

# HYOSUNG

2022 Financial Statements



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# Independent Auditor’s Report

## The Shareholders and Board of Directors Hyosung Corporation

### **Opinion**

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

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

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

### **Basis for opinion**

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

and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key audit matter**

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

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

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

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

Therefore, considering the involvement of management’s

# Independent Auditor's Report

judgments for assumptions on valuation of investments and its bias that may exist,

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

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

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

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

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

In preparing the separate financial statements, manage-

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

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

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

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

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are

appropriate in the circumstances

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

We communicate with those charged with governance regarding, among other matters, the planned scope and

**March 9, 2023**  
**Seoul, Korea**

timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

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

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

※ You can find the notes from Audit Report on HYOSUNG website (<http://www.hyosung.com>).

## Separate Statements of Financial Position

As of December 31, 2022 and 2021 (Korean won in millions)

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

## Separate Statements of Profit or Loss

For the years ended December 31, 2022 and 2021 (Korean won in millions, except for earnings per share)

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

## Separate statements of other comprehensive income

For the years ended December 31, 2022 and 2021 (Korean won in millions)

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

## Separate Statements of Changes in Equity

For the years ended December 31, 2022 and 2021 (Korean won in millions)

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

Hyosung Corporation  
**Separate Statements of Cash Flows**

For the years ended December 31, 2022 and 2021 (Korean won in millions)

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

## Independent Auditor's Report

### The Shareholders and Board of Directors Hyosung Corporation

#### Opinion

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

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

#### Basis for opinion

We conducted our audit in accordance with Korean Standards on Auditing ("KSA"). Our responsibilities under those 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 Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matter

Key audit matters are those matters that, in our profes-

sional judgment, 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.

(1) Impairment test of investment in the associate, Hyosung Heavy Industries Corporation

As described in Note 14 to the consolidated financial statements, the book value of the investment in the associate, Hyosung Heavy Industries Corporation is KRW 402,675 million as of December 31, 2022.

The Group assesses whether there is an indication that an associate may be impaired on an annual basis. As of December 31, 2022, there was an indication of impairment on the investment in the associate due to the continuous decline of stock prices in active markets. Accordingly, the Group identified an indication of the impairment and performed an impairment test on the investment. The Group performs the impairment test on investments with an indication of impairment. The impairment amount of the investments with indication of impairment is determined as the difference between the investments' book value and the higher of value in use and fair value. The determination of key assumptions used in estimating the value in use of investment involves management's judgment, such as long-term business plans, discount rate, and permanent growth rate. Therefore, considering the involvement of management's judgments for assumptions on valuation of investments and its bias that may exist, we determined the impairment test on the investment in the associate. Hyosung Heavy Industries Corporation, for which the investments are significant as a key audit matter.

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that

may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and

**March 9, 2023**  
**Seoul, Korea**

timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

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

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

※ You can find the notes from Audit Report on HYOSUNG website (<http://www.hyosung.com>).

## Consolidated Statements of Financial Position

As of December 31, 2022 and 2021 (Korean won in millions)

	Dec 31, 2022	Dec 31, 2021
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	143,610	181,960
Trade and other receivables	651,632	738,947
Due from customers for contract work	156	696
Other current financial assets	269,850	206,962
Other current assets	65,005	65,775
Inventories	907,204	696,362
Current tax assets	22,609	15,810
	<b>2,060,066</b>	<b>1,906,512</b>
<b>Non-current assets:</b>		
Long-term trade and other receivables	28,025	29,792
Property, plant and equipment	999,988	1,000,116
Investment property	261,252	263,733
Intangible assets	66,626	67,740
Investments in associates and joint ventures	1,603,525	1,783,374
Net defined benefit assets	32,528	-
Other non-current financial assets	158,071	149,785
Other non-current assets	32,406	32,271
Deferred tax assets	24,798	22,099
	<b>3,207,219</b>	<b>3,348,910</b>
<b>Total assets</b>	<b>5,267,285</b>	<b>5,255,422</b>
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Trade and other payables	510,532	538,403
Due to customers for contract work	32	356
Short-term borrowings and current portion of long term borrowings	1,085,634	837,517
Other current financial liabilities	39,231	23,426
Current tax liabilities	26,592	27,852
Other current liabilities	149,836	133,685
	<b>1,811,857</b>	<b>1,561,239</b>
<b>Non-current liabilities:</b>		
Long-term trade and other payables	18,712	15,070
Long-term borrowings	159,693	270,436
Net defined benefit liabilities	305	2,094
Deferred tax liabilities	269,376	308,954
Other non-current financial liabilities	97,006	95,845
Other non-current liabilities	13,031	11,962
	<b>558,123</b>	<b>704,361</b>
<b>Total liabilities</b>	<b>2,369,980</b>	<b>2,265,600</b>
<b>Equity</b>		
<b>Equity attributable to owners of the Parent Company</b>		
Share capital	105,355	105,355
Share premium	451,188	451,188
Retained earnings	6,414,345	6,495,882
Other components of equity	(4,415,839)	(4,429,628)
	<b>2,555,049</b>	<b>2,622,797</b>
<b>Non-controlling interest</b>	<b>342,256</b>	<b>367,025</b>
<b>Total equity</b>	<b>2,897,305</b>	<b>2,989,822</b>
<b>Total liabilities and equity</b>	<b>5,267,285</b>	<b>5,255,422</b>

## Consolidated Statements of Profit or Loss

For the years ended December 31, 2022 and 2021 (Korean won in millions, except for earnings (loss) per share)

	2022	2021
<b>Revenue</b>	<b>3,719,326</b>	<b>3,536,523</b>
<b>Cost of sales</b>	<b>3,343,962</b>	<b>2,601,583</b>
<b>Gross profit</b>	<b>375,364</b>	<b>934,940</b>
Selling and administrative expenses	289,443	277,362
Research and development expenses	21,034	19,435
<b>Operating profit</b>	<b>64,887</b>	<b>638,143</b>
Other income	32,716	29,657
Other expenses	16,042	16,794
Finance income	158,463	63,896
Finance costs	219,165	78,412
<b>Profit before tax from continuing operations</b>	<b>20,859</b>	<b>636,490</b>
Income tax expenses (benefit)	(3,948)	95,906
<b>Profit for the year from continuing operations</b>	<b>24,807</b>	<b>540,584</b>
<b>Loss for the year from discontinued operation</b>	<b>-</b>	<b>(2,418)</b>
<b>Profit for the year</b>	<b>24,807</b>	<b>538,166</b>
<b>Profit for the year attributable to:</b>		
Owners of the Parent Company	15,648	435,815
Non-controlling interests	9,159	102,351
	<b>24,807</b>	<b>538,166</b>
<b>Earnings (loss) per share attributable to owners of the Parent Company (in Korean won):</b>		
Basic earnings per share from continuing operations	786	22,011
Basic loss per share from discontinued operation	-	(121)



## Consolidated Statements of Other Comprehensive Income

For the years ended December 31, 2022 and 2021 (Korean won in millions)

	2022	2021
<b>Profit for the year</b>	<b>24,807</b>	<b>538,166</b>
<b>Other comprehensive Income</b>	<b>64,225</b>	<b>74,679</b>
<b>Items that will not be subsequently reclassified to profit or loss (net of tax):</b>		
Net loss on equity instruments at fair value through OCI	(7,681)	(2,108)
Remeasurements gain (loss) on net defined benefit liabilities	12,242	(16,088)
Shares of remeasurement gain (loss) of associates	17,476	(5,317)
<b>Items that may be subsequently reclassified to profit or loss (net of tax):</b>		
Net gain on valuation of investments in associates	26,754	83,880
Exchange difference of translation of foreign operations	15,434	14,312
<b>Other comprehensive income for the year, net of tax</b>	<b>64,225</b>	<b>74,679</b>
<b>Total comprehensive income for the year</b>	<b>89,032</b>	<b>612,845</b>
<b>Total comprehensive income for the year attributable to:</b>		
Owners of the Parent Company	59,169	488,348
Non-controlling interests	29,863	124,497
	<b>89,032</b>	<b>612,845</b>

## Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021 (Korean won in millions)

	Attributable to owners of the Parent Company					Non-controlling interests	Total Equity
	Share capital	Share premium	Retained earnings	Other component of equity	Total		
<b>As of January 1, 2021</b>	<b>105,355</b>	<b>451,188</b>	<b>6,180,531</b>	<b>(4,503,806)</b>	<b>2,233,268</b>	<b>281,055</b>	<b>2,514,323</b>
<b>Total comprehensive income:</b>							
Profit for the year	-	-	435,814	-	435,814	102,352	538,166
Remeasurements loss on net defined benefit liabilities	-	-	(15,613)	-	(15,613)	(475)	(16,088)
Share of remeasurement loss of associates and joint venture	-	-	(5,317)	-	(5,317)	-	(5,317)
Net loss on equity instruments at fair value through OCI	-	-	-	(1,021)	(1,021)	(1,087)	(2,108)
Net gain on valuation of investments in associates and joint venture	-	-	-	62,843	62,843	21,037	83,880
Exchange differences on translation of foreign operations	-	-	-	11,642	11,642	2,670	14,312
<b>Transactions with owners of the parent company:</b>							
Dividend (Note 32, 36)	-	-	(99,547)	-	(99,547)	(38,553)	(138,100)
Others	-	-	13	715	728	26	754
<b>As of December 31, 2021</b>	<b>105,355</b>	<b>451,188</b>	<b>6,495,881</b>	<b>(4,429,627)</b>	<b>2,622,797</b>	<b>367,025</b>	<b>2,989,822</b>
<b>As of January 1, 2022</b>	<b>105,355</b>	<b>451,188</b>	<b>6,498,302</b>	<b>(4,429,596)</b>	<b>2,625,249</b>	<b>367,025</b>	<b>2,992,274</b>
Adoption of amendment to KIFRS 1016 (Note 2)	-	-	(2,421)	(31)	(2,452)	-	(2,452)
<b>As of January 1, 2022 (After Adoption)</b>	<b>105,355</b>	<b>451,188</b>	<b>6,495,881</b>	<b>(4,429,627)</b>	<b>2,622,797</b>	<b>367,025</b>	<b>2,989,822</b>
<b>Total comprehensive loss:</b>							
Profit for the year	-	-	15,648	-	15,648	9,159	24,807
Remeasurements loss on net defined benefit liabilities	-	-	10,003	-	10,003	2,239	12,242
Share of remeasurement loss of associates and joint venture	-	-	17,476	-	17,476	-	17,476
Net loss on equity instruments at fair value through OCI	-	-	-	(6,740)	(6,740)	(941)	(7,681)
Net gain on valuation of investments in associates and joint venture	-	-	-	7,691	7,691	19,063	26,754
Exchange differences on translation of foreign operations	-	-	-	15,091	15,091	343	15,434
<b>Transactions with owners of the parent company:</b>							
Dividend (Note 32, 36)	-	-	(129,411)	-	(129,411)	(54,621)	(184,032)
Change in scope of consolidation	-	-	-	-	-	(1)	(1)
Others	-	-	4,747	(2,254)	2,493	(9)	2,484
<b>As of December 31, 2022</b>	<b>105,355</b>	<b>451,188</b>	<b>6,414,345</b>	<b>(4,415,839)</b>	<b>2,555,049</b>	<b>342,256</b>	<b>2,897,305</b>

# Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021 (Korean won in millions)

	2022	2021
<b>Cash flows from operating activities:</b>		
Profit for the year from continuing operations	24,807	540,584
Loss for the year from discontinued operation	-	(2,418)
Cash generated from operations	243,386	(302,893)
Working capital adjustments	(222,139)	(280,456)
Income taxes paid	(49,558)	(47,370)
Interest paid	(46,921)	(18,696)
Interest received	10,577	3,986
Dividend received	208,057	35,972
<b>Net cash flows provided by (used in) operating activities:</b>	<b>168,209</b>	<b>(71,291)</b>
<b>Cash flows from investing activities:</b>		
Collection of short-term loans	2,539	21
Decrease in short-term deposits	1,771	4,391
Proceeds from disposal of financial instruments	6,599	7,718
Collection of long-term loans	296	-
Decrease in long-term deposits	598	6,480
Proceeds from disposal of property, plant and equipment	12,871	5,282
Proceeds from disposal of investment properties	-	1,500
Proceeds from disposal of intangible assets	434	5,259
Change in scope of consolidation	-	5,691
Proceeds from disposal of associates	-	15,318
Increase in short-term loans	(1,454)	(234)
Increase in short-term deposits	(1)	(93)
Acquisition of other financial instruments	(87,615)	(2,067)
Increase in long-term loans	(1,971)	(545)
Increase in long-term deposits	(1,200)	(9,694)
Acquisition of property, plant and equipment	(65,865)	(99,258)
Acquisition of investment properties	-	(3,933)
Acquisition of intangible assets	(6,915)	(7,260)
Change in scope of consolidation	(2,312)	-
Acquisition of associates	(11,943)	-
Acquisition of other non-current assets	(96)	(119)
<b>Net cash flows used in investing activities</b>	<b>(154,264)</b>	<b>(71,543)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from long-term borrowings and issuance of debentures	90,860	45,097
Proceeds from short-term borrowings	291,699	487,997
Government grants received	1,654	2,613
Repayment of short-term borrowings	-	(244,997)
Redemption of long-term borrowings and debentures	(38,656)	(20,000)
Repayment of current portion of long-term borrowings	(205,426)	(8,136)
Payments of lease liabilities	(19,457)	(27,858)
Dividends paid	(184,032)	(138,100)
Repayment of government grants	-	(934)
<b>Net cash flows provided by (used in) financing activities</b>	<b>(63,358)</b>	<b>95,682</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>11,063</b>	<b>7,097</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(38,350)</b>	<b>(40,055)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>181,960</b>	<b>222,015</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>143,610</b>	<b>181,960</b>



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