amounts included in interest above)	-	380,036	380,036
Actuarial profit or loss arising from changes in financial assumptions	(36,113,568)	-	(36,113,568)
Actuarial profit or loss arising from empirical adjustments	(4,138,176)	-	(4,138,176)
Sub total	(40,251,744)	380,036	(39,871,708)
Amount paid by the system	(19,387,142)	2,190,185	(17,196,957)
End of the year	206,713,201	(21,914,429)	184,798,772

(Previous year)

(Unit: Thousand KRW)

Division	Present value of defined benefit obligation	Fair value of plan assets	Total
Beginning of the period	245,834,956	(24,379,253)	221,455,703
Amount recognized in profit or loss:			
Service cost in the current year	16,387,292	-	16,387,292
Interest expense (interest income)	5,255,758	(546,386)	4,709,372
Sub total	21,643,050	(546,386)	21,096,664
Re-measurement factors:			
Earnings on plan assets (excluding amounts included in interest above)	-	357,272	357,272
Actuarial profit or loss from changes in demographic assumptions	5,327,695	-	5,327,695
Actuarial profit or loss arising from changes in financial assumptions	(15,412,663)	-	(15,412,663)
Actuarial profit or loss arising from empirical adjustments	6,199,556	-	6,199,556
Sub total	(3,885,412)	357,272	(3,528,140)
Contributions paid by the corporation	-	(700,876)	(700,876)
Amount paid by the system	(22,414,302)	1,600,959	(20,813,343)
Others	(626,717)	281,468	(345,249)
Business combinations	531,052	(384,666)	146,386
End of the year	241,082,627	(23,771,482)	217,311,145

(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	18,138,087	15,555,790
Selling and administrative expenses	6,673,940	7,016,837
Construction cost	132,981	120,301
Current development expenses	62,608	69,444
Total	25,007,616	22,762,372

(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	24,556,292	21,096,663
Defined contribution plans	362,001	212,473
Total	24,918,293	21,309,136

Meanwhile, severance pay incurred during the current year includes retirement bonus and retirement benefit for less than one year of KRW 81 million and KRW 8 million, respectively. During the previous year, KRW 1,441 million and KRW 11 million of retirement bonus and retirement benefit for retirees who worked less than one year were incurred, respectively.

(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	21,587,183	23,380,115
National pension conversion	327,246	391,367
Total	21,914,429	23,771,482

The actual income of the reserve assets during the current year and previous year is KRW 333,132 thousand and KRW 189,114 thousand, respectively.

(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	(21,682,641)	24,989,286
Change of 100 basis point in expected wage growth rate	25,054,264	(21,855,019)

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, the present value of defined benefit obligations in the sensitivity analysis above was measured using the predictive unit accumulation method used to measure defined benefit obligations in the consolidated financial statement.

20. 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	28,271,605	-	190,137	-
Restoration provisions	1,325,034	31,576,390	5,061,481	28,386,017
Waste provision liabilities	92,114	277,200	20,803	-
Total	29,688,753	31,853,590	5,272,421	28,386,017

(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)	190,137	28,271,605	(5,969)	(184,168)	-	28,271,605
Restoration provisions(*2,3)	33,447,498	7,061,900	(203,202)	(7,490,862)	86,090	32,901,424
Waste provision liabilities	20,803	354,744	-	(6,233)	-	369,314
Total	33,658,438	35,688,249	(209,171)	(7,681,263)	86,090	61,542,343

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

(*2) The Group has set forest restoration provision liabilities of KRW 3,632,900 thousand for the current year. Provision for forest restoration is the present value obtained by discounting the best estimate of future restoration costs for the damaged area among the permitted mining areas as of the end of the current year at an appropriate discount rate, and the expenses for this will be incurred at the end of mining for individual mines. Meanwhile, regarding provisions, the Group deposited KRW 18,108,746 thousand as a deposit for the performance of forest restoration obligations with the Korea Mine Rehabilitation and Mineral Resources Corporation, and the amount is recorded as other receivables (long-term deposits).

(*3) During the current year, the Group has additionally set restoration provision for estimated future restoration costs of KRW 3,429,000 thousand due to restoration of contaminated land at the Mukho Plant.

(Previous year)

(Unit: Thousand KRW)

Division	Beginning of the year	Business combinations	Setting	Returns	Paid	Discount on amortization	End of the year
Emissions liabilities(*1)	10,856	-	2,079,625	(78,964)	(1,821,380)	-	190,137
Restoration provisions(*2,3)	36,892,368	-	4,020,775	(2,820,695)	(4,712,801)	67,851	33,447,498
Waste provision liabilities	-	15,301	5,502	-	-	-	20,803
Total	36,903,224	15,301	6,105,902	(2,899,659)	(6,534,181)	67,851	33,658,438

(*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 Group 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 Group deposited KRW 16,302,097 thousand 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 KRW 1,429,063 thousand (not reflecting the present value discount difference of KRW 252,678) due to building lease was set as a restoration provision

21. 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
Advances received	5,589,461	7,967,613	3,420,318	7,967,613
Prepaid income	12,863,222	934,127	88,927	2,384
Deposits	9,773,175	-	6,162,420	-
Others	1,030,536	-	2,708,790	-
Total	29,256,394	8,901,740	12,380,455	7,969,997

22. 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 is no change in the number of shares issued during the current year and the previous year.

23. 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	<p>- 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.</p> <p>- 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)</p> <p>Transfers between SsangYong C&E and its affiliates are also considered to be in the company.</p>

(2) The compensation cost of stock options granted to the Controlling corporation 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.

24. 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
Other capital adjustments	(59,762,839)	(59,762,839)
Total	(65,684,904)	(66,445,781)
Accumulated other comprehensive income		
Other comprehensive income - profit or loss after tax on equity instruments measured at fair value	(3,790,236)	(3,297,480)
Cash flow hedging derivatives valuation profit or loss	380,448	(113,787)
Total	(3,409,788)	(3,411,267)
Retained earnings		
Voluntary reserve	59,282,647	59,282,647
Reserved surplus earnings	38,000,000	38,000,000
Unappropriated retained earnings(*1)	1,488,569,675	1,551,661,189
Total	1,585,852,322	1,648,943,836

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	1,668,629,992	1,362,644,723
Overseas	296,412,631	298,753,607
Total	1,965,042,623	1,661,398,330
Major product and service lines		
Cement	1,145,259,013	961,211,553
Circulating resources	172,424,219	121,158,302
Ready-mixed concrete	379,788,647	331,020,596
Others	267,570,744	248,007,879
Total	1,965,042,623	1,661,398,330
Revenue recognition time		
Implement at a point in time	1,764,675,161	1,490,780,446
Fulfillment over time	200,367,462	170,617,884
Total	1,965,042,623	1,661,398,330

(2) Contract balance

Receivables and contract assets arising from contracts with customers 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
Receivables included in trade receivables and other receivables	416,860,234	313,949,318
Contract assets	283,693	130,172
Contract liabilities	11,521,565	59,996

Contract assets are assets for the unclaimed amount as of the end of the reporting period for the rights to unloading services provided by the Group, and contract liabilities are parts for which the Group has not fulfilled 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	75,560,109	83,643,865
Product sales	1,513,701,224	1,282,589,553
Other sales	375,781,290	295,164,912
Total	1,965,042,623	1,661,398,330

(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	1,627,074,008	1,369,493,918
Revenue from the provision of services	337,968,615	291,904,412
Total	1,965,042,623	1,661,398,330

(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	46,964,978	49,407,533
Cost of product sales	1,237,865,292	995,829,303
Cost of other sales	269,794,824	191,743,537
Total	1,554,625,094	1,236,980,373

26. Selling and administrative expenses

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

(Unit: Thousand KRW)

Division	Current Year	Previous Year
Benefits	43,414,176	44,579,657
Retirement benefits	6,204,875	6,524,058
Share compensation	760,877	1,142,881
Welfare benefits	8,927,494	9,724,744
Rental fee	1,669,295	1,213,733
Depreciation cost	1,279,092	961,464
Amortization of right-of-use assets	4,964,421	5,413,577
Bad debt expenses	209,817	276,092
Taxes and duties	3,111,236	2,798,585
Fees	10,876,283	9,394,661
Advertising cost	875,503	2,595,682
Reception expenses	4,746,816	4,173,440
Education and training expenses	1,244,305	1,092,614
Research expenses	4,992,639	5,162,716
Travel expenses	941,943	680,975
Communication cost	624,623	543,207
Vehicle expenses	1,243,034	929,228
Supply expenses	276,810	268,253
Repair expenses	339,157	294,800
Book budget	85,148	144,293
Printing cost	142,106	147,299
Premium	288,009	204,096
Transport charges	80,621,129	68,769,642
Water and light cost	73,098	51,299
Amortization of intangible assets	7,663,929	5,185,754
Contract fees	1,509,993	1,375,766
Miscellaneous expenses	2,460,386	2,037,382
Total	189,546,194	175,685,898

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	903,189	908,140
Dividend income	607,899	893,389
Total	1,511,088	1,801,529
Finance expenses		
Interest expenses	43,238,280	30,917,399

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		
Reversal of other bad debt expenses	362,306	36,032
Gains on disposal of property, plant and equipment	21,320,696	1,266,401
Gains on investment property disposal	137,134	21,069
Gains from disposal of right-of-use assets	9,232	3,032
Foreign currency translation profit	3,890,522	71,945
Foreign exchange profit	5,973,147	3,857,422
Derivatives valuation profit	3,235,013	5,100,512
Derivatives trading profit	5,395,256	1,038,280
Miscellaneous profit	3,256,779	27,902,332
Total	43,580,085	39,297,025
Other expenses		
Contributions	8,496,626	13,090,336
Other bad debt expenses	3,414	169,241
Loss on disposal of trade receivables	137,493	278,024
Loss on disposal of property, plant, and equipment	11,114,990	2,253,345
Losses on disposal of intangible assets	22,723	-
Impairment loss on intangible assets	149,619	18,815,268

Division	Current year	Previous year
Impairment loss on property, plant and equipment	-	477,101
Profit or loss - Impairment loss on fair value measurement financial instruments	750,000	600,000
Loss on disposal of government bonds	47,289	19,593
Losses on impairment of investment stocks of related companies	85,054	-
Foreign currency translation loss	4,499,996	5,898,131
Foreign exchange loss	8,762,660	3,437,541
Derivatives trading loss	1,730,964	6,830,688
Derivatives valuation loss	5,527	2,633,323
Loss on valuation of financial instruments measured at fair value through profit or loss	4,329	-
Loss on disposal of right-of-use assets	1,207	13,620
Miscellaneous loss	15,901,725	13,466,219
Total	51,713,616	67,982,430

29. Corporate tax expenses

(1) Major components of corporate tax expenses for the current year and the previous year are as follows:

(Unit: Thousand KRW)

Division	Current Year	Previous Year
Current tax burden	53,081,414	45,536,088
Additional corporate tax payment	(487,517)	769,992
Changes in deferred tax due to temporary differences	795,160	(42,511,974)
Deferred tax added directly to equity	(9,991,497)	1,225,024
Corporate tax expenses	43,397,560	5,019,130

(2) The relationship between accounting profit and corporate tax expenses for the current year and the previous year are as follows:

(Unit: Thousand KRW)

Division	Current year	Previous year
Net income before tax	171,177,682	190,976,286
Tax expense according to applicable tax rate(*1)	61,575,366	50,467,109
Adjustments:		
Effects of non-taxable income/non-deductible expenses	(7,780,456)	(12,553,838)
Unrecognized deferred tax effect	(9,591,648)	(31,214,984)

Division	Current year	Previous year
Tax credit	(1,942,034)	(1,999,051)
Additional tax payment	(487,517)	769,992
Others (effects of changes in tax rates, etc.)	1,623,849	(450,098)
Tax expenses(revenue)	43,397,560	5,019,130
Effective tax rate (income tax expense/net income before corporate tax expense)	25.35%	2.63%

(*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).

(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(liabilities)				30,821,658

Division	Beginning of the year	Increase or decrease	End of the year	Deferred tax assets (liabilities)
Deferred tax assets(liabilities) of subsidiaries				(14,118,269)
Deferred tax assets(liabilities)				16,703,389

(Previous year)

(Unit: Thousand KRW)

Division	Beginning of the year	Increase or decrease	End of the year	Deferred tax assets (liabilities)
Receivable income	(2,046,260)	(212,591)	(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
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)	(104,304)
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	276,422,439	26,566,713	302,989,152	73,323,374
Loss carried forward	22,511,171	(22,511,171)	-	-
Total				73,323,374
Deduction: unrecognized deferred tax assets				(41,749,856)
Deferred tax assets after deduction(liabilities)				31,573,518
Deferred tax assets(liabilities) of subsidiaries				(14,567,105)
Deferred tax assets(liabilities)				17,006,413

(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	39,871,708	(9,795,207)	30,076,501	3,528,141	(948,717)	2,579,424
Other comprehensive income- Re-measurement gains on equity instruments measured at fair value	(588,389)	95,633	(492,756)	8,038	978,140	986,178
Profit or loss on valuation of cash flow hedging derivatives	786,159	(291,924)	494,235	(5,068,898)	1,333,360	(3,735,538)
Total	40,069,478	(9,991,498)	30,077,980	(1,532,719)	1,362,783	(169,936)

(5) Temporary differences that do not recognize tax effects are as follows:

(Unit: Thousand KRW)

Division	Current year	Previous year	Due date
Unrecognized temporary difference(*1)	149,351,486	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	605,383,332	445,635,632
Employee benefits	192,932,029	192,133,614
Depreciation cost and amortization of intangible assets	267,571,571	227,489,434
Transport cost	196,187,868	176,166,852
Contract fees	175,220,054	158,727,026
Commission fee	16,450,478	14,676,280
Rental fee	4,576,104	3,550,390
Research expenses	971,121	857,327
Advertising cost	882,095	2,595,682
Other expenses	283,996,636	190,834,033
Total	1,744,171,288	1,412,666,270

31. Earnings per share

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

(Ordinary shares)

(Unit: KRW)

Division	Current year	Previous year
Percentage ownership of the Controlling corporation	127,780,122,708	185,957,156,093
Net income from ordinary shares	127,780,122,708	185,957,156,093
Weighted-average number of ordinary shares outstanding	502,281,805 share	502,281,805 share
Basic earnings per share	254	370

(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	127,780,122,708	179,290,831,006
Net income used to calculate diluted earnings per share	127,780,122,708	179,290,831,006
Weighted average number of common shares in circulation used in calculating diluted earnings per share	502,829,650share	502,281,805share
Diluted earnings per share (*1)	254	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 Group aims to maintain our ability to continue as a continuing company and to maximize shareholder returns by minimizing the cost of raising capital. The executives in the Group periodically review the capital structure and maintains an optimal capital structure through long-term and short-term borrowings.

The Group's capital structure consists of net liabilities after deducting cash and cash equivalents from borrowings and equity. The Group's overall capital risk management policy is the same as in the previous year. Meanwhile, details of items the Group 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)	2,281,205,119	1,909,294,816
Capital(B)	1,593,140,947	1,655,470,105
Cash and cash equivalents(C)	14,922,211	108,295,867
Borrowings(D)	1,453,252,264	1,187,374,964
Liability ratio(A/B)	143.19%	115.33%
Net borrowing ratio(D-C)/B	90.28%	65.18%

(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 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	9,978,000	-	2,449,860
Long-term financial assets	1,004,166	92,631	612,880	1,756,030
Trade receivables	-	417,143,927	-	-
Other receivables	-	52,830,955	-	-
Total	1,133,454	480,045,513	612,880	4,205,890

(End of the previous 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	9,242	26,117	-	321,780
Long-term financial assets	1,004,166	87,099	1,231,750	876,437
Trade receivables	-	314,079,490	-	-
Other receivables	-	55,925,550	-	-
Total	1,013,408	370,118,256	1,231,750	1,198,217

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
Purchase liabilities	-	165,401,185	-
Other payables	5,527	320,261,825	11,241
Short-term borrowings	-	231,941,454	-
Long-term borrowings	-	595,964,810	-
Short-term bonds	-	99,685,983	-
Long-term bonds	-	522,228,932	-
Total	5,527	1,935,484,189	11,241

(End of the previous year)

(Unit: Thousand KRW)

Division	Financial liabilities recognized in profit or loss	Amortized cost measurement financial liabilities	Hedging instrument derivatives
Purchase liabilities	-	119,587,152	-
Other payables	11,581	274,763,851	1,028,747
Short-term borrowings	-	32,221,081	-
Long-term borrowings	-	537,733,883	-
Long-term bonds	-	616,436,090	-
Total	11,581	1,580,742,057	1,028,747

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 profits and loss
	Financial revenue	Other revenue	Sub total	Financial revenue	Other revenue	Sub total		
Financial assets								
Fair value-financial liabilities recognized in profit or loss	-	2,317,196	2,317,196	-	(925,274)	(925,274)	1,391,922	-
Amortized cost measured financial instruments	414,539	3,927,893	4,342,432	-	(4,947,061)	(4,947,061)	(604,629)	-
Fair value-Other comprehensive income financial assets	289	-	289	-	-	-	289	(492,756)
Fair value-hedging instruments derivatives	-	5,400,426	6,659,917	-	(414,461)	(414,461)	6,245,456	569,521
Sub total	414,828	11,645,515	12,060,343	-	(6,286,796)	(6,286,796)	5,773,547	76,765
Financial liabilities								
Financial liabilities recognized in profit or loss	-	365,216	365,216	-	(966,162)	(966,162)	(600,946)	-
Amortized cost measured financial liabilities	-	6,632,168	6,632,168	(43,213,299)	(9,064,819)	(52,278,118)	(45,645,950)	-
Hedge designated derivatives	-	547,430	547,430	-	(184,923)	(184,923)	362,507	(75,286)
Sub total	-	7,544,814	7,544,814	(43,213,299)	(10,215,904)	(53,429,203)	(45,884,389)	(75,286)
Total	414,828	19,190,329	19,605,157	(43,213,299)	(16,502,700)	(59,715,999)	(40,110,842)	1,479

(Previous year)

(Unit: Thousand KRW)

Division	Revenue			Expenses			Net profit or loss	Other comprehensive profits and loss
	Financial revenue	Other revenue	Sub total	Financial revenue	Other revenue	Sub total		
Financial assets								
Fair value-financial liabilities recognized in profit or loss	-	424,313	424,313	-	(749,198)	(749,198)	(324,885)	-
Amortized cost measured financial instruments	598,525	3,631,825	4,230,350	-	(2,283,267)	(2,283,267)	1,947,083	-
Fair value-Other comprehensive income financial assets	291	-	291	-	-	-	291	986,178
Fair value-hedging instruments derivatives	-	3,562,402	3,562,402	-	(2,843,673)	(2,843,673)	718,729	(5,557,260)
Sub total	598,816	7,618,540	8,217,356	-	(5,876,138)	(5,876,138)	2,341,218	(4,571,082)
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	-	645,858	645,858	(30,847,141)	(8,152,831)	(38,999,972)	(38,354,114)	-
Hedge designated derivatives	-	2,005,124	2,005,124	-	(147,151)	(147,151)	1,857,973	1,821,722
Sub total	-	2,794,598	2,794,598	(30,847,141)	(14,623,971)	(45,471,112)	(42,676,514)	1,821,722
Total	598,816	10,413,138	11,011,954	(30,847,141)	(20,500,109)	(51,347,250)	(40,335,296)	(2,749,360)

(4) Financial risk management

The Group is exposed to various financial risks such as market risk (foreign exchange risk, interest rate risk, price risk), credit risk and liquidity risk in relation to financial products. The purpose of managing the Group's risk is to identify potential risks that affect the Group's financial performance and to reduce, eliminate, and avoid the Group to an acceptable level. The Group uses derivative financial instruments to hedge specific risks such as currency risk. The Group's overall financial risk management strategy is the same as in the previous year.

1) Market risk

The Group 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 Group 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	36,556,557	16,751,337	64,874,702	12,584,974
JPY	215,467,530	202,655,556	48,886,894	31,657,582
EUR	-	-	4,352,453	-
AUD	114,764	49,689	7,825	556

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	Foreign currency assets		Foreign currency liabilities	
	10% increase	10% decrease	10% increase	10% decrease
Net profit increase(decrease)	(4,008,901)	4,008,901	674,311	(674,311)
Increase(decrease) of capital	(4,008,901)	4,008,901	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 Group is exposed to cash flow interest rate risk due to borrowings issued at variable interest rate. The Group 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 Group 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	234,341,454	29,121,081
Long-term borrowings	261,207,610	186,680,313
Total	495,549,064	215,801,394

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)	(4,955,491)	4,955,491	(2,158,014)	2,158,014
Increase(decrease) of capital	(4,955,491)	4,955,491	(2,158,014)	2,158,014

Meanwhile, the Group 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 Group'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. Therefore, the Group is not exposed to risks from IBOR reform.

D. Other price risk

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

2) Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations. The Group 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 Group 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 Group uses other financial information and transactions that are officially announced and available to determine credit ratings for major clients. The Group 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.

Financial assets exposed to the Group credit risk best represent maximum exposure in carrying amount.

3) Liquidity risk

In order to manage liquidity risk, the Group 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 Group 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	317,315,135	43,558,141	83,429,457	65,359,031	509,661,764
Short-term borrowings	29,220,327	202,721,127	-	-	231,941,454
Short-term bonds	-	100,000,000	-	-	100,000,000
Corporate bonds	-	173,710,000	350,000,000	-	523,710,000
Long-term borrowings	10,072,990	283,608,636	204,884,324	97,398,860	595,964,810
Financial expenses related to borrowings	13,320,847	26,197,075	40,576,120	4,006,826	84,100,868
Total	369,929,299	829,794,979	678,889,901	166,764,717	2,045,378,896

(End of the previous year)

(Unit: Thousand KRW)

Division	Within 3 months	3months~1year	1year~5years	More than 5years	Total
Trade and other payables	282,247,041	35,907,977	65,436,977	11,420,318	395,012,313
Short-term borrowings	6,440,000	25,781,081	-	-	32,221,081
Corporate bonds	-	173,800,000	444,150,000	-	617,950,000
Long-term borrowings	12,754,541	74,783,632	343,932,110	105,390,600	536,860,883
Financial expenses related to borrowings	7,520,125	20,197,513	45,373,163	5,635,825	78,726,626
Total	308,961,707	330,470,203	898,892,250	122,446,743	1,660,770,903

(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 consolidated statement of financial position as of the end of the current year and the previous year are as follows:

(End of the current year)

(Unit: Thousand KRW)

Division	Level 1	Level 2	Level 3	Total
Fair value measurement assets				
Equity securities	-	-	136,221	136,221
Derivative assets	-	4,335,178	-	4,335,178
Sub total	-	4,335,178	136,221	4,471,399
Fair value measurement liabilities				
Derivatives liabilities	-	(16,768)	-	(16,768)
Total	-	4,318,410	136,221	4,454,631

(End of the previous year)

(Unit: Thousand KRW)

Division	Level 1	Level 2	Level 3	Total
Fair value measurement assets				
Equity securities	4,657	-	-	4,657
Derivative assets	-	1,207,459	-	1,207,459
Sub total	4,657	1,207,459	-	1,212,116
Fair value measurement liabilities				
Derivatives liabilities	-	(1,040,328)	-	(1,040,328)
Total	4,657	167,131	-	171,788

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 consolidated 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.

Division	Fair value				Levels in affair value hierarchy	Valuation Techniques	Significant unobserva ble 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 consolidated statement of financial position								
Currency swap	Assets	3,356,323	Assets	927,828	Level 2	Discounted cash flows Currency swap is evaluated by calculating the difference between the present value of future cash flows received and the present value of future cash flows paid. The discount rate and forward interest rate used to measure the fair value of currency swaps are determined based on applicable yield curves derived from interest rates announced in the market as of the end of the reporting period.. The fair value of currency swaps is measured by discounting the future cash flows of currency swaps estimated based on the forward interest rate derived by the above method at an appropriate discount rate.	Not applicable.	Not applicable.
	Liabilities	(5,082)	Liabilities	(473,430)				
Interest rate swaps	Assets	849,567	Assets	-	Level 2	Discounted cash flows The discount rate and forward interest rate used to measure the fair value of interest rate swaps are determined based on the applicable yield curve derived from the interest rates announced in the market as of the end of the reporting period. The fair value of interest rate swaps is measured by discounting and offsetting the future cash flows of interest rate swaps estimated based on the forward interest rates derived by the above method at an appropriate discount rate.	Not applicable.	Not applicable.
	Liabilities	-	Liabilities	(555,317)				
Currency forwards	Assets	129,288	Assets	119,256	Level 2	Discounted cash flows The discount rate and forward interest rate used to measure the fair value of currency forwards are determined based on the applicable yield curve derived from the interest rates announced in the market as of the end of the reporting period. The fair value of a currency forward is measured by discounting the future cash flows of a currency forward measured based on the forward interest rate derived by the above method at an appropriate discount rate.	Not applicable.	Not applicable.
	Liabilities	(5,527)	Liabilities	(11,581)				
Futures trading (ship charter fees)	Assets	-	Assets	160,374	Level 2	Discounted cash flows The discount rate and forward interest rate used to measure the fair value of ship charter futures transactions are determined based on the applicable yield curve derived from the interest rates announced in the market as of the end of the reporting period.. The fair value of ship charter futures transactions is measured by discounting the future cash flows of currency forwards estimated based on the forward interest rate derived by the above method at an appropriate discount rate.	Not applicable.	Not applicable.
	Liabilities	(6,159)	Liabilities	-				
Equity security	Assets	76,016	Assets	—	Level 3	Estimated selling price evaluation method The fair value of equity securities in the liquidation process is measured at the estimated selling price.	Not applicable.	Not applicable.
Insurance policy	Assets	60,205	Assets	—	Level 3	Estimated selling price evaluation method The fair value of insurance policies is measured at the estimated cancellation refund.	Not applicable.	Not applicable.

- 4) There are no changes in the financial instruments classified as Level 3 in the consolidated financial statements during the current year and previous year.
- 5) The Group 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)	1,541,029	2,231,258

(*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 Group 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)
Associates	Hankook Remicon Co., Ltd.
	Youngil Remicon Co., Ltd.

Transactions between the Controlling corporation and subsidiaries have been eliminated at the time of consolidation, and the following related party transactions and related receivables and debt balances are not disclosed as notes.

(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	Other purchases
Associates	Hankook Remicon Co., Ltd.	3,700,040	-	-

(Previous year)

(Unit: Thousand KRW)

Division	Name of company	Sales	Other sales	Other purchases
Associates	Hankook Remicon Co., Ltd.	2,622,067	-	-

- (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
Associates	Hankook Remicon Co., Ltd.	1,008,437	-	-	-

(End of the previous year)

(Unit: Thousand KRW)

Division	Name of company	Receivables		Payables	
		Trade receivables	Other receivables	Trade payables	Other payables
Associates	Hankook Remicon Co., Ltd.	873,123	-	-	-

- (4) During the current year and previous year, there is no details of renal transaction with related parties.
- (5) During the current year and previous year, there is no details of borrowing transactions and equity transactions from related parties
- (6) As of the end of the current year, there are no details of payment guarantees provided by the Group to related parties.
- (7) As of the end of the current year, there are no details of payment guarantees provided by the Group from related parties.
- (8) As of the end of the current year, there are no details of collateral provided from related parties.
- (9) As of the end of the current year, there are no details of collateral provided to related parties.
- (10) 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	4,229,488	4,683,396
Retirement benefits	368,209	286,061
Share-based compensation	594,867	893,525
Total	5,192,564	5,862,982

34. Consolidated statement of cash flows

- (1) Cash in the consolidated statement of cash flows is the same as cash and cash equivalents in the consolidated 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	24,556,292	21,096,663
Depreciation and amortization of intangible assets	257,905,342	220,620,329
Amortization of intangible assets	9,945,205	7,489,202
Loss on disposal of property, plant, and equipment	11,114,990	2,253,345
Impairment loss on property, plant, and equipment	(21,320,696)	(1,266,401)
Gains on disposal of intangible assets	22,723	-
Gains on disposal of investment property	(137,134)	(21,069)
Loss on disposal of right-of-use assets	1,207	13,620
Gains on disposal of right-of-use assets	(9,232)	(3,032)
Bad debt expenses	209,817	276,092
Other bad debt expenses	3,414	169,241
Reversal of other bad debt expenses	(362,306)	(36,032)
Loss on disposal of trade receivables	137,493	278,024
Loss on disposal of government bonds	47,289	19,592
Profit or loss - Loss on valuation of financial instruments measured at fair value	4,329	-
Profit or loss - Impairment loss on fair value measurement financial instruments	750,000	600,000
Impairment loss on property, plant, and equipment	-	477,101
Impairment loss on intangible assets	149,619	18,815,268
Interest expenses	43,238,280	30,917,399
Interest income	(903,189)	(908,140)
Dividend income	(607,899)	(893,389)
Derivatives valuation loss	5,527	2,633,323
Derivatives valuation profit	(3,235,013)	(5,100,512)
Derivatives trading loss	1,730,964	6,830,688
Derivatives trading profit	(5,395,256)	(1,038,280)
Foreign currency translation loss	4,499,529	5,898,131
Foreign currency translation profit	(3,890,522)	(71,945)
Foreign currency exchange loss	2,291,635	-
Reversal of impairment loss on investment in associates	85,054	-
Welfare benefits	27,329	675,952
Share compensation	760,877	1,142,881
Miscellaneous loss	22,635	6,949

Division	Current Year	Previous Year
Miscellaneous profit	(279,583)	(2,155,497)
Loss on equity method	7,465	-
Gains on equity method	(174,536)	(45,503)
Tax expenses	43,397,559	5,019,130
Total	364,599,208	313,693,130

(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	(100,826,295)	(6,297,630)
Decrease(Increase) of account receivables	3,144,030	(11,290,027)
Decrease(Increase) of accrued receivables	309	-
Decrease(increase) of short-term deposits	(355,446)	-
Decrease(Increase) of derivative assets	1,735,281	48,189,736
Decrease(Increase) of prepayment	(3,954,700)	226,623
Decrease(Increase) of prepaid expenses	5,241,709	(4,817,284)
Decrease (Increase) of prepaid corporate income tax	2,132	-
Decrease(increase) of prepaid value added taxes	1,697,404	(5,414,334)
Decrease(Increase) of other property, plant, and equipment liabilities	247,182	1,156,523
Recovery of lease receivables	350,095	850,686
Decrease(Increase) of inventory assets	(133,002,892)	(107,365,100)
Decrease(increase) of long-term trade receivables	121,461	126,127
Decrease(increase) of long-term account receivables	(49,500)	(60,000)
Decrease(Increase) of long-term deposits	(30,000)	34,370
Decrease(Increase) of long-term prepaid expenses	24,451	-
Decrease(Increase) of other non-current assets	48,092	-
Increase(Decrease) of trade payables	41,624,913	9,978,318
Increase(Decrease) of account payables	(28,192,117)	29,751,862
Increase(Decrease) of unpaid expenses	(1,014,864)	(1,411,099)
Increase(Decrease) of value added tax deposit received	259,742	82,088
Increase(Decrease) of deposit received	2,805,175	(6,456,782)
Increase(Decrease) of deposits	(4,372,640)	(6,762,728)
Increase(Decrease) of lease deposits	(1,141,204)	(8,249)
Increase(Decrease) of provision liabilities	28,313,083	(2,699,301)

Division	Current Year	Previous Year
Increase(Decrease) of derivative liabilities	-	9,180
Decrease(Increase)emissions certificate	(52,514)	(798)
Increase(Decrease) of advances received	2,172,949	(4,458,986)
Increase(Decrease) of prepaid income	(17,097,692)	(2,371,601)
Increase(Decrease) of other long-term liabilities	-	5,502
Increase(Decrease) of other property, plant, and equipment liabilities	(1,678,254)	166,748
Increase (Decrease) of long-term accounts payable	(8,700)	-
Increase(Decrease) of long-term unpaid expenses	(34,805)	(138,296)
Increase(Decrease) of long term deposits	(71,890)	183,305
Increase(Decrease) of long-term unearned revenue	-	(23,077)
Payment of severance pay	(14,758,080)	(21,639,646)
Total	(218,853,585)	(90,453,870)

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

(Unit: Thousand KRW)

Division	Current year	Previous year
Liquidity replacement of long-term borrowings	245,319,021	64,318,173
Liquidity replacement of bonds	173,511,694	171,509,962
Main account transfer of assets under construction	244,471,804	155,382,501
Replacement of account payables as property, plant, and equipment	1,928,290	34,343,165
Replacement of payment of retirement benefits as account payables	2,482,891	265,905
Replacement of investment property as non-current assets held for sale	164,542,406	307,444,590
Right-of-use assets – Increase of lease liabilities	-	460,137,758

(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	32,221,081	201,637,403	(1,917,030)	-	-	-	231,941,454
Short-term bonds	-	99,606,260	-	-	79,723	-	99,685,983
Current long-term borrowings	87,538,173	(33,423,973)	-	248,025,894	-	-	302,140,094
Current bonds	450,195,710	90,182,500	1,472,400	(248,025,894)	-	-	293,824,716
Long-term borrowings	173,568,311	(176,008,000)	1,633,324	173,511,694	211,330	2,298,000	175,214,659
Corporate bonds	442,867,779	79,632,124	-	(173,511,694)	1,590,940	(3,564,876)	347,014,273
Derivatives Liabilities	94,410	2,536,266	-	-	(69,272)	(2,561,404)	-
Lease liabilities	114,130,032	(106,702,710)	-	-	4,146,261	183,239,487	194,813,070
Total	1,300,615,496	157,459,870	1,188,694	-	5,958,982	179,411,207	1,644,634,249

(Previous year)

(Unit: Thousand KRW)

Division	Beginning of the year	Business combination	Cash flow	Non-cash changes				End of the year
				Exchange rate fluctuations	Liquidity replacement	Interest expenses depreciation	Others	
Short-term borrowings	52,956,563	2,900,000	(23,635,483)	-	-	-	-	32,221,080
Current long-term borrowings	85,267,164	3,039,801	(65,086,965)	-	64,318,173	-	-	87,538,173
Current bonds	-	-	-	1,939,390	171,509,962	118,959	-	173,568,311
Long-term borrowings	391,592,283	21,301,860	100,746,740	873,000	(64,318,173)	-	-	450,195,710
Corporate bonds	442,509,242	-	169,592,752	1,940,453	(171,509,962)	335,294	-	442,867,779
Lease liabilities	97,246,543	1,023,830	(91,440,127)	-	-	2,686,921	104,612,865	114,130,032
Total	1,069,571,795	28,265,491	90,176,917	4,752,843	-	3,141,174	104,612,865	1,300,521,085

35. Greenhouse gas emissions liabilities

(1) Greenhouse gas emissions certificate

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

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

(Unit: ton (tCO₂-eq))

Division	For 2021	For 2022	For 2023	For 2024	For 2025	Total
Free allocation emissions certificate	10,789,419	10,789,419	10,789,419	10,688,369	10,688,369	53,744,995

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

(Current year)

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

Division	For 2021		For 2022	
	Quantity	Carrying amount	Quantity	Carrying amount
Basic and free allocation	10,789,419	-	10,789,419	-
Cancellation of allocation and additional allocation	783,961	-	-	-
Swap	525,000	28,512,500	(1,375,000)	-
Purchase	2,000	38,200	2,000	30,000
Disposal	(794,515)	-	(980,400)	-
Government submission	(10,718,406)	(200,804)	-	-
Carried forward	(587,459)	(28,349,896)	1,372,732	28,430,608
End of the year	-	-	9,808,751	28,460,608

(Previous year)

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

Division	For 2020		For 2021	
	Quantity	Carrying amount	Quantity	Carrying amount
Basic and free allocation	11,491,861	-	10,789,419	-
Cancellation of allocation and additional allocation	(8,573)	-	-	-
Swap	850,000	1,889,488	(850,000)	-
Purchase	1,370	26,030	-	-
Disposal	(1,605,500)	-	(794,515)	-
Government submission	(9,972,411)	(1,834,806)	-	-
Carried forward	(756,747)	(80,712)	785,273	80,712
End of the year	-	-	9,930,177	80,712

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 10,768,460 tons (tCO₂-eq).

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

(Unit: Thousand KRW)

Division	Current year	Previous year
Beginning of the year	190,137	10,856
Transfer(*1,2)	28,271,606	2,079,625
Reversal(*1)	(190,137)	(1,900,344)
End of the year	28,271,606	190,137

(*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 Group. However, the Group judged that there are no current obligations arising from the litigation case. Hence, the pending litigation has not been recognized as provision.

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

(2) Guarantees that the Group was provided from others as of the end of the current year are as follows:

(Unit: Thousand KRW, Foreign currency unit: USD)

Guarantee provider	Guarantee amount	Note	Beneficiary
Seoul Guarantee Insurance Co., Ltd.	304,943,153	Contract guarantee and others	Controlling corporation
	87,632		Ssangyong Slag & Materials Co., Ltd.
	213,694		Hankook Slag & Materials Co., Ltd.
	14,634,294		Ssangyong Remicon Co., Ltd.
	376,657	Waste disposal performance guarantee, etc.	Ssangyong Logistics Co., Ltd.
	3,824,908		Daehan Cement Co., Ltd.
	28,003,356		Green Eco cycle Co., Ltd.
	18,427,337		Green Eco Nexus Co., Ltd.
Korea Mine Rehabilitation and Mineral Resources Corporation	265,116,050	Guarantee for performance of forest restoration obligations	Controlling corporation
KB Kookmin Bank	USD 20,000,000	Overseas guarantee public bonds	Controlling corporation

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

(4) Key agreements

1) Agreements with financial institutions

As of the end of the current year, details of the financing agreements that the Group signed with are as follows:

(Unit: Thousand KRW)

Division	Financial institutions	Limited amount	Used amount
Overdraft agreement	KB Kookmin Bank, etc.	53,600,000	8,104,033
Discount on commercial bill	Shinhan bank, etc.	30,360,000	7,975,294
Revolving facility	Korea Development Bank, etc.	364,350,000	160,277,812
General loans, etc.		719,597,490	651,549,124

2) Sales related agreements

The Group has signed a cement supply contract with Jeongseon Remicon Co., Ltd. and others. In addition, the Group has concluded subcontracts related to cement transportation and packaging with Kyungdong Freight Vehicle Co., Ltd. and others. The Group 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 Group 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 Group 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 Group 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
Term deposit	9,950,000	1,480,002,895	KDB Development Bank Korea Mine Rehabilitation and Mineral Resources Corporation NH Nonghyup Bank KEB Hana Bank Woori Bank Co., Ltd Shinhan Bank Co., Ltd IBK Industrial Bank of Korea KB Kookmin Bank Hyundai Commercial
Investment shares in subsidiaries	66,201,055		
Land	489,341,911		
Buildings	192,314,542		
Structure	590,556,399		
Machinery and equipment	738,077,867		
Delivery equipment or vehicles	654,453		
Ships	11,287,427		
Tools and instruments, etc.	34,945		
Mining rights	3,834,304		
Total	2,102,252,903	1,480,002,895	

As of the end of the current year, in relation to the provision for forest restoration, a long-term deposit of KRW 18,109 million has been provided to the Korea Mine Rehabilitation and mineral Resources Corporation as a security deposit for forest restoration (see Note 20).

37. Assets held for sale and liabilities

(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) Changes of assets held for sale in carrying amount during the current year and previous year are as follows:

(Current year)

(Unit: Thousand KRW)

Division	Beginning of the period	Disposal (*1)	End of the year (*2)
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 46,709 thousand was received on December 26, 2022.

(Previous year)

(Unit: Thousand KRW)

Division	Beginning of the period	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 KRW 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.

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

1. Audit Target

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

2. Audit Participants Headcount and Time

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

3. Major Audit Contents

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

	Conduction target (session)	Inventory assets held by the company, such as products, semi-finished products, raw materials, and stored goods				
Financial asset conduction (session)	Conduction period (session)	2022.12.28, 2023.01.02		3	day	
	Conduction location (session)	Donghae Plant, Yeongwol Plant, Company Headquarter				
	Conduction target (session)	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.