

# **DL E&C CO., LTD. AND ITS SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2021**

**ATTACHMENT: INDEPENDENT AUDITORS' REPORT**

**DL E&C CO., LTD.**

## INDEPENDENT AUDITORS' REPORT

English Translation of Independent Auditors' Report Originally Issued in Korean on March 16, 2022.

To the Shareholders and the Board of Directors of  
DL E&C Co., Ltd.:

### Report on the Audited Consolidated Financial Statements

#### Audit Opinion

We have audited the consolidated financial statements of DL E&C Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statement of income, the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows, all expressed in Korean won, for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Korean International Financial Reporting Standards ("K-IFRSs").

#### Basis for Audit Opinion

We conducted our audit in accordance with the Korean Standards on Auditing ("KSAs"). Our responsibilities under those standards are further described in the *Auditors' 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 audit opinion.

#### Emphasis of Matter

It does not affect the opinion in the independent auditors' report, but it is necessary to draw attention to the following matters:

As noted in Note 45, DL E&C Co., Ltd. was newly established as the method of spin-off from DL Holdings Co., Ltd. (former Daelim Industrial Co., Ltd.) with the spin-off date of January 1, 2021, and the registration of establishment was completed on January 4, 2021. At the date of spin-off, the company's capital was ₩107,363 million. Transactions after January 1, 2021, the date of spin-off, were reflected in the financial statements of the company.

#### Our Key Audit Matters

The key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. 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.

## - Total Contract Cost Estimate

When the Group recognizes revenue from construction contracts over a period, it is recognized based on the progress rate of dividing the accumulated accrued cost by the total estimated cost. As noted in Note 3(3) to the consolidated financial statements, the total estimated contract cost for the progress rate reflects management's significant estimates of future projections, such as material costs and outsourcing costs.

We determined the estimates of residual cost of total estimated contract cost, except total estimated contract cost to the accumulated accrued cost, as a key audit matter because the changes in the estimated contract cost due to delay or change order can cause significant effect on the current and future profit or loss.

As of December 31, 2021, the major audit procedures we performed regarding the estimation of the total estimated cost of the Group are as follows:

- Identifying the Group's business procedures related to estimation and change of the total estimated cost and evaluating the effectiveness of its internal control design and operation.
- Inspection of documents on the adequacy of the current-year accumulated accrued costs and residual cost according to analysis on the uncertainty in the total estimated contract costs based on the nature and situation of the construction.
- Identifying the cause of changes for the constructions with significant changes in the total estimated cost and inspecting document when exceptions are found.
- Analytical reviewing of the sites with significant differences by comparing the total estimated contract cost at the end date of reporting period with the most recent closing date, and inspecting document when exceptions are found.

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

Management is responsible for the preparation of the accompanying consolidated financial statements in accordance with K-IFRSs, and for such internal control as they determine 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 of the Group 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.

## **Auditors' 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 auditors' 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 KSAs 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 KSAs, 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 audit 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.

# Deloitte.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the 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 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 are solely responsible for our audit opinion.

We communicate with those charged with governance of the Group 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 of the Group 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, related safeguards.

From the matters communicated with those charged with governance of the Group, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and, therefore, are the key audit matters. We describe these matters in our auditors' report, unless law or regulation precludes public disclosure about the matter or, in extremely rare circumstances, when 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 Kim, Ki Chul

*Deloitte Idnjin LLC*

March 16, 2022

## Notice to Readers

This report is effective as of March 16, 2022, the auditors' report date. Certain subsequent events or circumstances may have occurred between the auditors' report date and the time the auditors' report is read. Such events or circumstances could significantly affect the consolidated financial statements and may result in modifications to the auditors' report.

**DL E&C CO., LTD. AND ITS SUBSIDIARIES**  
**(the “Group”)**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED**  
**DECEMBER 31, 2021**

The accompanying consolidated financial statements, including all footnote disclosures, were prepared by, and are the responsibility of, the Group.

**Ma, Chang Min**  
**Chief Executive Officer**  
**DL E&C CO., LTD.**

DL E&C CO., LTD. AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2021

	Notes	Korean won	
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			5,354,345,946,301
Cash and cash equivalents	5,739,41,42	2,044,760,806,307	
Short-term financial instruments	5,741,42	218,224,241,116	
Trade receivables and other accounts receivable	6,7,9,38,41,42	979,421,210,423	
Contract assets	6,38	968,406,979,618	
Capital lease receivable	7,12,41,42	409,551,816	
Income taxes receivable		18,258,018,102	
Inventories	11,29	939,555,743,852	
Financial assets at FVTOCI	7,8,28,29,41,42	6,459,832,220	
Derivative assets	7,30,41,42	764,445,752	
Other current assets	10	151,644,292,457	
Assets held for sale	44	26,440,824,638	
<b>NON-CURRENT ASSETS:</b>			3,347,344,256,443
Long-term financial instruments	5,741,42	519,633,000	
Long-term trade receivables and other accounts receivable	6,7,9,38,41,42	1,721,385,593,440	
Investments in associates and joint ventures	17	290,150,152,955	
Financial assets at FVTPL	7,8,29,41,42	132,934,895,948	
Financial assets at FVTOCI	7,8,28,29,41,42	27,327,922,257	
Financial assets measured at amortized cost	7,41,42	25,771,295	
Property, plant and equipment	13	132,053,783,359	
Investment property	14	357,255,572,692	
Intangible assets	15	39,310,321,147	
Right-of-use assets	18	111,822,541,423	
Derivative assets	7,30,41,42	12,804,586	
Capital lease receivable	7,12,41,42	1,623,262,089	
Deferred tax assets	36	499,920,688,905	
Other non-current assets	10	33,001,313,347	
<b>TOTAL ASSETS</b>			8,701,690,202,744
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES:</b>			3,136,739,509,756
Trade payables and other accounts payable	7,19,38,41,42	1,253,457,251,413	
Contract liabilities	6,38	984,397,351,312	
Short-term borrowings and current portion of long-term liabilities	7,20,41,42	196,552,100,620	
Lease liabilities	7,24,41,42	51,210,273,976	
Income taxes payable		160,199,547,730	
Other current provisions	23	301,110,528,486	
Financial guarantee contract liabilities	7,29,41	16,530,258,088	
Provision for construction warranties		40,243,894,397	
Derivative liabilities	7,30,41,42	2,257,188,015	
Other current liabilities	22	130,781,115,719	
<b>NON-CURRENT LIABILITIES:</b>			1,067,803,526,952
Long-term trade payables and other accounts payable	7,19,38,41,42	13,092,568,369	
Borrowings and debentures	7,20,41,42	810,330,082,097	
Lease liabilities	7,24,41,42	100,469,258,836	
Net defined benefit liabilities	5,21	6,998,655,964	
Provision for construction warranties		101,589,677,639	

Other non-current provisions	23	697,075,630	
Financial guarantee contract liabilities	7,29,41	2,068,144,247	
Derivative liabilities	7,30,41,42	810,972,098	
Deferred tax liabilities	36	27,121,163,836	
Other non-current liabilities	22	4,625,928,236	
<b>TOTAL LIABILITIES</b>			4,204,543,036,708
<b>SHAREHOLDERS' EQUITY</b>			
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY:</b>			4,167,944,097,862
Capital stock	25	107,363,115,000	
Other paid-in capital	26	3,606,913,471,103	
Retained earnings	27	580,286,638,489	
Accumulated other comprehensive income	28	(126,619,126,730)	
<b>NON-CONTROLLING INTERESTS</b>			329,203,068,174
<b>TOTAL SHAREHOLDERS' EQUITY</b>			4,497,147,166,036
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>			8,701,690,202,744

See accompanying notes to consolidated financial statements.

DL E&C CO., LTD. AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENT OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2021

	Notes	Korean won	
I. SALES	6,31,38		7,631,650,898,582
II. COST OF SALES	32,38		6,245,280,043,968
III. GROSS PROFIT			1,386,370,854,614
Selling and administrative expenses	32,33,38	429,112,871,700	
IV. OPERATING INCOME:			957,257,982,914
Other income	34,38	104,711,032,901	
Other expense	34,38	183,970,511,562	
Financial income	35,38	117,128,356,688	
Financial expense	35,38	69,279,395,408	
Share of profits of associates and joint ventures	17	(16,596,285,238)	
V. INCOME BEFORE INCOME TAX EXPENSE			909,251,180,295
INCOME TAX EXPENSE	36		273,415,226,658
VI. NET INCOME			635,835,953,637
VII. NET INCOME ATTRIBUTABLE TO:			
Owners of the Group		577,044,183,539	
Non-controlling interests		58,791,770,098	
VIII. NET EARNINGS PER SHARE:	37		
Basic and diluted earnings per common share			26,903
Basic and diluted earnings per preference share			26,903

See accompanying notes to consolidated financial statements.

DL E&C CO., LTD. AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2021

	Notes	Korean won	
I. NET INCOME			635,835,953,637
II. OTHER COMPREHENSIVE INCOME (LOSS):			8,833,896,527
Items not to be reclassified subsequently to profit or loss:			2,795,449,280
Remeasurement of defined benefit plan	21,28,36	3,855,897,636	
Tax effects on the items not to be reclassified to profit or loss	36	(1,060,448,356)	
Items to be reclassified subsequently to profit or loss:			6,038,447,247
Loss on valuation of financial assets measured at FVTOCI	8,28,36	(564,729,122)	
Loss on overseas operations translation	28	(19,977,488,914)	
Changes in other comprehensive income of associates and joint ventures	17,28,36	27,997,570,724	
Tax effects on the items to be reclassified to profit or loss	36	(1,416,905,441)	
III. COMPREHENSIVE INCOME			644,669,850,164
IV. COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Group		586,353,594,948	
Non-controlling interests		58,316,255,216	

See accompanying notes to consolidated financial statements.

DL E&C CO., LTD. AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2021

	Korean won						
	Capital stock	Other paid-in capital		Retained earnings	Accumulated other comprehensive income	Non-controlling interest	Total shareholders' equity
		Additional paid-in capital	Treasury stock				
I. Balance as of January 1, 2021	107,363,115,000	3,610,124,452,098	-	-	(132,686,083,189)	275,258,411,508	3,860,059,895,417
Dividends	-	-	-	-	-	(4,371,598,550)	(4,371,598,550)
Net income	-	-	-	577,044,183,539	-	58,791,770,098	635,835,953,637
Loss on valuation of financial assets at FVTOCI	-	-	-	-	(389,192,924)	(28,509,212)	(417,702,136)
Loss on overseas operations translation	-	-	-	-	(19,977,488,914)	-	(19,977,488,914)
Changes in other comprehensive gain on associates and joint ventures	-	-	-	-	26,433,638,297	-	26,433,638,297
Remeasurement of defined benefit plan	-	-	-	3,242,454,950	-	(447,005,670)	2,795,449,280
Acquisition of treasury stock	-	-	(3,210,980,995)	-	-	-	(3,210,980,995)
Summary of shareholders' equity gain (loss)	-	-	(3,210,980,995)	580,286,638,489	6,066,956,459	53,944,656,666	637,087,270,619
II. Balance as of December 31, 2021	107,363,115,000	3,610,124,452,098	(3,210,980,995)	580,286,638,489	(126,619,126,730)	329,203,068,174	4,497,147,166,036

See accompanying notes to consolidated financial statements.

DL E&C CO., LTD. AND ITS SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2021

	Note	Korean won
		2021
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES:</b>		580,428,921,799
1. Net income		635,835,953,637
2. Adjustments	39	517,372,706,464
3. Changes in assets and liabilities from operating activities	39	(509,286,169,241)
4. Interest income received		35,050,750,603
5. Interest expense paid		(29,633,712,988)
6. Dividend income received		1,057,604,670
7. Income taxes paid		(69,968,211,346)
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>		(337,950,703,004)
1. Decrease in short-term financial instruments		177,898,115,425
2. Decrease in short-term loans		135,149,046,214
3. Decrease in long-term financial instruments		32,500,000
4. Decrease in long-term loans		90,739,600,698
5. Decrease in deposits		137,442,231,035
6. Disposal in capital stock of associates		65,861,332
7. Disposal of FVTOCI		3,095,095,000
8. Disposal of FVTPL		561,084,236
9. Disposal of land		2,908,699,231
10. Disposal of buildings		463,830,769
11. Disposal of machinery		1,761,542,071
12. Disposal of vehicles		91,862,836
13. Disposal of other tangible assets		199,829,306
14. Disposal of investment properties		1,760,589,577
15. Disposal of intangible assets		242,868,667
16. Increase in short-term financial instruments		(231,570,061,840)
17. Increase in short-term loans		(195,347,465,743)
18. Increase in long-term financial instruments		(455,633,000)
19. Increase in long-term loans		(185,849,837,575)
20. Increase in deposits		(155,410,746,688)
21. Acquisition of investments in associates		(79,756,866,064)
22. Acquisition of non-current assets held for sale		(106,841,100)
23. Acquisition of FVTOCI		(6,668,512,700)
24. Acquisition of FVTPL		(14,225,527,447)
25. Acquisition of land		(119,037,429)
26. Acquisition of buildings		(616,854,035)
27. Acquisition of structures		(42,121,822)
28. Acquisition of machineries		(875,690,264)
29. Acquisition of vehicles		(887,075,745)
30. Acquisition of other tangible assets		(2,914,721,343)
31. Acquisition of tangible assets under construction		(8,867,544,821)
32. Acquisition of investment properties		(1,846,857,622)

33. Acquisition of intangible assets		(4,802,064,163)
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES:</b>		<b>113,616,603,188</b>
1. Proceeds from short-term borrowings		2,931,300,000,000
2. Proceeds from long-term borrowings		164,322,628,575
3. Proceeds from debenture		354,000,000,000
4. Increase in leasehold deposits		728,552,550
5. Repayment of short-term borrowings		(2,905,000,000,000)
6. Repayment of current portion of long-term liabilities		(320,252,100,620)
7. Repayment of long-term borrowings		(39,448,500,000)
8. Repayment of debenture		(10,551,900,000)
9. Debenture issue costs		(1,069,761,600)
10. Acquisition of treasury stock		(3,210,980,995)
11. Repayment of lease liabilities		(52,724,336,172)
12. Decrease in leasehold deposits		(105,400,000)
13. Payment of dividends		(4,371,598,550)
<b>IV. NET INCREASE IN CASH AND CASH EQUIVALENTS(I + II + III)</b>		<b>356,094,821,983</b>
<b>V. CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>		<b>1,682,144,834,342</b>
<b>VI. CHANGES IN CASH AND CASH EQUIVALENTS DUE TO FOREIGN CURRENCY TRANSLATION</b>		<b>6,521,149,982</b>
<b>VIII. CASH AND CASH EQUIVALENTS, END OF YEAR</b>		<b>2,044,760,806,307</b>

See accompanying notes to consolidated financial statements.

**DL E&C CO., LTD. AND ITS SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2021**

**1. GENERAL INFORMATION:**

DL E&C (the "Company"), which is a controlling company in accordance with Korean International Financial Reporting Standards ("K-IFRSs") 1110, *Consolidated Financial Statements*, was established through a spin-off from DL Co., Ltd. (formerly Daelim Industrial Co., Ltd.) with the date of division on January 1, 2021, for the purpose of performing domestic and overseas civil engineering, housing and plant construction, and listed the Company's stock on the Korea Exchange as of January 25, 2021.

The Company's capital stock, including preferred stock of ₩107,363 million, amounted to ₩10,569 million as of December 31, 2021. The largest shareholder of common stock as of December 31, 2021, is DL Co., Ltd. with 22.19% ownership.

**2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES:**

(1) Basis of preparation

The Company and its subsidiaries (collectively, the "Group") have prepared the consolidated financial statements in accordance with the K-IFRSs.

Major accounting policies used for the preparation of the consolidated financial statements are stated below.

Consolidated financial statements are prepared on the basis of historical cost, except for certain non-current assets and financial assets measured at the revalued amount or at fair value at the end of each reporting period as explained in the accounting policy below. Historical costs are generally measured at the fair value of consideration received to acquire an asset.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of K-IFRS 1102 Share-Based Payment; leasing transactions that are within the scope of K-IFRS 1116 Leases; and measurements that have some similarities to fair value, but are not fair value, such as net realizable value in K-IFRS 1002 Inventories or value in use in K-IFRS 1036 Impairment of Assets.

Management has a reasonable expectation that at the time of approval of the consolidated financial statements, the Group will have sufficient resources to survive as a going concern for the foreseeable future period. Therefore, the management prepared the consolidated financial statements on the premise of the going-on company.

These consolidated financial statements have been approved by the board of directors on February 22, 2022, and will be finalized at the shareholders' meeting on March 24, 2022.

1) New and amended K-IFRSs and new interpretations that are effective for the current year

In the current year, the Group has applied a number of new and amended K-IFRSs and new interpretations issued that are effective accounting periods beginning on or after January 1, 2021.

- K-IFRS 1116 Leases – Impact of the initial application of COVID-19-Related Rent Concessions (Amendment) beyond June 30, 2021

The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying K-IFRS 1116 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2022 (a rent concession

meets this condition if it results in reduced lease payments on or before June 30, 2022, and increased lease payments that extend beyond June 30, 2021); and

- There is no substantive change to other terms and conditions of the lease.

#### -Impact of the initial application of Interest Rate Benchmark Reform

In the current year, the Group adopted the Phase 2 amendments Interest Rate Benchmark Reform—Amendments to K-IFRS 1109, K-IFRS 1039, K-IFRS 1107, K-IFRS 1104 and K-IFRS 1116. Adopting these amendments enables the Group to reflect the effects of transitioning from interbank offered rates (“IBOR”) to alternative benchmark interest rates (‘risk-free rates’ or RFRs) without giving rise to accounting impacts that would not provide useful information to users of financial statements.

#### 2) New and revised K-IFRSs in issue, but not yet effective

At the date of authorization of these consolidated financial statements, the Group has not applied the following new and revised K-IFRS Standards that have been issued, but are not yet effective:

##### - K-IFRS 1001 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current (Amendment)

The amendments to K-IFRS 1001 affect only the presentation of liabilities as current or non-current in the consolidated statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; explain that rights are in existence if covenants are complied with at the end of the reporting period; and introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted.

##### - K-IFRS 1103 Business Combinations - Reference to the Conceptual Framework (Amendment)

The amendments update K-IFRS 1103 so that it refers to the Conceptual Framework (2018) instead of the Framework (2007). They also add to K-IFRS 1103 a requirement that, for obligations within the scope of K-IFRS 1037, an acquirer applies K-IFRS 1037 to determine whether at the acquisition date, a present obligation exists as a result of past events. For a levy that would be within the scope of K-IFRS 2121 Levies, the acquirer applies K-IFRS 2121 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

##### - K-IFRS 1016 Property, Plant and Equipment - Proceeds before Intended Use (Amendment)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e., proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognizes such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with K-IFRS 1002 Inventories.

The amendments also clarify the meaning of ‘testing whether an asset is functioning properly’. K-IFRS 1016 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others or for administrative purposes.

If not presented separately in the consolidated statement of comprehensive income, the consolidated financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity’s ordinary activities, and which line item(s) in the consolidated statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the consolidated financial statements in which the entity first applies the amendments.

The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are effective for annual periods beginning on or after January 1, 2022, with early application permitted.

- K-IFRS 1037 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract (Amendment)

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labor or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after January 1, 2022, with early application permitted.

-Annual Improvements to K-IFRS Standards 2018-2020 Cycle

The Annual Improvements include amendments to K-IFRS 1101 First-time Adoption, K-IFRS 1109 Financial Instruments, K-IFRS 1116 Leases and K-IFRS 1041 Agriculture.

① K-IFRS 1101 First-time Adoption

The amendments provide additional exemptions regarding the accounting for cumulative translation differences in subsidiaries that become first-time adopters later than the parent company.

A subsidiary applying the exemption in paragraph D16(1) of K-IFRS 1101 may choose to measure the cumulative conversion difference between all foreign operations at the carrying amount included in the parent's consolidated financial statements on the basis of the parent's transition date. However, this excludes the effectiveness of business combinations in which a parent acquires a subsidiary and adjustments to the consolidation procedures. A similar choice may be made if an associate or joint venture applies the exemption in paragraph D16(1) of K-IFRS 1.

The amendments apply for annual periods beginning on or after January 1, 2022. Early application is permitted.

② K-IFRS 1109 Financial Instruments

The amendments clarify that when applying the '10%' test to assess the derecognition of a financial liability, it includes only fees received or paid between the entity (borrower) and the lender, including fees paid or received on behalf of another party. The amendment is applied prospectively to changes and exchanges that occurred after the date of initial application. This amendment shall be effective for annual periods beginning on or after January 1, 2022, and shall be permitted to apply early.

③ K-IFRS 1116 Leases

The amendments deleted the details of the lease improvement reimbursement in Example 13 of K-IFRS 16. The date of implementation has not been separately defined, as this amendment is only relevant to the application case.

④ K-IFRS 1041 Agriculture

The amendments deleted requirements that exclude tax-related cash flows when measuring the fair value of biological assets. This aligns with the requirements of K-IFRS 1113 to use internally consistent cash flows and discount rates with fair value measurements in K-IFRS 41 and allows an entity to choose whether to use pretax or posttax cash flows and discount rates for the most appropriate fair value measurements.

The amendment shall be effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

-K-IFRS 1001 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements - Disclosure of Accounting Policies (Amendment)

The amendments change the requirements in K-IFRS 1001 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in K-IFRS 1001 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to K-IFRS 1001 are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

-K-IFRS 1008 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates (Amendment)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”.

The amendments are effective for annual periods beginning on or after January 1, 2023, to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

-K-IFRS 1012 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendment)

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying K-IFRS 1116 at the commencement date of a lease.

Following the amendments to K-IFRS 1012, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in K-IFRS 1012.

The Board also adds an illustrative example to K-IFRS 1012 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognizes:

- A deferred tax asset (to the extent it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognized as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.

The Group does not anticipate that the application of the enactment and amendments will have a significant impact on the Group's consolidated financial statements.

(2) Consolidated accounting standards

The consolidated entity prepares consolidated financial statements by consolidating the financial statements of the parent and other entities controlled by the parent (or its subsidiaries).

The consolidated entity determines that control exists when all three factors are satisfied: 1) power over an investee, 2) exposure or rights to fluctuating profits due to involvement in the investee and 3) the ability to use its power against an investee to affect the investor's profit. In addition, if there are facts and circumstances that indicate that there is a change in one or more of the three elements of control, the entity reassess whether it controls the investee.

Although the consolidated entity holds less than a majority of the voting rights of the investee, it believes that it has power over the investee if it has enough voting rights to have the practical ability to unilaterally direct the relevant activities of the investee. When assessing whether the voting rights held by the consolidated entity are sufficient to grant the power over the investee, all relevant facts and circumstances, including the following, are considered:

- The relative size of voting rights and the degree of share dispersion of shareholders
- Potential voting rights held by the consolidated entity, other voting rights holders or other parties
- Rights arising from contractual arrangements
- Additional facts and circumstances that indicate whether the consolidated entity has the current ability to direct the relevant activities at the time the decision is to be made, including voting patterns at past shareholders' meetings

The consolidation of subsidiaries begins when the parent acquires control of the subsidiary and ceases when the parent loses control of the subsidiary. In particular, the revenues and expenses related to subsidiaries acquired or disposed during the period are included in the consolidated statement of comprehensive income from the date the acquisition is virtually completed or until the date the disposal is substantially completed. The components of net profit and loss and other comprehensive income are attributed to the owners of the parent and the non-controlling interests, and total comprehensive income is attributed to the owners of the parent and the non-controlling interests even if the non-controlling interests have a negative balance.

If an entity that comprises the consolidated entity uses a different accounting policy from the one adopted in the consolidated financial statements for the same transactions or events that occurred in similar circumstances, the consolidated financial statements are prepared by amending the financial statements.

All intragroup transactions, related assets and liabilities, and income and expenses are eliminated in the preparation of consolidated financial statements.

Non-controlling interests in subsidiaries are identified separately from the consolidated entity's equity. If the element of a non-controlling interest in the acquiree at the acquisition date is its current interest and entitles the holder to a proportionate share of the entity's net assets at liquidation, such non-controlling interest can be measured either at fair value or by a proportionate share of the equity instruments currently recognized for the acquiree's identifiable net assets at the acquisition date. The choice of these metrics is made for each acquisition transaction. All other non-controlling interests are measured at their fair value at the acquisition date. The carrying amount of the non-controlling interest after the acquisition is the amount initially recognized and reflects the proportionate interest of the non-controlling interest in the changes in equity since the acquisition. Total comprehensive income is attributable to non-controlling interests even if the non-controlling interests have negative balances.

Changes in ownership interests in subsidiaries that do not lose control are accounted for as equity transactions. The carrying amount of the controlling and non-controlling interests of the consolidated entity is adjusted to reflect the relative changes in interest in the subsidiaries. The difference between the adjustment amount of the non-controlling interest and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the parent.

If the parent loses control of the subsidiary, it accounts for the difference between (i) the consideration received and the fair value of the equity interests held and (ii) the subsidiary's assets (including goodwill) and liabilities and the carrying amount of the non-controlling interests in disposal profit or loss. The consolidated entity accounts for the amounts previously recognized in other comprehensive income in relation to its subsidiaries on the same basis as if the related assets or liabilities were directly disposed of (i.e., reclassified to profit or loss or replaced directly with retained earnings). The fair value of an investment in a subsidiary before the date of loss of control is regarded as the fair value at initial recognition of a financial asset in accordance with K-IFRS 1109 'Financial Instruments' or, where appropriate, as cost at initial recognition of an investment in an associate or a joint venture.

### (3) Business combination

Acquisitions of subsidiaries or businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with K-IFRS 1012 Income Taxes and K-IFRS 1019 Employee Benefits, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with K-IFRS 1102 Share-Based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with K-IFRS 1105, Non-Current Assets Held for Sale and Discontinued Operations, are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of: a) the consideration transferred, b) the amount of any non-controlling interests in the acquiree and c) the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of a) the consideration transferred, b) the amount of any non-controlling interests in the acquiree and c) the fair value of the acquirer's PHI in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement-period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement-period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement-period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates, with changes in fair value recognized in profit or loss.

When a business combination is achieved in stages, the Group's PHIs in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that had previously been recognized in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if those interests were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

#### (4) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies.

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

The results and assets and liabilities of associates or joint ventures are incorporated into these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with K-IFRS 1105. Under the equity method, an investment in an associate or a joint venture is recognized initially in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of K-IFRS 1028 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with K-IFRS 1036 as a single asset by comparing its recoverable amount (higher of value in use or fair value, less costs of disposal) with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with K-IFRS 1036 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with K-IFRS 1109. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture are included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed.

When the Group reduces its ownership interest in an associate or a joint venture, but continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities. In addition, if part of an investment in an associate or a joint venture meets the criteria for classification as held for sale, K-IFRS 1105 applies.

If an investment in an associate becomes a joint venture investment or vice versa, the Group continues to apply the equity method and does not remeasure the remaining retained interest.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The Group applies K-IFRS 1109, including the impairment requirements, to long-term interests in an associate or a joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying K-IFRS 1109 to long-term interests, the Group does not take into account adjustments to their carrying amount required by K-IFRS 1028 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with K-IFRS 1028).

#### (5) Joint Arrangements

Joint arrangements are joint arrangements in which the parties having joint control of the arrangement have rights to the assets of the arrangement and obligations for its liabilities. Joint control is a contractually agreed share of control of an arrangement that exists only when decisions about the relevant activities require the consent of all the parties sharing control.

When the Group carries out its activities under a joint operation, the Group recognizes the following in relation to its interest in the joint operation as a joint operator:

- Own assets, includes own share of jointly held assets
- Own liabilities, includes own share of jointly accrued liabilities
- Profits from the sale of one's share of the output from the joint arrangements
- Own share of the proceeds from the sale of the output of the joint arrangement
- Own expense, includes own share of jointly incurred expenses

The Group accounts for its assets, liabilities, income and expenses corresponding to its interest in joint operations in accordance with the standard applying to specific assets, liabilities, income and expenses

When the Group, which is a joint operator, enters into a transaction, such as the sale or investment of assets in a joint operation, it is considered to be carrying out a transaction with the other party of the joint operation, and the Group shares the profit or loss resulting from the transaction to the other parties.

#### (6) Goodwill

Goodwill resulting from an acquisition of a business is carried at cost as established at the date of acquisition of the business, less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

#### (7) Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount or fair value, less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment in an associate, or a portion of an investment in an associate, the investment or the portion of the investment in the associate, that will be disposed of is classified as held for

sale when the criteria described above are met and the Group ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

#### (8) Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and when contracts identification, implementation obligation, set of transaction prices, transaction price allocation to implementation obligation and fulfillment of obligation are recognized. Meanwhile, revenue excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a product or service to a customer.

The Group recognizes revenue from the following major sources:

- Construction of civil work, housing, plant under contracts with clients, etc.
- Construction for apartment sales
- Rendering of services and operation
- Others

##### 1) Construction of civil work, housing, plant under contracts with clients, etc.

The Group performs the construction of civil work, housing and plant under long-term contracts agreed with clients ahead of construction service's beginning. The directors reviewed the terms of the contracts by individual contracts and viewed them as an appropriate way to measure progress through the completion of the obligation under K-IFRS 1115 to use the input method. In addition, revenue from these earnings is recognized over the cost basis (i.e., proportionate to the costs incurred to date).

The Group is entitled to charge the clients for the construction work in accordance with the long-term contracts. When the progress or a specific milestone is accomplished, the relevant statement and invoices signed by the third party are sent to clients. Contract assets that have been recognized for previously performed work are classified as receivables at the time the clients are charged. If the progress or milestone payments exceed the revenue recognized up to that date under the cost-based input method, the Group recognizes the difference as a contract liability.

##### 2) Construction for apartment sales

The Group performs the construction of residential real estate under long-term contracts agreed with clients ahead of construction service's beginning. Under the terms of the agreement, it is limited to transfer of property to others. If the Group has an entitlement to enforceable payments on an already executed work, the revenues from residential real estate are based on the cost-based input method (i.e., proportionate to the costs incurred to date relative to the projected cost) recognized over a period of time. The directors view that the application of the input method is an appropriate measure under K-IFRS 1115 for measuring the progress to completion of the performance obligation. In addition, the Group recognizes revenue from residential real estate in accordance with the delivery criteria and recognizes the costs incurred in the contract as an asset if the Group does not have an entitlement to enforceable payment for the services already performed.

In accordance with the long-term contracts with the clients, the Group has the right to receive the payment from apartment sales by reaching the agreed date during the construction period. If the Group has an entitlement to enforceable payments for the services already provided, the contract asset previously recognized for the service is classified as a receivable when the Group has the right to receive the contract. If the amount classified as a receivable exceeds the revenue recognized up to date, the Group recognizes the difference as a contractual liability. In addition, if the Group does not have the right to request payment for execution of works already performed, the payment received from the clients is recorded as liability.

##### 3) Rendering of services and operation

The Group recognizes consideration for services and operation as revenue from sales of service provision, and the clients encounter and consume benefits through the Group's services at the same time. In addition, the Group is entitled to receive a certain payment directly equivalent to the value given to the client by the degree of the service completion, and the Group recognizes a certain payment that it is able to claim as revenue.

##### 4) Others

The Group recognizes revenue other than the above mentioned when the revenue recognized from sales is not a revenue deferral due to the distribution of the period and when other services and goods are delivered to the client. The Group recognizes revenue at the date of acquisition and, therefore, applies the revenue standard of delivery with respect to other revenue.

#### (9) Lease

##### 1) The Group as lessee

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets (such as tablets and personal computers, small items of office furniture and telephones).

For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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 rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The incremental borrowing interest rate varies depending on the lease term, currency and the initiation of the lease, and is determined based on inputs, including

- Risk-free interest rate based on KTB interest rate
- Group-specific risk management
- Credit risk adjustment based on bond yield
- If the risk attribute of the entity entering into the lease is different from the risk attribute of the Group and the lease does not receive benefits from the guarantee of the Group the entity-specific adjustment

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.
- The amount expected to be payable by the lessee under residual value guarantees.
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options.
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the separate statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost, less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under K-IFRS 1037. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the separate statements of financial position.

The Group applies K-IFRS 1036 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

As a practical expedient, K-IFRS 1116 permits a lessee not to separate non-lease components and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

## 2) The Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Group regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of K-IFRS 1109, recognizing an allowance for expected credit losses ("ECLs") on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortized cost (i.e., after a deduction of the loss allowance).

When a contract includes both lease and non-lease components, the Group applies K-IFRS 1115 to allocate the consideration under the contract to each component.

## (10) Foreign currencies

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group entity are expressed in Korean won, which is the functional currency of the entity and the presentation currency for the consolidated financial statements.

In preparing the consolidated financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise, except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on transactions entered into in order to hedge certain foreign currency risks.
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Korean won using exchange rates prevailing at the end of the reporting period.

Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On disposal of a foreign operation (i.e., disposal of the Group's entire interest in a foreign operation, disposal involving loss of control over a subsidiary that includes a foreign operation or partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the accumulated exchange differences in respect of that operation attributable to the Company are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognized, but are not reclassified to profit or loss.

In the case of a partial disposal (i.e., no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences is reattributed to non-controlling interests in equity and is not recognized in profit or loss. For all other partial disposals (i.e., partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rates of exchange prevailing at the end of the reporting period. Exchange differences arising are recognized in other comprehensive income.

(11) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until they are substantially ready for their intended use or sale.

To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss.

To the extent that fixed-rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(12) Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, which is measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Government grants related to assets (including property, plant and equipment) are presented in the consolidated statement of financial position by deducting the grant from the carrying amount of the asset. The related grant is recognized in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future-related costs are recognized in profit or loss in the period in which they become receivable.

Government grants toward staff training costs are recognized as gains and losses over the periods necessary to match them with the related costs and are deducted in the related expense.

Government grants relating to the acquisition of property, plant and equipment are treated as deferred income and recognized to profit or loss over the expected useful lives of the assets concerned.

(13) Retirement benefit costs and termination benefits

For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurements comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognized immediately in the consolidated statement of financial position with a charge or credit to the consolidated statement of comprehensive income in the period in which they occur. Remeasurements recognized in the consolidated statement of comprehensive income are not reclassified. Past service cost is recognized in profit or loss when the plan amendment or curtailment occurs or when the Group recognizes related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are recognized when the settlement occurs.

Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- Service costs, which include current service cost, past service cost and gains and losses on curtailments and settlements;
- Net interest expense or income; and
- Remeasurements.

Net interest expense or income is recognized within finance costs and the remeasurement component in other comprehensive income. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan. When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

If the contributions are not linked to services (e.g., contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).

If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the entity reduces service cost by attributing the contributions to periods of service using the attribution method required by K-IFRS 1019 paragraph 70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the entity reduces service cost in the period in which the related service is rendered/reduces service cost by attributing contributions to the employees' periods of service in accordance with K-IFRS 1019 paragraph 70.

#### (14) Taxation

Income tax expense represents the sum of the taxes currently payable and deferred tax.

##### 1) Current tax

Taxes currently payable are based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statement of income and consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognized for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

##### 2) Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent it is probable that there will be sufficient taxable profits against which the benefits of the temporary differences can be utilized and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

For the purpose of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale.

### 3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred taxes are also recognized in other comprehensive income or directly in equity. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### 4) Uncertainty over income tax treatments

There is no significant uncertainty over income tax that should be agreed with the taxation authorities. However, due to uncertainties not recognized by the Group, there is a possibility that, on conclusion of open tax matters at a future date, the final outcome may differ significantly.

### (15) Property, plant and equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment is directly attributable to its purchase or construction, which includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are recognized in the carrying amount of an asset or as a separate asset if it is probable that future economic benefits associated with the assets will flow into the Group and the cost of an asset can be measured reliably. Routine maintenance and repairs are expensed as incurred.

The Group does not depreciate land and certain tangible assets. Depreciation expense is computed using the straight-line method based on the estimated useful lives of the assets as follows:

(In the case of a machine, the economic useful lives may vary depending on the special conditions.)

Description	Useful lives (years)
Buildings	20–40
Structures	8–40
Machinery	4–15
Vehicles	4–5
Others	1–12

If each part of an item of property, plant and equipment has a cost that is significant in relation to the total cost of the item, it is depreciated separately.

The Group reviews the depreciation method, the estimated useful lives and the residual values of property, plant and equipment at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

### (16) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are reported at cost, less accumulated depreciation and accumulated impairment losses.

Subsequent costs are recognized in the carrying amount of an asset or as a separate asset if it is probable that future economic benefits associated with the assets will flow into the Group and the cost of an asset can be measured reliably. Routine maintenance and repairs are expensed as incurred.

While land is not depreciated, all other investment property is depreciated based on the respective assets' estimated useful lives ranging from 4 to 40 years using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

(17) Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost, less accumulated amortization and accumulated impairment losses. Amortization is recognized on the straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost, less accumulated impairment losses.

2) Internally generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following conditions have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost, less accumulated amortization and accumulated impairment losses, on the same basis as the intangible assets that are acquired separately.

The Group does not amortize emission rights and certain intangible assets. Amortization expense is computed using the straight-line method based on the estimated useful lives of the assets as follows:

Description	Useful lives (years)
Development costs	5
Industrial property rights	5–10
Software	4–5
Others	5–9

3) Intangible assets acquired in a business combination

Intangible assets that are acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost, less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

4) Derecognition of intangible assets

An intangible asset is derecognized on disposal or when no future economic benefits are expected from its use. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

(18) Impairment of tangible and intangible assets, except for goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value, less costs to sell, or value in use. If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount and the reduced amount is recognized in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(19) Inventories

Inventories are stated at the lower of cost or net realizable value.

Cost of inventories, except for those in finished housing, unfinished housing, land and in transit, is measured using the weighted-average method and consists of the purchase price, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price for inventories, less all estimated costs of completion and costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense (cost of sales) in the period in which the related revenue is recognized.

The amount of any write-down of inventories to net realizable value and all losses of inventories is recognized as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(20) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). The discount rate used is a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage is recognized in profit or loss as borrowing cost.

When some, or all, of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

At the end of each reporting period, the remaining provision balance is reviewed and assessed to determine if the current best estimate is being recognized. If the existence of an obligation to transfer economic benefit is no longer probable, the related provision is reversed during the period.

1) Loss-incurred contracts

In addition, the Group recognizes and measures current obligations under the loss-incurred contracts as provisions. The Group assumes that the Group is liable for the loss-incurred costs incurred by the Group in the event that the unavoidable costs incurred in fulfilling the contractual obligations exceed the economic benefits expected to be received from the contract.

## 2) Provision for restoration

In accordance with the terms of the lease agreement, expenses owed by the Group when restoring leased assets to their original condition are recognized as provisions on the lease commencement date or during a specific period in which the liability becomes liable as a result of using the assets. The provision is measured as the best estimate of the expenditure required to restore the asset, which is reviewed regularly and adjusted to suit new circumstances.

## 3) Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with K-IFRS 1037 and the amount recognized initially less cumulative amount of income recognized in accordance with the principles of K-IFRS 1115.

## (21) Financial instruments

Financial assets and financial liabilities are recognized in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are measured at fair value upon initial recognition, excluding trade receivables that do not contain a significant financial component. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to, or deducted from, the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

## (22) Financial assets

All regular-way purchases or sales of financial assets are recognized and derecognized on a trade-date basis. Regular-way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

### 1) Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income ("FVTOCI"):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

By default, all other financial assets are measured subsequently at FVTPL.

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see 1-3) below).
- The Group may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see 1-4) below).

### 1-1) Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. For financial assets other than purchased or originated credit-impaired financial assets (i.e., assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding ECLs, through the expected life of the debt instrument or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, considering ECL, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition, minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired (see below). For financial assets that have subsequently become credit impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves, so that the financial asset is no longer credit impaired.

Interest income is recognized in profit or loss and is included in the "financial income - interest income" line item.

#### 1-2) Debt instruments classified as at FVTOCI

The corporate bonds are initially measured at fair value, plus transaction costs. Subsequently, changes in the carrying amount of these corporate bonds as a result of foreign exchange gains and losses, impairment gains or losses and interest income calculated using the effective interest method are recognized in profit or loss. The amounts that are recognized in profit or loss are the same as the amounts that would have been recognized in profit or loss if these corporate bonds had been measured at amortized cost.

All other changes in the carrying amount of these corporate bonds are recognized in other comprehensive income and accumulated under the heading of investments' revaluation reserve.

When these corporate bonds are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

#### 1-3) Equity instruments designated as at FVTOCI

Upon initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments that fall under other comprehensive income and fair value items are recognized at fair value, plus transaction costs. Subsequently, it is measured at fair value, and gains or losses arising from changes in fair value are recognized as other comprehensive income and accumulated as accumulated valuation gains or losses. At the time the equity instrument is disposed of, the accumulated gain or loss is not reclassified to profit or loss and is transferred to profit or loss.

If dividends on investments in equity instruments do not clearly indicate the recovery of investment costs, such dividends are recognized in profit or loss in accordance with K-IFRS 1109.

At the time of initial recognition, the Group has designated all investments in equity instruments that are not short-term trading items as other comprehensive income-fair value items.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling in the near term;
- Upon initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value, plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments' revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments; instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss in accordance with K-IFRS 1109, unless the dividends clearly represent a recovery of part of the cost of the investment.

Dividends are included in the 'financial income' line item in profit or loss.

#### 1-4) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see 1-3) above).
- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria (see 1-1) and 1-2) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period and recognized in profit or loss as a result of changes in fair value, except for those designated as hedging relationships. The gain or loss recognized in profit or loss includes dividends received from financial assets and recognized in other income. On the other hand, meanwhile, interest income from FVTPL is recognized in financial income.

#### 2) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'other gains and losses' line item.
- For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss in the 'other gains and losses' line item. Other exchange differences are recognized in other comprehensive income in the investments' revaluation reserve.
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'other gains and losses' line item.
- For equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income in the investments' revaluation reserve.

#### 3) Impairment of financial assets

The Group recognizes a loss allowance for ECLs on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognizes lifetime ECL for trade receivables, contract assets and lease receivables. The ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money, where appropriate.

Lifetime ECL represents the ECLs that will result from all possible default events over the expected life of a financial instrument.

#### 3-1) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relates to the Group's core operations.

In particular, the following information is taken into account when assessing whether the credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating.
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g., a significant increase in the credit spread, the credit default swap prices for the debtor or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost.
- An actual or expected significant deterioration in the operating results of the debtor.
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations.
- Significant increases in credit risk on other financial instruments of the same debtor.
- An actual or expected significant adverse change in the regulatory, economic or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (1) The financial instrument has a low risk of default;
- (2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition, or if an external rating is not available, the asset has an internal rating of 'performing.' Performing means that the counterparty has a strong financial position and there are no past-due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them, as appropriate, to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

### 3-2) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes, as historical experience indicates that the financial assets are generally not recoverable when there is a breach of financial covenants by the debtor or other similar situations, etc.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 180 days past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. However, if there is reasonable and supportive information that proves that defaults occur more than 180 days after arrears, the above-considered provision can be disproved.

### 3-3) Credit-impaired financial assets

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

- (a) Significant financial difficulty of the issuer or the borrower.
- (b) A breach of contract, such as a default or past-due event (see 3-2) above).
- (c) The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.
- (d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.
- (e) The disappearance of an active market for that financial asset because of financial difficulties.

### 3-4) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice, where appropriate.

### 3-5) Measurement and recognition of ECLs

The measurement of ECLs is a function of the probability of default, loss given default (i.e., the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date, which is determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors and other relevant forward-looking information.

For financial assets, the ECLs are estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the ECLs are consistent with the cash flows used in measuring the lease receivable in accordance with K-IFRS 1116.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs, less any amounts that the Group expects to receive from the holder, the debtor or any other party.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investments' revaluation reserve, and does not reduce the carrying amount of the financial asset in the consolidated statements of financial position.

#### 4) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognize a collateralized borrowing for the proceeds received.

### (23) Financial liabilities and equity instruments

#### 1) Classification as financial liabilities or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement and the definitions of financial liability and an equity instrument.

#### 2) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized as the proceeds are received, net of direct issue costs. Repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

#### 3) Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

#### 4) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL upon initial recognition.

A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of repurchasing in the near term;
- Upon initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- The financial liability forms part of a group of financial assets or financial liabilities, or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives and K-IFRS 1109 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognized in profit or loss.

#### 5) Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) designated as at FVTPL are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

#### 6) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- The amount of the loss allowance determined in accordance with K-IFRS 1109 (see financial assets above) or
- The amount recognized initially, less, where appropriate, cumulative amortization recognized in accordance with K-IFRS 1115.

#### 7) Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments.

These foreign exchange gains and losses are recognized in the 'other gains and losses' line item in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those that are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognized in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss for financial liabilities that are not part of a designated hedging relationship.

#### 8) Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, canceled or expired.

The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid, net of any fees received and discounted using the original effective rate, are at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification and (2) the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

#### (24) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps.

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset, whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the consolidated financial statements, unless the Group has both legally enforceable right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

##### 1) Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host - with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

Derivatives embedded in hybrid contracts with a financial asset host within the scope of K-IFRS 1109 are not separated. The entire hybrid contract is classified and subsequently measured as either amortized cost or fair value as appropriate.

Derivatives embedded in hybrid contracts with hosts that are not financial assets within the scope of K-IFRS 1109 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realized or settled within 12 months.

##### 2) Hedge accounting

The Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio, but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e., rebalances the hedge), so that it meets the qualifying criteria again.

The Group designates only the intrinsic value of option contracts as a hedged item, i.e., excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognized in other comprehensive income and accumulated in the cost of hedging reserve. If the hedged item is transaction related, the time value is reclassified to profit or loss when the hedged item affects profit or loss.

If the hedged item is time period related, then the amount accumulated in the cost of hedging reserve is reclassified to profit or loss on a rational basis - the Group applies straight-line amortization.

Those reclassified amounts are recognized in profit or loss in the same line as the hedged item. If the hedged item is a non-financial item, then the amount accumulated in the cost of hedging reserve is removed directly from equity and included in the initial carrying amount of the recognized non-financial item. Furthermore, if the Group expects that some, or all, of the loss accumulated in cost of hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

### 3) Fair value hedges

The fair value change on qualifying hedging instruments is recognized in profit or loss, except when the hedging instrument hedges an equity instrument designated at FVTOCI, in which case it is recognized in other comprehensive income.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss.

For debt instruments measured at FVTOCI, the carrying amount is not adjusted as it is already at fair value, but the hedging gain or loss is recognized in profit or loss instead of other comprehensive income.

When the hedged item is an equity instrument designated at FVTOCI, the hedging gain or loss remains in other comprehensive income to match that of the hedging instrument.

Where hedging gains or losses are recognized in profit or loss, they are recognized in the same line as the hedged item.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable).

This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively.

The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

### 4) Cash flow hedges

The gain or loss related to the ineffective portion is recognized immediately in profit or loss and is included in the 'other gains and losses' line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss in the same line as the recognized hedged item.

However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or the non-financial liability. This transfer does not affect other comprehensive income.

Furthermore, if the Group expects that some, or all, of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable).

This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognized in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

The Group enters into currency forward contracts and currency swap derivative contracts to manage the exchange rate risk of foreign currency transactions.

### **3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:**

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may be different from those estimates.

The estimates and underlying assumptions are continuously reviewed. The changes in accounting estimates are recognized in the period in which the estimate is changed if the change affects only that period or in the period of change and future periods if the change affects both the current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(1) Defined benefit plan

The Group's defined benefit obligation is determined based on the actuarial valuation carried out at the end of each annual reporting period. Actuarial assumptions are the Group's best estimates of the variables in determining the cost of providing postretirement benefits, such as discount rates, rates of expected future salary increases and mortality rates. Significant estimation uncertainty is likely to persist in making such assumptions due to the long-term nature of postretirement benefit plan.

(2) Useful lives of property, plant and equipment

The Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

(3) Fair value of financial instruments

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain type of financial instruments. The management of the Group believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

(4) Uncertainty on the estimation of the total construction revenue and total construction cost

The amount due from the customer is affected by the percentage of completion, which is estimated by reference to the total cost incurred and the total contract cost is estimated by reference to the expected future figures, such as the material costs, the labor costs and the contract period. The uncertainty on the estimation of the total contract cost of construction projects does exist due to changes in external and internal circumstance and the nature of the long-term construction projects, including the uncertainty of exact estimation of the exact completion date.

(5) Uncertainty in Estimating Recoverable Amount in COVID-19 Situation

The overall economic downturn is occurring due to the pandemic of COVID-19, and we are also directly or indirectly affected by COVID-19. The impact of COVID-19 continues as of the end of the reporting period, and it is unclear how long COVID-19 will continue and how much impact it will result in. Therefore, due to COVID-19, there is uncertainty in the estimation of the recoverable amount of assets or cash-generating units held by the Group. The Group estimated the recoverable amount of the asset or cash-generating unit for which the indication of impairment was identified based on the information available at the end of the reporting period, and the management believes that this assumption is reasonable.

**4. SEGMENT INFORMATION:**

Management of the Group, which makes strategic decision, decides the line of business. The Group's segment information is prepared for the purpose of resource allocation and assessment of segment performance. Segment information for the year ended December 31, 2021, is as follows:

- (1) Operating results by reportable segment for the year ended December 31, 2021, are as follows:

2021

Korean won (in millions)						
	Civil engineering	Housing	Plant	Common	Adjustment or elimination	Total
I. Sales	1,504,333	5,077,348	1,058,229	5,798	(14,057)	7,631,651
II. Cost of sales	(1,300,904)	(4,080,986)	(875,039)	(3,066)	14,715	(6,245,280)
III. Gross profit	203,429	996,362	183,190	2,732	658	1,386,371
Selling and administrative expenses	(50,602)	(192,298)	(32,941)	(149,193)	(4,079)	(429,113)
IV. Operating income (loss)	152,827	804,064	150,249	(146,461)	(3,421)	957,258
Other income	20,756	24,686	62,519	29,678	(32,928)	104,711
Other expense	(117,780)	(53,337)	(42,090)	(37,534)	66,770	(183,971)
Financial income	21,425	50,707	40,636	24,164	(19,804)	117,128
Financial expense	(34,992)	(34,015)	(38,822)	(28,755)	67,305	(69,279)
Share of profits of associates and joint ventures	(15,535)	484	(2)	(1,543)	-	(16,596)
V. Income (loss) before income tax expense (benefit)	26,701	792,589	172,490	(160,451)	77,922	909,251
Depreciation	(6,065)	(30,284)	(917)	(21,131)	(2)	(58,399)
Amortization	(1,360)	(4,647)	(1,157)	(1,721)	(6,748)	(15,633)

Revenues reported above are from external customers. Transactions between internal segments are excluded from the revenues above.

The policies of segments are same as the Group's policies explained above in Note 2. The profit of segments is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(2) Assets and liabilities, by reportable segments, as of December 31, 2021, are as follows:

December 31, 2021

Korean won (in millions)						
	Civil engineering	Housing	Plant	Common	Adjustment or elimination	Total
Investments in associates and joint ventures	76,338	37,407	10,205	264,409	(98,209)	290,150
Non-current assets (*1)	5,250	255,859	1,667	263,692	2,152	528,620
Other assets	933,559	4,056,253	756,161	2,669,130	(532,183)	7,882,920
Total assets	1,015,147	4,349,519	768,033	3,197,231	(628,240)	8,701,690
Total liabilities	769,638	2,328,970	1,217,168	1,091,674	(1,202,907)	4,204,543
Impairment of assets and reversal of impairment of assets (*2)	(22,807)	(4,466)	-	33	27,273	33

(\*1) Excludes the rights from financial instruments postemployment benefit assets and insurance contracts, etc.

(\*2) The impairment of assets and reversal of impairment of assets recognized by each reportable segment as of December 31, 2021

(3) The Group operates its business in four main areas. Operating results from external customers by geographical areas for the year ended December 31, 2021, are as follows:

December 31, 2021

Korean won (in millions)							
	Korea	Middle East	Asia	Europe	Other	Adjustment or elimination	Total
Total assets	8,247,286	553,422	255,325	207,599	66,298	(628,240)	8,701,690
Non-current assets (*1)	523,030	1,020	1,600	757	61	2,152	528,620
Sales from external customers	6,885,285	297,991	137,076	303,208	22,148	(14,057)	7,631,651

(\*1) Excludes the rights from financial instruments postemployment benefit assets and insurance contracts, etc.

(4) Information of key customers

The Group has no key customers who occupied more than 10% of the Group's sale for the year ended December 31, 2021.

## 5. RESTRICTED DEPOSITS:

Details of restricted deposits as of December 31, 2021, are as follows:

Korean won (in millions)			
	Institution	December 31, 2021	Restriction
Cash and cash equivalents	Woori Bank	102	Pledged as collateral
Short-term financial instruments	Woori Bank and others	882	Restriction on withdrawal and pledged as collateral
Long-term financial instruments	Woori Bank and others	520	Pledged as collateral and others
Defined benefit assets	Woori Bank and others	209,890	Severance insurance deposits
Total		211,394	

**6. CONTRACT ASSET AND CONTRACT LIABILITY:**

(1) Details of construction revenue recognized for the year ended December 31, 2021, are as follows:

2021

Korean won (in millions)	
	Construction revenue recognized
Civil engineering	1,459,200
Housing (*1)	5,027,743
Plant	988,565
Total	7,475,508

(\*1) The ending balance of the housing division includes the balance of the contract due to lotting out.

The ending balance of the contract amount of the Group as of December 31, 2021, is ₩24,247,482 million.

(2) Details of changes in accumulated construction profit or loss, contract assets and liabilities as of December 31, 2021, are as follows. The contracts are that remain contract assets, withholding and others after completion by the terms of contracts:

December 31, 2021

Korean won (in millions)							
	Accumulated construction revenue	Accumulated construction cost	Accumulated construction profit	Contract asset (*1)	Contract liability (*2)	Construction loss provisions	Withholding
Civil engineering	7,211,811	6,563,551	648,260	228,295	229,510	9,562	16,685
Housing	6,333,667	5,070,774	1,262,893	667,883	387,855	513	269
Plant	4,033,062	4,051,700	(18,638)	72,229	367,032	27,932	236,967
Total	17,578,540	15,686,025	1,892,515	968,407	984,397	38,007	253,921

(\*1) Changes in ECLs to contract assets during the year are as follows:

Korean won (in millions)				
	Beginning balance	Collective valuation	Impairment loss (reversal)	Ending balance
Contract asset	6,521	(907)	(2,702)	2,912

(\*2) The Group recognized the gain on construction contracts amounting to ₩370,537 million during the current year as the balance of contract liabilities carried forward.

- (3) The changes in the estimated total contract revenue and cost during the current year from contracts in progress at the beginning of the current year subject to input method for revenue recognition (the “input method”) based on the proportion that the contract costs incurred to date for the work performed bear to the estimated total contract costs and effects of these changes on income in the current and subsequent years and on amount due from (to) customers for contract work are as follows:

Korean won (in millions)						
	Estimated total contract revenue variance	Estimated total contract cost variance	Effect of construction profit and loss		Changes in contract asset (*1)	Changes in contract liability (*1)
			2021	Future		
Civil engineering	295,704	249,850	28,456	17,398	(2,921)	(31,377)
Housing	317,453	(65,487)	248,926	134,014	133,523	(115,403)
Plant	205,149	116,284	87,253	1,612	4,289	(82,964)
Total	818,306	300,647	364,635	153,024	134,891	(229,744)

(\*1) Changes in provision for construction loss are included.

- (4) Details of major contracts in which the contract amount is more than 5% of the sales of the previous discontinued business of the divided surviving consolidated entity (DL Holdings Co., Ltd. and its subsidiaries) are as follows.

Korean won (in millions)							
Project (*1)	Contract date	Completion date on contracts (*2)	Percentage	Contract asset		Construction work receivables	
				Total	Loss allowance (*3)	Total	Loss allowance (*3)
GTX-A5 Tool Field	2019-03-20	2024-06-29	25.06%	10,095	-	-	-
e-Pyeonhangesang Geumbit Grand Maison	2014-09-26	2022-09-30	68.43%	151,120	-	-	-
e-Pyeonhangesang Bupyeong Grand Hills	2019-04-18	2023-10-31	31.49%	28,665	-	-	-
Hyundai Chemical HPC Project PKG-3	2019-11-05	2022-02-28	97.65%	61,040	-	4,031	-
e-Pyeonhangesang Geoje Euro Sky	2021-05-21	2023-10-31	15.72%	-	-	-	-
Brunei Temburong CC2	2015-02-04	2022-06-30	99.99%	1,777	-	-	-
Singapore TTP1	2015-02-13	2024-07-27	99.92%	1,387	-	488	-
Vietnam Thai Binh2 PP	2012-05-22	2023-06-30	89.64%	-	-	43,534	-
Saudi Elastomers	2012-07-01	2021-12-31	100.00%	-	-	-	-
Kuwait KNPC SHFP	2013-05-28	2022-05-31	98.68%	-	-	55,461	-
Saudi Maaden Ammonia III Project	2018-10-22	2022-12-31	81.48%	-	-	128,695	-
Saudi DSA Elastomers	2012-07-01	2021-12-31	100.00%	-	-	771	-
Turkey DIG Canakkale	2018-03-16	2022-06-30	96.76%	3,430	-	-	-

(\*1) No closed contracts exist

(\*2) The completion date on contracts or approximate date of each project.

(\*3) There are no individual damages on bonds by project at the end of the current term, and the amount of damages incurred by each sector during collective evaluation has been excluded.

(5) Details of major joint arrangement projects as of December 31, 2021, are as follows:

Korean won (in millions)				
Project	Total contract amount	The Group's attributed contract amount	The Group's ownership	Lead company
Turkey DIG Canakkale	3,016,543	754,136	25.00%	Joint operation
GTX-A5	557,370	462,506	82.98%	The Group
Philippines MCRP	698,823	349,412	50.00%	Acciona
GTX-A6	428,859	346,690	80.84%	The Group
Rei County	1,134,136	340,241	30.00%	Samsung C&T Corporation
Algeria Kais CCPP	660,099	330,050	50.00%	GS Engineering & Construction Corp.
e-Pyeonghangesang Haneulchae Centum First	632,091	316,046	50.00%	The Group
Busan Manduck Living Environment Improvement Project	445,035	311,524	70.00%	The Group
Ansung-Guri Express Way Sector 11	520,848	234,382	45.00%	The Group
Doma e-Pyeonghangesang FORENA	374,189	224,513	60.00%	The Group

(\* ) The Group classifies and accounts for above joint arrangement projects as joint operation and attributed revenue and expense incurred from joint arrangement to the Group.

(6) Details of the contract cost as of December 31, 2021, are as follows

Korean won (in millions)	
	Amount
Contract execution cost	45,093

Contract execution costs are capitalized as other assets as costs to be incurred prior to the start of construction and during construction. There is no impairment loss recognized in the current year related to the cost of the asset. These contracts are included in other assets in the consolidated financial statements.

**7. FINANCIAL INSTRUMENTS:**

(1) Details of the Group's financial instrument assets by categorization as of December 31, 2021, are as follows:

		Korean won (in millions)	
		December 31, 2021	
		Carrying value	Fair value
Fair value measurement of financial assets	Financial assets at FVTPL	132,935	132,935
	Financial assets at FVTOCI	33,788	33,788
	Derivative assets	777	777
Financial assets at amortized cost	Cash and cash equivalents	2,044,761	2,044,761
	Short-term financial instruments	218,224	218,224
	Trade receivables	485,612	485,612
	Short-term loans	111,179	111,179
	Current accounts receivable	314,014	314,014
	Accrued income	33,015	33,015
	Deposits (current)	35,602	35,602
	Current lease receivables	410	410
	Financial assets at amortized cost	26	26
	Long-term financial assets	520	520
	Long-term trade receivables	273,658	273,658
	Long-term loans	614,486	614,486
	Non-current accounts receivable	446,045	446,045
	Long-term accrued income	12,752	12,752
	Deposits (non-current)	374,446	374,446
Non-current lease receivables	1,623	1,623	
<b>Total</b>		<b>5,133,873</b>	<b>5,133,873</b>

(2) Details of financial instrument liabilities by categorization as of December 31, 2021, are as follows:

		Korean won (in millions)	
		December 31, 2021	
		Carrying value	Fair value
Fair value measurement of financial liabilities	Derivative liabilities	3,068	3,068
Financial liabilities at amortized cost	Trade payables	908,022	908,022
	Accounts payable	305,331	305,331
	Leasehold deposit received	1,552	1,552
	Accrued expenses	38,552	38,552
	Current lease liabilities	51,210	51,210
	Short-term borrowings	156,300	156,300
	Current portion of long-term liabilities	40,252	40,252
	Current financial guarantee contract liabilities	16,530	16,530
	Financial guarantee contract liabilities	2,068	2,068
	Debentures	446,652	446,652
	Long-term borrowings	363,678	363,678
	Long-term trade payable	8,137	8,137
	Long-term accounts payable	275	275
	Long-term leasehold deposits received	4,681	4,681
	Non-current lease liabilities	100,470	100,470
Total		2,446,778	2,446,778

## **8. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS:**

(1) Details of fair value measurement of financial assets as of December 31, 2021, are as follows:

December 31, 2021

		Korean won (in millions)
		2021
Financial assets at FVTPL		
Debt instruments (PFV)		563
Debt instruments (capital investments)		110,232
Debt instruments (beneficiary certificate and others)		14,951
Debt instruments (social overhead capital ("SOC"))		7,189
Subtotal		132,935
Financial assets at FVTOCI		
Equity investments (non-marketable)		9
Debt instruments (government bonds)		33,779
Subtotal		33,788
Total		166,723

**9. TRADE AND OTHER ACCOUNTS RECEIVABLE:**

(1) Details of trade and other accounts receivable as of December 31, 2021, are as follows:

December 31, 2021

		Korean won (in millions)			
		Subtotal	Allowance for doubtful accounts	Discount on present value	Total
Current	Trade receivables	527,438	(41,826)	-	485,612
	Short-term loans	134,308	(23,129)	-	111,179
	Accounts receivable	373,747	(59,719)	(14)	314,014
	Accrued income	36,608	(3,593)	-	33,015
	Short-term deposit	35,786	(184)	-	35,602
	Total	1,107,887	(128,451)	(14)	979,422
Non-current	Trade receivables	688,437	(414,779)	-	273,658
	Long-term loans	955,017	(332,930)	(7,601)	614,486
	Accounts receivable	670,711	(224,595)	(71)	446,045
	Accrued income	45,941	(33,189)	-	12,752
	Deposits	376,816	(2,370)	-	374,446
	Total	2,736,922	(1,007,863)	(7,672)	1,721,387

(2) Credit risk and loss allowance for trade receivables:

The average credit contribution period for each industry bond is 180 days, and the Group measures the loss allowance at an amount equal to lifetime ECLs for the trade receivables.

ECLs on trade receivables are determined using a provision-setting table that takes into account an analysis of the current financial position of the debtor, including the debtor's past default experience and factors specific to the borrower, the general economic environment and the assessment of the current situation at the reporting date, as well as the assessment of how the situation will change in the future.

The Group will write off trade receivables when there is information indicating that the debtor is facing serious financial difficulties or commencement of bankruptcy proceedings and there is no reasonable expectation of recovery.

(3) Details of changes in (reversal of) provisions for credit losses for the year ended December 31, 2021, are as follows:

2021

		Korean won (in millions)					
		Beginning balance	(Reversal of) provisions for credit losses		Write-off	Other (*2)	Ending balance
			(Reversal of) individual evaluation	Collective evaluation (*1)			
Current	Trade receivables	63,249	3,010	(23,876)	-	(557)	41,826
	Short-term loans	24,224	(1,309)	214	-	-	23,129
	Accounts receivable	78,018	4,741	11,599	(4,750)	(29,889)	59,719
	Accrued income	3,223	360	10	-	-	3,593
	Short-term deposits	120	76	-	(12)	-	184
	Total	168,834	6,878	(12,053)	(4,762)	(30,446)	128,451
Non-current	Trade receivables	450,360	(1,547)	(5,769)	(31,715)	3,450	414,779
	Long-term loans	326,008	(1,430)	581	(6,137)	13,908	332,930
	Accounts receivable	194,697	135	-	(133)	29,896	224,595
	Accrued income	33,189	-	-	-	-	33,189
	Deposits	1,915	(175)	627	-	3	2,370
	Total	1,006,169	(3,017)	(4,561)	(37,985)	47,257	1,007,863

(\*1) The Group calculated lifetime ECLs based on the historical recovery rate of the trade receivables and reflected lifetime ECLs as loss allowance for the balance of the bonds by the end age.

(\*2) Includes changes in reclassification of the current foreign currency rate.

(4) Details of the Group's term structures of trade and other receivables past due, but not impaired, as of December 31, 2021, are as follows:

December 31, 2021

		Korean won (in millions)				
		6 months- 1 year	1 year- 2 years	2 years- 3 years	More than 3 years	Total
Current	Trade receivables	35,678	24,014	4,742	14,036	78,470
	Short-term loans	21,215	17,608	2,050	-	40,873
	Accounts receivable	29,376	50,605	12,739	13,111	105,831
	Accrued income	5	-	-	-	5
	Total	86,274	92,227	19,531	27,147	225,179

(5) Details of term structures of trade and other receivables impaired as of December 31, 2021, are as follows:

December 31, 2021

		Korean won (in millions)					Total
		Less than 6 months	6 months- 1 year	1 year- 2 years	2 years- 3 years	More than 3 years	Total
Current	Trade receivables	4,493	-	8,540	2	7,919	20,954
	Short-term loans	-	-	1,891	-	27,147	29,038
	Accounts receivable	6,913	1	199	228	22,934	30,275
	Accrued income	360	-	-	130	3,090	3,580
	Short-term deposits	-	-	-	-	333	333
	Total	11,766	1	10,630	360	61,423	84,180
Non-current	Trade receivables	-	-	168,619	2,783	380,629	552,031
	Long-term loans	15,900	629	221,957	203,063	626,372	1,067,921
	Accounts receivable	60	235,235	56,846	338	323,754	616,233
	Accrued income	-	-	1,491	18,952	12,746	33,189
	Deposits	-	-	40	88	1,511	1,639
	Total	15,960	235,864	448,953	225,224	1,345,012	2,271,013

(6) The maximum exposures to credit risk as of December 31, 2021, are fair value of trade and other accounts receivable as mentioned above. Meanwhile, the Group's trade and other accounts receivable are measured at amortized cost and their fair values are the same as their carrying values.

## 10. OTHER ASSETS:

Details of other assets as of December 31, 2021, are as follows:

		Korean won (in millions)
		December 31, 2021
Current	Prepaid payments	71,207
	Prepaid expenses	52,485
	Prepaid construction expenses	27,952
	Subtotal	151,644
Non-current	Long-term prepaid expenses	15,860
	Long-term construction expenses	17,141
	Subtotal	33,001
Total		184,645

**11. INVENTORIES:**

Details of inventories as of December 31, 2021, are as follows:

Korean won (in millions)			
	December 31, 2021		
	Acquisition cost	Allowance	Carrying value
Merchandise	53	-	53
Raw materials	23	-	23
Supplies	15,213	-	15,213
Land	914,393	(31,146)	883,247
Residual construction	272	-	272
Unfinished housing	39,835	-	39,835
Materials	913	-	913
Total	970,702	(31,146)	939,556

**12. FINANCIAL LEASE RECEIVABLE:**

(1) Details of the Group's financial lease liabilities as of December 31, 2021, are as follows:

Korean won (in millions)		
	December 31, 2021	
	Current	Non-current
Financial lease receivable	421	1,713
Present-value discounts	(11)	(90)
Total	410	1,623

The Group has signed an agreement to provide offices, stores, etc., with a lease. The average duration of a finance lease is six years. Lease agreements do not normally include extended or termination options.

All leases are signed in Korean won and we are not exposed to exchange risk due to lease agreements.

(2) Details of the Group's financial lease liabilities as of December 31, 2021, are as follows:

Korean won (in millions)	
December 31, 2021	
Periodic lease	
Within one year	421
More than one year and within two years	492
More than two years and within three years	375
More than three years and within four years	767
More than four years and within five years	61
More than five years	18
Total lease fee	2,134
Unwarranted residual value	-
Gross lease investment	2,134
Unrealized interest income	(101)
Present value of total cash flows	2,033
Loss allowance	-
Net lease investment	2,033

(3) The returns related to variable lease payments that are not included in measuring the financial return and the net investment of the lease investment during the current and prior term are as follows:

Korean won (in millions)	
2021	
Financial lease net investment financial profit	44

(4) Details of the lease revenue composition of operating leases during the current and prior term are as follows:

Korean won (in millions)	
	2021
Lease profit from operating lease	950

(5) Management estimates that the loss allowance for financial lease receivables as of the end of the reporting period is equivalent to lifetime ECL. Financial lease receivables are not overdue as of the end of the current term. In addition, the management did not record the loss allowance in the consolidated financial statements because it determined that the amount of the loss allowance for the financial lease receivable was not important.

### 13. PROPERTY, PLANT AND EQUIPMENT:

(1) Details of property, plant and equipment as of December 31, 2021, are as follows:

December 31, 2021

Korean won (in millions)								
	Land	Buildings	Structures	Machinery	Vehicle	Others	Construction in progress	Total
Acquisition cost	28,768	126,821	2,542	4,996	4,916	56,178	984	225,205
Accumulated depreciation	-	(38,843)	(839)	(2,502)	(3,504)	(32,441)	-	(78,129)
Impairment	(2,438)	(12,583)	-	-	-	-	-	(15,021)
Carrying value	26,330	75,395	1,703	2,494	1,412	23,737	984	132,055

(2) Details of changes in property, plant and equipment for the year ended December 31, 2021, are as follows:

2021

Korean won (in millions)								
	Land	Buildings	Structures	Machinery	Vehicle	Others	Construction in progress	Total
Beginning balance	28,047	77,775	2,121	4,911	954	22,050	1,822	137,680
Acquisition	119	617	42	876	887	2,915	8,868	14,324
Transfer	45	-	-	-	-	6,701	(9,706)	(2,960)
Disposal	(1,881)	(294)	-	(2,354)	(3)	(44)	-	(4,576)
Depreciation	-	(2,703)	(237)	(742)	(499)	(7,821)	-	(12,002)
Effect of foreign currency translation	-	-	(223)	(197)	73	(64)	-	(411)
Ending balance	26,330	75,395	1,703	2,494	1,412	23,737	984	132,055

**14. INVESTMENT PROPERTY:**

(1) Details of investment property as of December 31, 2021, are as follows:

December 31, 2021

Korean won (in millions)					
	Land	Buildings	Others	Right-of-use asset	Total
Acquisition cost	249,293	114,563	9,573	21,041	394,470
Accumulated depreciation	-	(14,548)	(6,703)	(3,108)	(24,359)
Accumulated impairment	(6,846)	(6,009)	-	-	(12,855)
Carrying value	242,447	94,006	2,870	17,933	357,256

(2) Details of changes in investment property for the year ended December 31, 2021, are as follows:

2021

Korean won (in millions)					
	Land	Buildings	Others	Right-of-use asset	Total
Beginning balance	231,137	96,120	3,066	21,828	352,151
Acquisition	1,304	531	12	-	1,847
Disposal	(899)	(18)	-	-	(917)
Transfer	10,871	-	-	(955)	9,916
Depreciation	-	(2,627)	(208)	(2,940)	(5,775)
Impairment loss reversal	34	-	-	-	34
Ending balance	242,447	94,006	2,870	17,933	357,256

(3) Details of income and expenditure from investment property for the year ended December 31, 2021, are as follows:

	Korean won (in millions)
	2021
Rental income	8,203
Expenses on operating investment property	(94)
Expenses on non-operating investment property	-
Total	8,109

(4) Details of fair value of investment property as of December 31, 2021, are as follows:

Korean won (in millions)		
	December 31, 2021	
	Carrying value	Fair value
Land	242,447	287,099
Buildings	94,007	90,154
Others	2,870	3,188
Right-of-use asset	17,933	17,933
Total	357,257	398,374

The fair value of the Group's investment property has been arrived at on the basis of a valuation carried out by independent appraisers not related to the Group. They have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The investment properties are categorized into Level 3 of the fair value hierarchy based on inputs used in the valuation technique.

**15. INTANGIBLE ASSETS:**

(1) Details of intangible assets as of December 31, 2021, are as follows:

December 31, 2021

Korean won (in millions)					
	Industrial property rights	Software	Membership	Others	Total
Acquisition cost	4	51,470	15,011	14,403	80,888
Accumulated amortization	(1)	(36,697)	-	(4,154)	(40,852)
Accumulated impairment	-	-	(726)	-	(726)
Carrying value	3	14,773	14,285	10,249	39,310

(2) Details of changes in intangible assets for the year ended December 31, 2021, are as follows:

2021

Korean won (in millions)					
	Industrial property rights	Software	Membership	Others	Total
Beginning balance	4	13,381	14,259	16,996	44,640
Acquisition	-	4,542	260	-	4,802
Transfer	-	3,005	-	-	3,005
Disposal	-	(14)	(234)	-	(248)
Amortization	(1)	(6,141)	-	(6,747)	(12,889)
Ending balance	3	14,773	14,285	10,249	39,310

**16. INVESTMENTS IN SUBSIDIARIES:**

(1) Details of the Group's investments in subsidiaries as of December 31, 2021, are as follows:

Company	Location	Main business	Term-end settling day	Ownership (%)
				December 31, 2021
DL Construction Co., Ltd (*1)	Korea	General construction	12.31	63.94
Osan Landmark project co., Ltd. (*2)	Korea	Real estate property development	12.31	48.00
Incheon Dohwal NEWSTAY REIT Co.,Ltd. (*3)	Korea	Real estate property development	12.31	100.00
DL Saudi Arabia Co., Ltd.	Saudi Arabia	Industrial plant construction	12.31	100.00
PT. DLENC UTAMA CONSTRUCTION	Indonesia	Industrial plant construction	12.31	100.00
DALIN (Nanjing) Construction	China	Industrial plant construction	12.31	100.00
DL USA, Inc.	USA	General architecture construction	12.31	100.00
DL INSAAT GELISTIRME A.S.	Turkey	Civil engineering	12.31	100.00
Daelim RUS LLC	Russia	Industrial plant construction	12.31	100.00

(\*1) The Group's share of voting rights is 63.94%, and the share including preferred shares without voting rights is 65.88%.

(\*2) The number of shares held is less than half, but it is classified as a subsidiary because the Group possesses 67% stake in voting rights through contracts with other shareholders.

(\*3) The Group newly invested in Incheon Dohwal NEWSTAY REIT Co.,Ltd. during the current term.

Meanwhile, as of the date of submission of the report, the changed corporate names of subsidiaries are as follows:

Before	After
Daelim Saudi Arabia Co., Ltd.	DL Saudi Arabia Co., Ltd.
PT. Daelim Utama Construction	PT. DLENC UTAMA CONSTRUCTION
Daelim USA, Inc.	DL USA, Inc.
DAELIM INSAAT GELISTIRME A.S.	DL INSAAT GELISTIRME A.S.

(2) Summary of financial position of the major subsidiaries as of and for the year ended December 31, 2021, is as follows:  
December 31, 2021

Company	Korean won (in millions)				
	Assets		Liabilities		Equity
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Shareholders' equity
DL Construction Co., Ltd.	1,240,959	428,642	556,639	155,071	957,891
Osan Landmark project co., Ltd.	452,122	-	792,897	-	(340,775)

Goodwill, fair value adjustment and the adjustment made in adopting the parent company's accounting policies arising from business combination are reflected in the above summary of financial position. However, intercompany transactions are not eliminated.

- (3) Summary of financial performance of the major subsidiaries as of and for the year ended December 31, 2021, is as follows:

2021

Korean won (in millions)					
Company	Sales	Operating income	Net income	Other comprehensive income (loss)	Comprehensive income
DL Construction Co., Ltd.	2,010,344	229,634	175,561	(1,394)	174,167
Osan Landmark project co., Ltd.	-	(2,269)	(34,989)	-	(34,989)

Goodwill, fair value adjustment and the adjustment made in adopting the parent company's accounting policies arising from business combination are reflected in the above summary of financial performance. However, the intercompany transactions are not eliminated.

- (4) Summary of cash flows of the major subsidiaries as of and for the year ended December 31, 2021, is as follows:

2021

Korean won (in millions)							
Company	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Net (decrease) increase in cash and cash equivalents	Cash and cash equivalents, beginning of year	Changes in cash and cash equivalents due to foreign currency translation	Cash and cash equivalents, end of year
DL Construction Co., Ltd.	80,350	(73,954)	8,446	14,842	563,382	-	578,224
Osan Landmark project co., Ltd.	348	-	400	748	363	-	1,111

Goodwill, fair value adjustment and the adjustment made in adopting the parent company's accounting policies arising from business combination are reflected in the above summary of cash flows. However, the intercompany transactions are not eliminated.

- (5) Ownership held by non-controlling interests, financial position, the amount of dividend and management achievements in non-controlling interest for the year ended December 31, 2021, are as follows:

2021

Korean won (in millions)					
Company	Ownership held by non-controlling interests (%)	Cumulative non-controlling interests	Income attributable to non-controlling interests	Comprehensive income attributable to non-controlling interests	Dividends paid to non-controlling interests
DL Construction Co., Ltd.	36.06	329,203	58,792	58,316	(4,372)

Ownership interests held by non-controlling interests are the shares that are not attributable directly or indirectly to the owner of the controlled entities. Therefore, there may be differences in shareholding ratio calculated by subtracting the subsidiaries within the Group with respect to its own shares held by the simple sum of ownership from 100% of the shares in each subsidiary.

**17. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES:**

(1) Details of the Group's investments in associates and joint ventures as of December 31, 2021, are as follows:

Company	Location	Main business	Term-end settling day	Korean won (in millions)	
				December 31, 2021	
				Ownership (%)	Carrying value
Godeok Gangil 10 PFV Co., Ltd.	Korea	Real estate/ property management	12.31	25.10	-
Hyoje PFV Co., Ltd. (*3)	Korea	Real estate/ property development	12.31	66.00	14,916
UlsanUijeongbuproject PFV Co., Ltd. (*1)	Korea	Real estate/ property development and supply	12.31	50.00	5,829
Luoma Inc. (*4)	Korea	Financial investment	12.31	28.79	18,457
IncheonInha PFV Co., Ltd. (*5)	Korea	Real estate/ property development and supply	12.31	50.00	2,498
Daejeonmunwha PFV Co., Ltd. (*5)	Korea	Real estate/ property development and supply	12.31	50.00	2,480
JeonJuWansan PFV Co., Ltd. (*5)	Korea	Real estate/ property development and supply	12.31	50.00	2,682
Gwacheon Jisan One PFV Co., Ltd. (*7)	Korea	Real estate/ property development and supply	12.31	0.67	34
Daelim Philippines, Inc.	Philippines	Construction of industrial plants	12.31	40.00	5,432
DL Engineering & Construction Malaysia Sdn. Bhd.	Malaysia	Construction of industrial plants	12.31	25.00	-
DIAP-DAELIM JOINT VENTURE PTE. LTD.	Singapore	Civil engineering	12.31	49.00	6,119
OMZ-Daelim LLC	Russia	Construction of industrial plants	12.31	48.00	2,302
Samho Citron City CO., Ltd.	Korea	Real estate/ property development	12.31	30.00	23
Namwon Thema Park CO., Ltd.	Korea	Real estate/ property development	12.31	25.00	385
Wonju Buron general industrial complex CO., Ltd.	Korea	Real estate/ property development	12.31	25.71	26
Pebblestone MD PFV CO., Ltd. (*2)	Korea	Real estate/ property development	12.31	14.46	1,404
Sau Bukbyeon CO., Ltd.	Korea	Real estate/ property development	12.31	34.90	662
Asan Dogo Industrial Complex Development Co., Ltd. (*6)	Korea	Real estate/ property development	12.31	20.00	60
Hwaseung JDC, LLC. (*8)	Korea	Other specialized services	12.31	28.00	3
Koramco Private Real Estate Equity Fund No.112	Korea	Real estate fund	12.31	44.40	5,355
CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION	Turkey	Civil engineering	12.31	25.00	221,483
Total					290,150

(\*1) The Group newly invested in UlsanUijeongbuproject PFV Co., Ltd. during the current term. Its share of voting rights is 50%, and the share including preferred shares without voting rights is 47.50%.

(\*2) Although the Group's share of voting rights is less than 20%, it is classified as an associate because it has a significant influence by holding the right to appoint investee's members of the board of directors.

(\*3) It is classified as a joint venture as the board of directors, which decided important financial and business policies by joint agreements between shareholders, decided by unanimity and similar methods.

- (\*4) The Group newly invested in Luoma Inc. during the current term. The Group's share of voting rights is 28.79%, but decisions about the relevant activities require the unanimous consent of the parties sharing control, so it is classified as joint ventures.
- (\*5) The Group newly invested in Daejeonmunwha PFV Co., Ltd., IncheonInha PFV Co., Ltd. and JeonJuWansan PFV Co., Ltd. during the current term. Its share of voting rights is 50%, and the share including preferred shares without voting rights is 47.50%.
- (\*6) The Group newly invested in Asan Dogo Industrial Complex Development Co., Ltd. during the current term.
- (\*7) The Group newly invested in Gwacheon Jisan One PFV Co., Ltd. during the current term. Although the Group's share of voting rights is less than 20%, it is classified as an associate because it has a significant influence by holding the right to appoint investee's members of the board of directors.
- (\*8) The Group newly invested in Hwaseung JDC, LLC. during the current term.

Meanwhile, as of the date of submission of the report, the changed corporate names of associates and joint venture are as follows:

Before	After
Daelim Malaysia, Sdn. Bhd.	DL Engineering & Construction Malaysia Sdn. Bhd.

(2) As of December 31, 2021, there are no shares of associates or joint ventures for which market prices exist.

(3) Changes in the associates and joint ventures for the year ended December 31, 2021, are as follows:

2021

Company	Korean won (in millions)					
	Beginning balance	Acquisition or disposal	Share of profits (losses)	Share of other comprehensive profits (losses)	Dividend received	Ending balance
Hyoje PFV Co., Ltd.	15,984	-	(1,068)	-	-	14,916
UlsanUijeongbuproject PFV Co., Ltd.	-	4,750	1,079	-	-	5,829
Luoma Inc.	-	20,000	(1,543)	-	-	18,457
IncheonInha PFV Co., Ltd.	-	2,375	123	-	-	2,498
Daejeonmunwha PFV Co., Ltd.	-	2,375	105	-	-	2,480
JeonJuWansan PFV Co., Ltd.	-	2,375	307	-	-	2,682
Gwacheon Jisan One PFV Co., Ltd.	-	30	4	-	-	34
Daelim Philippines, Inc.	-	-	-	5,432	-	5,432
DIAP-DAELIM JOINT VENTURE PTE. LTD.	5,738	-	(2)	383	-	6,119
OMZ-Daelim LLC	1,787	-	725	(210)	-	2,302
Samho Citron City CO., Ltd.	23	-	-	-	-	23
Namwon Thema Park CO., Ltd.	500	-	(115)	-	-	385
Wonju Buron general industrial complex CO., Ltd.	26	-	-	-	-	26
Pebblestone MD PFV CO., Ltd.	1,500	-	(96)	-	-	1,404
Sau Bukbyeon CO., Ltd.	698	-	(36)	-	-	662
Asan Dogo Industrial Complex Development Co., Ltd.	-	60	-	-	-	60
Hwaseung JDC, LLC.	-	3	-	-	-	3
Koramco Private Real Estate Equity Fund No.112	5,355	-	66	-	(66)	5,355
CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION	159,017	56,219	(16,146)	22,393	-	221,483
Total	190,628	88,187	(16,597)	27,998	(66)	290,150

- (4) Summary of financial position of the major associates and joint ventures as of and for the year ended December 31, 2021, is as follows:

December 31, 2021

Company	Korean won (in millions)				
	Assets		Liabilities		Shareholders' equity
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	
CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION	61,638	3,982,376	90,122	2,864,699	1,089,193

Fair value adjustment and the adjustment made in adopting the parent company's accounting policies arising from equity acquisition are reflected in the above summary of financial position. However, goodwill and intercompany transactions are not eliminated.

- (5) Summary of financial performance of the major associates and joint ventures as of and for the year ended December 31, 2021, is as follows:

2021

Company	Korean won (in millions)				
	Sales	Operating income	Net income	Other comprehensive income	Comprehensive income
CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION	768,218	68,810	(20,957)	89,846	68,889

Fair value adjustment and the adjustment made in adopting the parent company's accounting policies arising from equity acquisition are reflected in the above summary of financial performance. However, goodwill and intercompany transactions are not eliminated.

- (6) Summary of financial performance of the major associates and joint ventures as of and for the year ended December 31, 2021, is as follows:

December 31, 2021

Company	Korean won (in millions)	
	CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION	
Cash and cash equivalents		19,284
Current financial liabilities (*1)		89,233
Non-current financial liabilities (*1)		2,864,699
Depreciation		159
Amortization		267
Interest income		358
Interest cost		-
Income tax expense		(64,014)

- (\*1) Current and non-current financial liabilities exclude trade and other accounts payable from financial liabilities.

- (7) Details of adjustments from investees' equity to carrying value as of December 31, 2021, are as follows:

December 31, 2021

Company	Korean won (in millions)					
	Equity (A)	Ownership (%) (B)	Attributed equity (A x B)	(+) Goodwill	(-) Internal transaction	Carrying value
CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION	1,089,193	25.00	272,298	-	(50,815)	221,483

- (8) Details of the accumulated unrecognized equity changes in the investments as of December 31, 2021, are as follows:

December 31, 2021

Investee	Korean won (in millions)	
	Unrecognized equity changes in this year	Accumulated unrecognized equity changes
DL Engineering & Construction Malaysia Sdn. Bhd.	(6)	3,238
Godeok Gangil 10 PFV Co., Ltd.	(1,246)	1,108

### **18. RIGHT-OF-USE ASSETS:**

The Group leases several assets, including real estate (land and buildings), vehicle and machinery.

The average lease term is about two years. The legal ownership of the right-of-use assets is held by the lessor as collateral.

- (1) Details of right-of-use assets as of December 31, 2021, are as follows:

December 31, 2021

	Korean won (in millions)				
	Real estate	Vehicle	Machinery	Others	Total
Acquisition cost	117,385	9,987	33,948	6,796	168,116
Accumulated amortization	(36,676)	(3,954)	(12,674)	(2,989)	(56,293)
Carrying value	80,709	6,033	21,274	3,807	111,823

- (2) Details of changes in the right-of-use asset for the year ended December 31, 2021, are as follows:

2021

	Korean won (in millions)				
	Real estate	Vehicle	Machinery	Others	Total
Beginning balance	100,476	6,222	11,935	320	118,953
Acquisition	11,048	3,505	33,333	6,796	54,682
Transfer	(2,068)	-	-	-	(2,068)
Disposal	(2,956)	(770)	(7,457)	-	(11,183)
Depreciation	(26,168)	(2,937)	(16,537)	(3,309)	(48,951)
Effects of foreign currency translation	377	13	-	-	390
Ending balance	80,709	6,033	21,274	3,807	111,823

- (3) The amounts recognized in profit and loss for the year ended December 31, 2021, are as follows:

	Korean won (in millions)	
	2021	
Depreciation expense on right-of-use assets (*1)	51,891	
Interest expense on lease liabilities	3,454	
Expense relating to short-term leases	33,293	
Expense relating to leases of low-value assets	1,220	
Profit from relending lease of the right-of-use asset	833	

- (\*1) The depreciation cost of ₩ 2,940 million won of investment property is including depreciation cost of right-of-use asset in the current term.

The total amount of cash outflows from leases for the year ended December 31, 2021, was KRW 90,691 million

**19. TRADE AND OTHER ACCOUNTS PAYABLE:**

Details of the Group's trade and other payables as of December 31, 2021, are as follows:

		Korean won (in millions)
		December 31, 2021
Current	Trade payables	908,022
	Accounts payable	305,331
	Accrued expenses	38,552
	Leasehold deposits received	1,552
	Subtotal	1,253,457
Non-current	Long-term trade payables	8,137
	Long-term accounts payable	275
	Long-term leasehold deposits received	4,681
	Subtotal	13,093
Total		1,266,550

**20. BORROWINGS:**

(1) Details of the Group's borrowings as of December 31, 2021, are as follows

Korean won (in millions)			
	Creditor	Term-end interest rate (%)	December 31, 2021
Short-term borrowings			
General loans	Standard chartered and others	1.10-2.75	156,300
Total			156,300
Long-term borrowings			
General loans	Woori Hansoup and others	0.00-3.00	317,029
Operating loans	Korea Housing & Urban Guarantee and others	0.00-1.85	91,655
Subtotal			408,684
Less: Current maturities of long-term debt (par value)			(40,252)
Less: Present value discount (current maturities of long-term debt)			-
Less: Current maturities of long-term debt (book value)			(40,252)
Less: Present value discount (long-term borrowings)			(4,754)
Total			363,678

(2) Details of the Group's debentures as of December 31, 2021, are as follows:

Korean won (in millions)					
Description	Issued date	Maturity date	Term-end interest rate (%)	December 31, 2021	Guarantee
1-1st public	2021-06-16	2024-06-14	1.70	200,000	Nonguaranteed
1-2nd public	2021-06-16	2026-06-16	2.14	95,000	Nonguaranteed
265 private	2020-08-05	2027-08-05	2.44	30,000	Nonguaranteed
266 private	2020-08-10	2027-08-10	2.45	50,000	Nonguaranteed
33 private	2010-12-14	2027-12-31	3.00	4,116	Nonguaranteed
34 private	2011-03-29	2027-12-31	3.00	5,487	Nonguaranteed
35 public	2011-07-04	2027-12-31	3.00	6,859	Nonguaranteed
DL Construction 1-1 public	2021-09-10	2023-09-08	2.47	20,000	Nonguaranteed
DL Construction 1-2 public	2021-09-10	2024-09-09	2.81	39,000	Nonguaranteed
Subtotal				450,462	
Less: Current maturities of long-term debt (par value)				-	
Less: Discounts on current debentures				-	
Less: Current maturities of long-term debt (book value)				-	
Less: Discounts on non-current debentures				(3,810)	
Total				446,652	

(3) The aggregate annual maturities of long-term borrowings and debentures outstanding as of December 31, 2021, is as follows:

Korean won (in millions)			
Years ending December 31	Long-term borrowings	Debentures (par value)	Total
2023.01.01–2023.12.31	30,155	20,000	50,155
2024.01.01–2024.12.31	158,271	239,000	397,271
2025.01.01–2025.12.31	50,155	-	50,155
thereafter	129,850	191,462	321,312
Total	368,431	450,462	818,893

## 21. RETIREMENT BENEFIT PLAN:

(1) Defined Contribution Retirement Pension

The Group operates a defined contribution plan for qualified employees, under which the Group is obligated to make payments to third-party funds. The contribution of the Group is reduced by losing contributions when employees retire before meeting the vesting condition.

The Group recognized ₩11,884 million of contribution portion under its defined contribution plan in the consolidated statements of income for the year ended December 31, 2021.

(2) Defined Benefits Retirement Pension

The Group operates a defined benefit plan for qualified employees. Employees receive retirement allowance, which is calculated by average wages of final three months at the time of retirement under the defined benefit plan. The Group is exposed to investment risk, interest risk and wage risk. The valuation of related plan assets and defined benefit liability is performed by Mirae Asset Securities Co., Ltd. Also, the present value of defined benefit obligation, current service cost and past service cost are determined using the projected unit credit method.

1) As of December 31, 2021, amounts recognized in the consolidated statements of financial position related to retirement benefit obligations are as follows:

Korean won (in millions)	
	December 31, 2021
Present value of defined benefit obligation	216,888
Fair value of plan assets	(209,889)
Net defined benefit liabilities	6,999

2) Changes in present value of defined benefit obligations for the year ended December 31, 2021, are as follows:

2021

Korean won (in millions)			
	Present value of defined benefit obligations	Fair value of plan assets	Total
Beginning balance	221,368	(194,335)	27,033
Current service cost	29,571	-	29,571
Interest cost (income)	4,656	(4,206)	450
Subtotal	34,227	(4,206)	30,021
Remeasurement components:	-	-	-
Return on plan assets (excluding the amount included in above interest income)	-	1,268	1,268
Demographic assumption	(4,258)	-	(4,258)
Financial assumption	(10,446)	-	(10,446)
Empirical adjustment	9,580	-	9,580
Subtotal	(5,124)	1,268	(3,856)
Employer's contribution	-	(39,400)	(39,400)
Benefit paid	(33,498)	26,610	(6,888)
Consolidated range variation	-	-	-
Others	(85)	174	89
Ending balance	216,888	(209,889)	6,999

The Group has invested full amount of plan assets in time deposit for securing stable finance.

3) Income and loss related to defined benefit plan for the year ended December 31, 2021, are as follows:

Korean won (in millions)	
2021	
Current service cost	29,571
Interest cost	4,656
Interest income	(4,206)
Total cost included in employee benefits	30,021

4) The principal assumptions used for actuarial valuation are as follows:

	December 31, 2021
Discount rate	2.81%–3.38%
Expected salary increase rate (including inflation)	2.90%–4.37%

The Group used survival and mortality rate on plan assets as mortality rate. The rate is announced and generated by Korea Insurance Development Institute, which provides reference rates and statistical analyses under the Insurance Business Act.

5) On condition that the other assumptions remain the same, the changes in defined benefit obligation derived from the changes in actuarial assumptions to a reasonable extent of influence are as follows:

Korean won (in millions)		
	2021	
	Increase in rate	Decrease in rate
1% change in discount rate	(12,591)	13,738
1% change in future salary increase rate	13,728	(12,812)

Because of their correlation between actuarial assumptions, the changes in rate would not occur independently. Therefore, the above sensitivity analysis is not representative of actual changes in defined benefit obligation. Sensitivity analysis also is determined using the projected unit credit method.

Meanwhile, the Group is expected to contribute ₩29,964 million to defined benefit plan in subsequent period of December 31, 2022.

**22. OTHER LIABILITIES:**

Details of other liabilities as of December 31, 2021, are as follows:

		Korean won (in millions)
		December 31, 2021
Current:	Advances received	36,171
	Unearned revenue	2,569
	Withholdings	92,041
	Subtotal	130,781
Non-current:	Long-term unearned revenue	3,845
	Withholdings	781
	Subtotal	4,626
Total		135,407

**23. OTHER PROVISIONS:**

Details of changes in other provisions and classification by liquidity as of December 31, 2021, are as follows:

2021

							Korean won (in millions)	
	2021						Liquidity	
	Beginning balance	Additional provisions	Utilization	Reversal	Other	Ending balance	Current	Non-Current
Litigations (*1)	12,947	52,291	(17,236)	(7,583)	-	40,419	40,419	-
Completion cost, etc. (*2,3)	285,528	137,214	(126,564)	(73,424)	(69)	222,685	222,685	-
Restoration (*4)	1,129	-	(131)	(301)	-	697	-	697
Construction loss provisions	54,797	908	(15,376)	(2,319)	(3)	38,007	38,007	-
Total	354,401	190,413	(159,307)	(83,627)	(72)	301,808	301,111	697

- (\*1) The Group recognized anticipated losses as provisions as per the outcome of the latest trial as of December 31, 2021 .
- (\*2) The Group recognized anticipated completion cost, which the Company estimates to be incurred after completion of construction as provisions as of December 31, 2021.
- (\*3) The Company recognized anticipated losses from the obligation to supplement funds to Deoksong Expressway Co., Ltd as provisions amount of KRW 45.5 billion as of December 31, 2021.
- (\*4) The Company recognized anticipated expenses for restoration of long-term leased office building as of December 31, 2021.

**24. LEASE LIABILITIES:**

(1) Lease contract

On average, the Group has used real estate, vehicle transport and machinery as leases for about two years, and does not have the option to buy property at the end of the lease contract. Legal ownership of the leased asset is held by the lessor as security for the lease liability.

(2) The maturity analysis of lease liabilities as of December 31, 2021, is as follows:

Korean won (in millions)		
	December 31, 2021	
	Total cash outflow	Present value of total cash outflow
Within 1 year	51,750	51,210
1 year to 5 years	100,480	95,271
More than 5 years	5,937	5,199
Total	158,167	151,680

(3) The liquidity classification of lease liabilities as of December 31, 2021, is as follows:

Korean won (in millions)	
December 31, 2021	
Current liabilities	51,210
Non-current liabilities	100,470
Total	151,680

**25. CAPITAL STOCK:**

Details of capital stock as of December 31, 2021, are as follows:

	Korean won
	December 31, 2021
Authorized shares of capital stock	120,000,000 shares
Par value	5,000
Issued shares of common stock:	
Common stock	19,358,738 shares
Preferred stock (*1)	2,113,885 shares
Capital stock:	
Common stock	96,794 million
Preferred stock	10,569 million

(\*1) Preferred shareholders can exercise voting rights from the next general meeting, after passing the resolution of not to divide, and it is up to the meeting to decide when to divide. Maximum shares are up to 30 million.

**26. OTHER PAID-IN CAPITAL:**

(1) Details of other paid-in capital as of December 31, 2021, are as follows:

Korean won (in millions)	
December 31, 2021	
Additional paid-in capital	3,610,124
Gain on sale of treasury stocks	(3,211)
Total	3,606,913

(2) Details of changes in retained earnings for the year ended December 31, 2021, are as follows:

Korean won (in millions)	
2021	
Beginning balance	3,610,124
Gain on sale of treasury stocks	(3,211)
Ending balance	3,606,913

**27. RETAINED EARNINGS:**

(1) Details of retained earnings as of December 31, 2021, are as follows:

Korean won (in millions)	
December 31, 2021	
Unappropriated retained earnings	580,287

(2) Details of changes in retained earnings for the year ended December 31, 2021, are as follows:

Korean won (in millions)	
2021	
Beginning balance	-
Net income attributable to the Company	577,044
Remeasurement of defined benefit plan	3,243
Ending balance	580,287

**28. ACCUMULATED OTHER COMPREHENSIVE INCOME:**

(1) Details of accumulated other comprehensive income for the year ended December 31, 2021, are as follows:

Korean won (in millions)	
December 31, 2021	
Gain (loss) on valuation of financial assets at FVTOCI	(2,028)
Gain (loss) on overseas operations translation	(101,765)
Equity changes in other comprehensive gain on associates and joint ventures	(22,826)
Total	(126,619)

(2) Details of changes in accumulated other comprehensive income for the year ended December 31, 2021, are as follows:

Korean won (in millions)	
2021	
Beginning balance	(132,686)
Gain (loss) on valuation of FVTOCI debt instruments	(389)
Gain (loss) on valuation	(527)
Tax effect	138
Gain on overseas operations translation	(19,978)
Equity changes in other comprehensive income on associates and joint ventures	26,434
Gain (loss) on valuation	27,998
Tax effect	(1,564)
Ending balance	(126,619)

**29. COLLATERALS AND GUARANTEES:**

(1) Collaterals

- 1) The Group's assets pledged as collateral to financial institutions for the Group's borrowings as of December 31, 2021, are as follows:

Korean won (in millions)						
Financial institution	Pledged assets	Carrying value	Pledged amount	Relevant debt	Amount of debt	Description
Construction Guarantee	Investment certificates and others	72,219	72,219	Borrowing	26,300	Guarantee and loan commitment
Standard Chartered Bank Korea Limited.	Land	451,003	120,000	Borrowing	100,000	-
Total		523,222	192,219		126,300	

- 2) As of December 31, 2021, the Group's equity securities, including fair value measurement of financial assets (carrying value: ₩43,183 million), are pledged as collateral to Korea Development Bank and other financial institutions for the companies established pursuant to the Act on Private Participation in Infrastructure. No liabilities are relevant to those collaterals.

(2) Guarantees provided by the Group

- 1) As of December 31, 2021, in connection with the Group's current partners, the Group provides joint guarantee for "Korea Housing & Urban Guarantee Corporation, Construction Guarantee, etc." in the amount of ₩4,916,313 million. In connection with companies that were established pursuant to the Act on Private Participation in Infrastructure, the Group has provided payment guarantees up to ₩87,659 million and provided supplemental funding agreement (₩594,000 million converted to total share).
- 2) As of December 31, 2021, the Group agreed to provide supplemental funding agreement (enacted on June 18, 2021) on projects. The Company guarantees the amount of ₩38,000 million (the maximum amount of the loan balance: ₩49,400 million) for Hyoje development project.
- 3) As of December 31, 2021, the Company provides payment guarantees of 20 cases, ₩823,867 million in accordance with business agreements with financial institutions in connection with the redevelopment and reconstruction association business loan (the maximum amount of the loan balance: ₩988,240 million, the maximum amount of the loan limit: ₩1,457,360 million). In addition, the Company provides payment guarantees of ₩800,140 million in connection with the interim loan of the dependents (the maximum amount of bonds with the loan limit: ₩922,744 million).
- 4) The Group has set up for financial guarantee contract liabilities as of December 31, 2021, and provided for the current enforcer of the PF loan guarantees by reliably estimating possible loss on the business of ₩18,598 million.
- 5) As of December 31, 2021, the Group has provided a commitment to complete construction to financial institutions (compensation for damages at the time of non-execution) with regard to loans of the executors (for 62 cases of loans amounting to ₩4,227,825 million). In addition, the Company provides a commitment to complete construction to Korea Housing & Urban Guarantee Corporation of some of the Company's projects in accordance with business contracts related to redevelopment and reconstruction projects.
- 6) In the accordance with Article 530 – 9 (1) of the Commercial Act, each newly incorporated and surviving company by division shall be jointly and severally responsible for the repayment of the liabilities owed by the divided company before the division.
- 7) Overseas performance guarantees and payment guarantees that the Group has provided for related parties are presented in Note 38 (6).

(3) Guarantees provided by others

1) Payment guarantees related to domestic construction projects provided by others as of December 31, 2021, are as follows:

Korean won (in millions)		
	Guarantees	Description
	December 31, 2021	
STX Construction Co., Ltd. and others	52,035	Construction warranty and others
Construction Guarantee	425,003	Guarantee of construction contract
Construction Guarantee	739,290	Guarantee of advance payment
Construction Guarantee	3,079,588	Guarantee of fulfillment of construction
Construction Guarantee	2,364,693	Construction warranty and others
Korea Housing & Urban Guarantee Corporation	3,299,216	Guarantee of lotting out
Korea Housing & Urban Guarantee Corporation	1,185,006	Construction warranty and others
Seoul Guarantee Insurance Co., Ltd.	666,087	Guarantee of fulfillment of construction and others
Lotte Engineering & Construction	22,806	Joint guarantee of construction
Total	11,833,724	

2) Payment guarantees related to overseas construction projects provided by others as of December 31, 2021, are as follows (Korean won in millions and foreign currencies in thousands):

Korean won in millions and foreign currencies in thousands					
		Guarantees	Guarantees (Korean won equivalent)	Country	Description
The Export-Import Bank of Korea	USD	217,242	257,533	Saudi Arabia and others	Guarantee of fulfillment of contract and others
Hana Bank	USD	662	784	Libya and others	Guarantee of fulfillment of contract and others
Woori Bank	USD	47,146	55,913	Indonesia and others	Guarantee of fulfillment of contract and others
HSBC Seoul	USD	109,513	129,807	Philippines and others	Bidding guarantee
City Seoul	USD	2,411	2,858	Philippines and others	Bidding guarantee
Arab Bank, S'pore	USD	3,631	4,304	Saudi Arabia and others	Guarantee of fulfillment of contract and others
NBK	USD	11,936	14,150	Kuwait	Other guarantee and others
Mashreq	USD	14	16	U.A.E	Other guarantee
Zurich, Singapore	USD	11,127	13,191	Singapore	Guarantee of fulfillment of contract
Riyad Bank	USD	103,120	122,249	Saudi Arabia	Guarantee of fulfillment of contract and others
UOB S'pore	USD	7,302	8,657	Singapore	Other guarantee and others
UBAF	USD	45,448	53,879	Philippines	Construction warranty and others
Societe Generale	USD	117,523	139,267	Russia	Guarantee of fulfillment of contract
Construction Guarantee	USD	129,638	153,667	Russia	Guarantee of fulfillment of contract
Korea Trade Insurance Corporation	USD	130	154	Saudi Arabia	Guarantee of fulfillment of contract
Total		806,843	956,429		

Above currency for guarantee of overseas construction is changed and applied to USD.

### 30. COMMITMENTS AND CONTINGENCIES:

- (1) Promissory note and checks

As of December 31, 2021, the Group has provided one promissory note (a par value of ₩47,522 million) and 27 checks (27 blank) to the related banks regarding loan payables and guarantees.

- (2) Pending litigations

As of December 31, 2021, the Group is accused in 156 lawsuit cases pending (amount of ₩526,085 million) regarding a claim for damages and filed a complaint with 51 lawsuits pending (amount of ₩622,065 million) regarding completion bill and damages for delay. As the outcomes of the pending lawsuits are unpredictable, influence on the consolidated financial statements cannot be accurately measured. When the Group lost during the first or second trial, it had set up for the provisions (see Note 23).

- (3) Payment guarantees for loans to related party

- 1) The Group's board of directors, regarding Daelim Philippines, Inc.'s lack of capital, has concluded a \$8 million loan agreement. Details of the main agreements are as follows:

	Description
(1) Counterparty	Daelim Philippines, Inc
(2) Loan amount	- USD 8 Mil
(3) Term of contract	- USD 8Mil : 2020.04.15–2023.04.15, 4.6% per year
(4) Date of board of directors' resolution	- 2021.04.07
(5) Method of repayment	Principal and interest bullet payment

The balance of the financial support is ₩9,484 million as of December 31, 2021.

- 2) The Group's board of directors, regarding Deoksong-Naegak Expressway Co., Ltd.'s lack of capital, has executed a subordinated loan in the amount of ₩ 12,847 million. Details of the main agreements are as follows:

	Description
(1) Counterparty	Deoksong-Naegak Expressway Co., Ltd.
(2) Loan amount	KRW 12,847 mil (Existing Loan: KRW 9,847 mil + Additional Loan: KRW 3,000 mil) - Payment by subrogation: KRW 3,020 mil
(3) Term of contract	- The principal of the subordinated loan cannot be repaid until the senior loan principal amount is fully repaid. - No interest will occur on subordinated loans until the senior loan principal is fully repaid (4.6% per year).
(4) Date of board of directors' resolution	- Existing Loan: 2020.04.27 - Additional Loan: Approved by CEO - Payment by subrogation: Approved by CEO
(5) Method of repayment	Principal and interest bullet payment (after the full repayment of the senior loan principal amount is completed)

The balance of the financial support is ₩12,847 million, and the balance of other receivables related to subrogation payment is ₩3,020 million as of December 31, 2021.

- 3) The Group's board of directors, regarding Hyoje PFV Co., Ltd.'s business operating, has executed a loan in the amount of ₩ 27,000 million. Details of the main agreements are as follows:

	Description
(1) Counterparty	Hyoje PFV Co., Ltd.
(2) Loan amount	KRW 27,000 mil
(3) Term of contract	- 2020.12.15–PF withdrawal, 4.6% per year
(4) Date of board of directors' resolution	- Approval by CEO only
(5) Method of repayment	Principal bullet payment, interest three months' payment

The balance of the financial support is ₩27,000 million as of December 31, 2021.

(4) Commitments to financial institutions

The major contracts between the Group and financial institutions as of December 31, 2021, are as :

Korean won in millions and foreign currencies in thousands					
Description	Financial institution	Credit line		Balance outstanding	
Bank overdrafts (*1)	Woori Bank and others	KRW	85,401	KRW	-
General loans	Nonghyup Bank and others	KRW	610,593	KRW	320,593
	The Export-Import Bank of Korea	EUR	65,000	EUR	60,357
Other commercial paper discounting	Woori Bank and others	KRW	250,000	KRW	-
Business to business commercial paper discounting	Woori Bank and others	KRW	339,140	KRW	22,276
Letter of credit (sight and usance)	Woori Bank and others	USD	110,661	USD	357
Payment guarantee in foreign currency	Woori Bank and others	USD	1,511,155	USD	661,684
	NBK	KWD	3,611	KWD	3,611
Payment guarantee in local currency	Seoul Guarantee Insurance Co., Ltd. and others	KRW	551,216	KRW	551,216

(\*1) Bank overdrafts are from Woori Bank, Shinhan Bank, Suhyup Bank, Nonghyup Bank and Hana Bank in the amount of ₩21.6 billion, ₩7.5 billion, ₩18.2 billion, ₩10 billion and ₩28 billion, respectively. The aforementioned ₩5 billion overdraft from Woori Bank includes comprehensive credit limit contract.

The Group has made contracts with financial institutions for the comprehensive line of credits and general loan in the amount of ₩400 billion with Woori Bank.

(5) Derivatives

1) A currency forward contract

The Group has 38 currency forward contracts with Standard Chartered Bank and others to manage the exposure to changes in currency exchange rates. A summary of the terms of outstanding foreign currency forward contracts as of December 31, 2021, is as follows :

December 31, 2021

Korean won in millions and foreign currencies in thousands						
Purpose	Buying Currency	Buying Amount	Selling Currency	Selling Amount	Contracted exchange rate	Number of contracts
Trading	KRW	36,609	USD	32,525	1,125.57	10
Trading	KRW	43,662	EUR	31,831	1,371.65	16
Trading	USD	20,454	SGD	28,570	1.40	3
Trading	CNY	82,411	USD	12,772	6.45	1
Trading	EUR	23,581	KRW	31,905	1,353.03	8

2) Evaluations of derivative financial instruments

December 31, 2021

Korean won (in millions)				
	Trade			
	Gain on valuation	Loss on valuation	Asset	Liability
Currency forward	1,232	2,232	777	3,068
Option	-	101	-	-
Total	1,232	2,333	777	3,068

(6) Other commitment

As of the end of the 2021, the Company's major other commitments are as follows:

- 1) The Group is providing various put options for financial investors of PFV business; PFV projects consist of developing Osan-Sema housing construction.
- 2) The debt management contracts of the unsecured debentures issued by the Group include provisions, such as maintaining financial ratios, restricting security rights, asset disposal and restricting corporate governance. In case of violation of the above provisions, there is a possibility of loss on the benefit of time.
- 3) As of December 31, 2021, the Group has rights of claim for sale of owned-shares of Deoksong-Naegak Expressway Co., Ltd. to financial investor and is providing call options for stock assigner according to stock-transfer contract dated May 31, 2021.

**31. REVENUE:**

Details of revenue included in operating income for the year ended December 31, 2021, are as follows:

Items	Korean won (in millions)	
	2021	
	Progress basis	Delivery basis
Construction contract revenue	7,413,209	62,299
1. Construction revenue	6,960,846	-
2. Sales of apartment	452,363	62,299
Revenue from the rendering of services	103,871	-
Other revenue	-	52,272
Total	7,517,080	114,571

**32. NATURE OF EXPENSES:**

Details of classification of expenses by nature for the year ended December 31, 2021, are as follows:

	Korean won (in millions)	
	2021	
Cost of raw material		1,517,287
Cost of outsourcing		3,493,498
Salaries		574,429
Severance benefit		46,950
Welfare expenses		67,078
Depreciation		58,399
Amortization of intangible assets		15,633
Commission		431,668
Taxes and dues		118,442
Other expenses		351,009
Total		6,674,393

**33. SELLING AND ADMINISTRATIVE EXPENSES:**

Details of selling and administrative expenses for the year ended December 31, 2021, are as follows:

Korean won (in millions)	
	2021
Selling expenses:	
Advertisement	13,081
Bad debt expenses	(29,285)
Freight	108
Commission	161,930
Warranty	1,712
Subtotal	147,546
Administrative expenses:	
Salaries	200,374
Welfare expenses	19,436
Insurance	13,595
Rent	25,813
Others	22,349
Subtotal	281,567
Total	429,113

**34. OTHER INCOME AND EXPENSES:**

(1) Details of other income for the year ended December 31, 2021, are as follows:

	Korean won (in millions)
	2021
Dividend income	1,058
Rental revenue	5
Gain on foreign currency transactions	32,433
Gain on foreign currency translation	30,080
Gain on disposal of fair value measurement of financial assets	128
Gain on valuation of fair value measurement of financial assets	2,651
Gain on disposal of tangible assets	1,594
Gain on disposal of real estate investment	844
Gain on derivative trading	1,238
Gain on derivatives valuation	1,232
Reversal of financial guarantee liabilities	10,671
Reversal of asset impairment loss	33
Reversal of other provisions	5,810
Others	16,934
Total	104,711

(2) Details of other expenses for the year ended December 31, 2021, are as follows:

	Korean won (in millions)
	2021
Donations	9,306
Bad debt expense	35,495
Loss on foreign currency transactions	40,238
Loss on foreign currency translation	6,612
Loss on disposal of fair value measurement of financial assets	169
Loss on valuation of fair value measurement of financial assets	8,239
Loss on disposal of tangible assets	747
Loss on disposal of intangible assets	5
Loss on derivative trading	2,325
Loss on derivative valuations	2,333
Contribution to financial guarantee liabilities	3,481
Contribution to other provisions	45,316
Others	29,705
Total	183,971

**35. FINANCIAL INCOME AND EXPENSES:**

(1) Details of the Group's financial income for the year ended December 31, 2021, are as follows:

Korean won (in millions)	
2021	
Interest income - according to the effective interest method	
Amortized Cost Measured Financial Assets	56,272
Financial assets measured at FVTOCI	447
Subtotal	56,719
Gain on foreign currency transaction	25,868
Gain on foreign currency translation	34,541
Total	117,128

(2) Details of the Group's financial income categorized for assets and liabilities for the year ended December 31, 2021, are as follows:

Korean won (in millions)	
2021	
Cash and cash equivalents	49,380
Short- and long-term financial instruments	10,744
Loan and other accounts receivable	55,903
FVTOCI	447
Others	654
Total	117,128

(3) Details of the Group's financial expenses for the year ended December 31, 2021, are as follows:

Korean won (in millions)	
2021	
Interest expense:	
Borrowing	15,410
Debenture	12,920
Lease	3,454
Others	4,404
Subtotal	36,188
Less: Amount include in cost of the qualifying asset (*1)	-
Subtotal	36,188
Loss on foreign currency transaction	5,149
Loss on foreign currency translation	27,942
Total	69,279

(4) Details of the Group's financial expenses categorized for assets and liabilities for the year ended December 31, 2021, are as follows:

Korean won (in millions)	
2021	
Cash and cash equivalents	7,112
Borrowing	15,410
Debenture	8,209
Others	38,548
Total	69,279

**36. INCOME TAX EXPENSE:**

(1) Details of the Company's income tax expense for the year ended December 31, 2021, are as follows:

Korean won (in millions)	
2021	
Current income tax expense (including additional income tax and tax refunds)	221,093
±Changes in temporary differences (*1)	54,799
±Changes in net deferred tax assets (liabilities) directly charged to shareholders' equity (*2)	(2,477)
Income tax expense	273,415
(*1) Deferred tax assets (liabilities) from temporary differences, net at the end of year	472,800
Deferred tax assets(liabilities) from temporary differences, net at the beginning of year	527,599
Changes in deferred tax from temporary differences	(54,799)

(\*2) Changes in net deferred tax assets (liabilities) directly charged to the shareholders' equity for the year ended December 31, 2021, are as follows:

Korean won (in millions)			
	2021		
	Gross	Tax effect	Net amount
Gain on valuation of financial instruments measured at FVTOCI	(565)	147	(418)
Remeasurement of defined benefit plan	3,856	(1,060)	2,796
Changes in equity of subsidiaries, associates and joint ventures	27,998	(1,564)	26,434
Total	31,289	(2,477)	28,812

(2) An explanation of the relationship between the income tax expense and the accounting income before income tax expense for the year ended December 31, 2021, is as follows:

Korean won (in millions)	
2021	
Income before income tax expense	909,251
Income tax expense (applicable tax rates)	248,528
Adjustments:	
Non-taxable income	(4,152)
Non-deductible expenses	15,632
Additional income tax and others	(11,522)
Non-recycled corporation income tax expense	8,050
Not recognized as deferred tax assets	6,643
Others	10,236
Income tax expense	273,415
Effective tax rate (income tax expense/income before income tax)	30.07%

- (3) Changes in temporary differences and deferred tax assets (liabilities) for the year ended December 31, 2021, are as follows:

2021

Korean won (in millions)				
	Beginning balance	Increase (decrease)	Ending balance	Deferred tax assets (liabilities)
Investments in subsidiaries, associates and joint ventures	188,848	87,963	276,811	152
Valuation of fair value measurement of financial assets	108,644	(77,463)	31,181	8,359
Revaluation of property, plant and equipment	(129,284)	22,366	(106,918)	(28,312)
Valuation of derivative instrument	2,184	100	2,284	605
Excess depreciation of property, plant and equipment	18,254	1,134	19,388	5,134
Provisions	632,164	(151,978)	480,186	124,423
Impairment loss	10,727	(28,748)	(18,021)	(4,782)
Excess bad debts expense	1,433,323	(280,662)	1,152,661	302,412
Loss (gain) on foreign currency translation	1,015	3,662	4,677	1,238
Accrued income	(77,474)	(6,643)	(84,117)	(22,146)
Tax deficits	14,096	(14,096)	-	-
Others	(19,072)	349,219	330,147	85,717
Total	2,183,425	(95,146)	2,088,279	472,800

- (4) Temporary differences not recognized as deferred tax assets (liabilities) as of December 31, 2021, are as follows:

Korean won (in millions)	
December 31, 2021	
Subsidiaries, associates and joint ventures	275,420

### 37. EARNINGS PER SHARE:

The Group's net earnings per share for the year ended December 31, 2021, is computed as follows:

- (1) Basic earnings per share of common stock

Korean won	
2021	
Net income attributable to the Company	577,044,183,539
Dividend on preferred stock and net income available for preferred shareholders	(56,823,721,712)
Net income available for common shareholders	520,220,461,827
Weighted-average number of common shares outstanding	19,336,649 shares
Basic earnings per common stock	26,903

- (2) Basic earnings per share of preferred stock

Korean won	
2021	
Dividend on preferred stock and net income available for preferred shareholders	56,823,721,712
Weighted-average number of preferred shares outstanding	2,112,094 shares
Basic earnings per preferred stock	26,903

- (3) Diluted earnings per share are the same as basic earnings per share as the Company has no diluted securities.

### 38. RELATED-PARTY TRANSACTIONS:

(1) Details of related parties as of December 31, 2021, are as follows:

Type	Name of the related parties
Parent company that Company that exercises significant control or influence over the owners of the Company	Daelim Co.,LTD
Company that exercises significant control or influence over the owners of the Company	DL Holdings CO.,LTD
Associates	Godeok Gangil 10 PFV Co., Ltd., Balgok Co., Ltd., Hyoje PFV Co., Ltd., UlsanUijeongbuproject PFV Co., Ltd., IncheonInha PFV Co., Ltd., Daejeonmunwha PFV Co., Ltd., JeonJuWansan PFV Co., Ltd., Gwacheon Jisan One PFV Co., Ltd., Samho Citron City Co., Ltd., Namwon Thema park Co., Ltd., Asan Dogo Industrial Complex Development Co., Ltd., Wonju Buron Industrial Complex Co., Ltd, Pebblestone MD PFV Co., Ltd., Saubukbyeon Development Co., Ltd., Daelim Philippines, Inc. and DL Engineering & Construction Malaysia Sdn. Bhd
Joint ventures	Koramco Private Real Estate Equity Fund No.112, Luoma Inc., DIAP-DAELIM JOINT VENTURE PTE. LTD., OMZ-Daelim LLC., and CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION
Others	DL Chemical, DL Motors Co., Ltd., GLAD Hotels & Resorts Co., Ltd., Songdo Power Co., Ltd., DL Energy Co., Ltd., Chungjin Project Co., Ltd., Chungjin Asset Management Company, DL FnC, A Plus D Co., Ltd., Poseung Green Power Co., Ltd., YEONGJU ECO POWER CO.,LTD., Cochrane SPC Co., Ltd., ECO ONE Energy Co.,LTD., Heungkuk Highclass Private Real Estate Equity Fund No.12, Epyunse (Shanghai) Trade Agency Co., Ltd., Daelim AMC. Co., Ltd, Incheon Geumsong REIT Co., Ltd., Millmerran SPC Co., Ltd., Gasan DCSL1 Co.,Ltd., Yeochun NCC Co., Ltd., Poly Mirae Co., Ltd., D.Cloud Co., Ltd., Highway Solar Co., Ltd., D-REX POLYMER LLC, Hwaseung JDC. LLC., DL Energy Global Co., Ltd, OV Co., LTD, Daelim Vietnam Ltd., DE NILES LLC., Woodland Global Fund Management Pte. Ltd, Woodland Global Investment #1 Pte. Ltd, DAELIM CHEMICAL USA, INC., DAELIM CHEMICAL USA LLC., CARIFLEX PTE. LTD., Cariflex Netherlands B.V., Cariflex Brazil Industria e Comercio de Produtos Petroquimico Ltda, DE Cochrane SpA, DE Energia SpA, Indeck Niles Development, LLC., Indeck Niles Asset Management,LLC., Daehan Wind Power Company PSC, Daelim EMA Management Limited, EMA Power Investment Limited, InfraCo Asia Keenjhar Wind Pte. Ltd., InfraCo Asia Indus Wind Pte. Ltd., DLC US Holdings LLC, DLC US, Inc, DL Energy America, Inc. etc.
Large business group affiliates (*1)	Ecosulihall Co., Ltd., Gimhae Dongseo Tunnel Co., Ltd., Daelim No. 5 Cheonan Wonseong Newstay REIT Co., Ltd., Daelim No. 6 Busan Uam Newstay REIT Co., Ltd., Daelim No.7 Masan Hoewon Newstay REIT Co., Ltd., Pocheon Power Co., Ltd., Humphreys SLQ ONE Co., Ltd., Jeju Aero Space Hotel Co., Ltd., Chemtech Co., Ltd., Deoksong-Naegak Expressway Co., Ltd., etc.

(\*1) The companies above were not conformed to the related party defined by K-IFRS 1024:9. However, the large business group affiliates designated by the Fair Trade Commission were classified as the related-party companies, according to the resolution of the Securities and Futures Commission, that correspond to substantial related parties of K-IFRS 1024:10.

(\*2) Please refer to the notes '17. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (1)' for the changed corporate names of the Company and its subsidiaries as of the report submission date.

(\*3) Changes in related parties for the year ended December 31, 2021, are as follows:

	Name	Reason for change
Inclusion	UlsanUijeongbuproject PFV Co., Ltd.	In January 2021, the companies invested in UlsanUijeongbuproject PFV Co., Ltd.
	ECO ONE Energy Co.,LTD.	In March 2021, it was incorporated as a subsidiary of DL Energy, and in May 2021, it was incorporated into other affiliates of DL Holdings CO.,LTD. through in-kind investment.
	DE NILES LLC and 16 company.	In May 2021, DL Co., Ltd.'s in-kind investment was incorporated into our other affiliated companies.
	Gasam DCSL1 Co.,Ltd.	In June 2021, the companies were incorporated into other affiliated companies.
	Luoma Inc.	In June 2021, it was incorporated into our joint venture through stock acquisition.

	IncheonInha PFV Co., Ltd.	In July 2021, the companies invested in IncheonInha PFV Co., Ltd.
	Daejeonmunwha PFV Co., Ltd	In July 2021, the companies invested in Daejeonmunwha PFV Co., Ltd.
	JeonJuWansan PFV Co., Ltd.	In July 2021, the companies invested in JeonJuWansan PFV Co., Ltd.
	Asan Dogo Industrial Complex Development Co., Ltd.	The companies acquired the shares of Asandogo Industrial Complex Development Co., Ltd. in August 2021.
	D-REX POLYMER LLC	In September 2021, the companies were incorporated into other affiliated companies.
	DLC US Holdings LLC	In September 2021, the companies were incorporated into other affiliated companies.
	DLC US, Inc	In September 2021, the companies were incorporated into other affiliated companies.
	D.Cloud Co., Ltd.	In September 2021, the companies were incorporated into other affiliated companies.
	Hwaseung JDC, LLC.	The companies invested in Hwaseung JDC, LLC. in December 2021.
	DL Energy Global Co., Ltd.	In December 2021, it was incorporated as a subsidiary of DL Energy Co., Ltd.
	DL Energy America, Inc	In December 2021, it was incorporated as a subsidiary of DL Energy Global Co., Ltd.
	OV Co., LTD	In December 2021, it was incorporated as a subsidiary of Daelim Co., Ltd
	Gwacheon Jisan One PFV Co., Ltd	In January 2021, the companies invested in Gwacheon Jisan One PFV, Inc.
Re-Classification	Daelim Co.,LTD.	It has been reclassified from Company that exercises significant control or influence over the owners of the Companies parent company that exercises significant control or influence over the owners of the Company according to investment in kind.
	DL Holdings CO.,LTD	It has been reclassified from affiliated companies to Companies that exercises significant control or influence over the owners of the Company according to investment in kind.
	DL Chemical and 12company	It has been reclassified from affiliated companies to other affiliates according to investment in kind.
	Highway Solar Co., Ltd.	It has been reclassified from affiliated companies to other affiliates according to acquisition of shares in DL Energy Co., Ltd..
Exclusion	Daelim P&P Co., Ltd	Daelim P&P Co., Ltd. was liquidated in November 2021.

(2) Significant transactions between the Company and subsidiaries were eliminated for consolidation.

1) Significant transactions between the Group and other related parties for the year ended December 31, 2021, are as follows:

Korean won (in millions)			
Company	Name of the related party	Sales and others (*1)	Purchases and others (*1)
		2021	2021
DL E&C CO., LTD	Daelim Co.,LTD.	452	103,131
	DL Holdings CO.,LTD	10,689	13,167
	DL Chemical	6,406	174
	DL Motors Co., Ltd	-	3
	GLAD Hotels & Resorts Co., Ltd	1,995	996
	Yeochun NCC Co., Ltd	38,901	-
	Poly Mirae Co., Ltd	-	3
	Songdo Power Co., Ltd	18	-
	Deoksong-Naegak Expressway Co., Ltd.	3,377	-

	DL Energy Co., Ltd	31	11
	Daelim P&P Co., Ltd(*3)	46	4
	Daelim No.7 Masan Hoewon Newstay REIT Co., Ltd	302	-
	Godeok Gangil 10 PFV Co., Ltd(*2)	12,601	-
	Hyoje PFV Co., Ltd.	1,041	-
	Luoma Inc.	12	-
	Daelim Philippines, Inc.	1,012	-
	DL Engineering & Construction Malaysia Sdn. Bhd.	2,416	-
	DIAP-DAELIM JOINT VENTURE PTE. LTD.(*2)	7,215	462
	OMZ-Daelim LLC.(*2)	2,449	46
	D-REX POLYMER LLC	29,021	-
	CARIFLEX PTE. LTD	7,513	-
	Cariflex Brazil Industria e Comercio de Produtos Petroquimico Ltda	311	-
DL Construction Co	Daelim Co.,LTD.	86,502	29,082
	Samho Citron City Co., Ltd(*2)	7,917	-
	Namwon Thema park Co., Ltd(*2)	16,630	-
	Pebblestone MD PFV Co., Ltd(*2)	12,418	1,315
	DL Holdings CO., LTD	69	3,361
	GLAD Hotels & Resorts Co., Ltd	-	25
DL INSAAT GELISTIRME A.S	CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION(*2)	136,232	-

(\*1) Sales and purchases include proportional cost allocation of joint contracts.

(\*2) Progress sales amounted to ₩64,510 million for the year ended December 31, 2021, and are excluded due to the application of stage of completion method.

		Korean won (in millions)	
company	Name of the related party	2021	
DL E&C CO.,LTD	Godeok Gangil 10 PFV Co., Ltd	2,806	
	Gwacheon Jisan One PFV Co., Ltd.	2,349	
	DIAP-DAELIM JOINT VENTURE PTE. LTD.	(403)	
	OMZ-Daelim LLC.	2,508	
DL Construction Co	Samho Citron City Co., Ltd	4,809	
	Namwon Thema park Co., Ltd	5,277	
	Pebblestone MD PFV Co., Ltd	13,304	
DAELIM INSAAT GELISTIRME A.S.	CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION	33,860	
Total		64,510	

(\*3) Daelim P&P Co., Ltd. was merged with DL Chemical Co in November 2021, and the transaction amount up to the date of the merger was recorded.

2) Outstanding balances as of December 31, 2021, are as follows:

Korean won (in millions)			
Company	Name of the related party	account receivable (*1)	account payable (*1)
		December 31, 2021	December 31, 2021
DL E&C CO.,LTD	Daelim Co.,LTD.	44	9,917
	DL Holdings CO.,LTD	4,075	4,047
	DL Chemical	2,627	13
	GLAD Hotels & Resorts Co., Ltd	701	166
	Poly Mirae Co., Ltd	-	1
	Songdo Power Co., Ltd	9	-
	Deoksong-Naegak Expressway Co., Ltd.	16,186	-
	DL Energy Co., Ltd	3	1
	Daelim No.7 Masan Hoewon Newstay REIT Co., Ltd	25	-
	Hyoje PFV Co., Ltd.	27,054	-
	Daelim Philippines, Inc.	15,031	1,158
	DL Engineering & Construction Malaysia Sdn. Bhd.	12,178	1,870
	DIAP-DAELIM JOINT VENTURE PTE. LTD.(*2)	1,475	87
	D-REX POLYMER LLC	11,808	-
CARIFLEX PTE. LTD	1,008	-	
DL Construction Co	Daelim Co.,LTD.	14,334	6,948
	Samho Citron City Co., Ltd(*2)	3,163	-
	Namwon Thema park Co., Ltd(*2)	693	-
	DL Holdings CO., LTD	-	1,455
DAELIM INSAAT GELISTIRME A.S.	CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION(*2)	151	-

(\*1) Loans and borrowings were included.

(\*2) The contract assets amounted to ₩35,158 million for the year ended December 31, 2021, are excluded due to the application of stage of completion method.

Korean won (in millions)			
Company	Name of the related party	Contract assets	Contract liabilities
		December 31, 2021	December 31, 2021
DL E&C CO.,LTD	Godeok Gangil 10 PFV Co., Ltd	2,806	-
	Gwacheon Jisan One PFV Co., Ltd.	2,349	-
	DIAP-DAELIM JOINT VENTURE PTE. LTD.	1,387	-
	OMZ-Daelim LLC.	485	-
DL Construction Co	Samho Citron City Co., Ltd	7,121	-
	Namwon Thema park Co., Ltd	6,279	-
	Pebblestone MD PFV Co., Ltd	13,304	-

DAELIM INSAAT GELISTIRME A.S.	CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION	1,427	-
Total		35,158	-

Details of changes in the provisions for credit losses on above related parties for the year ended December 31, 2021, are as follows:

2021

Korean won (in millions)						
Company	Name of the related party	Account	Beginning balance	(Reversal of) provisions for credit losses	Other(*1)	Ending balance
Associates	Daelim Philippines, Inc.	Trade receivables	31,048	-	(28,725)	2,323
		Loans	8,704	-	780	9,484
		Other accounts receivable	1,777	126	165	2,068
	DL Engineering & Construction Malaysia Sdn. Bhd.	Trade receivables	9,524	(42)	776	10,258
		Other accounts receivable	66	(67)	1	-
Large business group affiliates	Deoksong-Naegak Expressway Co., Ltd.	Loans	9,847	-	-	9,847

(\*1) Represents changes in foreign currency translation, debt-to-equity swap, etc.

(3) Significant changes on loans to related parties for the year ended December 31, 2021, are as follows:

2021

Korean won (in millions)						
Company	Name of the related parties	Beginning balance	Rent	Repayment	Other (*1)	Ending balance
DL E&C CO.,LTD	Hyoje PFV Co., Ltd.	27,000	-	-	-	27,000
	Daelim Philippines, Inc.	8,704	-	-	780	9,484
	Deoksong-Naegak Expressway Co., Ltd.	9,847	3,000	-	-	12,847

(\*1) Represents changes in foreign currency translation, debt-to-equity swap, etc.

(4) Equity transactions to related parties for the year ended December 31, 2021, are as follows:

Korean won (in millions)				
Description	Company	Name of the related party	Transactions	2021
Investment	DL E&C Co., Ltd.	Ulsan Uijeongbu Project PFV	Cash investment due to new establishment	4,750
		Luoma Limited	Additional cash investment, Debt-to-equity swap	20,000
		DL Incheon Inha PFV Co., Ltd.	Cash investment due to new establishment	2,375

		DL Daejeon Munhwa PFV Co., Ltd.	Cash investment due to new establishment	2,375
		DL Jeonju Wansan PFV Co., Ltd.	Cash investment due to new establishment	2,375
		Gwacheon Jisanwon PFV Co., Ltd.	Cash investment due to new establishment	30
	DL Construction Co., Ltd.	Development of Asandogo Industrial Complex Co., Ltd.	Cash investment due to new establishment	60
		Hwaseong JDC Limited	Cash investment due to new establishment	3
	DAELIM INSAAT GELISTIRME A.S.	CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION	Additional cash investment	56,219
Purchase	DL E&C Co., Ltd.	DL Holdings CO.,LTD.	SOC Stock Purchasing	(5,617)

(5) Key management personnel compensation for the year ended December 31, 2021, is as follows:

Korean won (in millions)	
2021	
accumulation	
Short-term benefits	26,792
Provision for severance indemnities	3,142
Total	29,934

(\*1) Key management is described in the Group's business report disclosed to the Financial Supervisory Service.

(6) The Group is contingently liable for construction performance guarantees of its associated companies. Details of guarantees as of December 31, 2021, are as follows

U.S. dollars (in thousands)			
Associate	Guarantee		Project
	December 31, 2021		
			Period of guarantee
Daelim Philippines, Inc.	28,496	Philippines SBPL 500MW CFPP, etc.	2014.05.22 – Obligation completed
DL Engineering & Construction Malaysia Sdn. Bhd.	56,302	Malaysia Petron ULSADO, etc.	2019.01.01 – Obligation completed
DIAP-DAELIM JOINT VENTURE PTE.	68,371	Singapore Tuas Terminal Phase 1	2015.02.26– Obligation completed
OMZ-DAELIM LLC.	1,626	Russia Omsk DCC	2016.04.04– Obligation completed
CANAKKALE HIGHWAY AND BRIDGE CONSTRUCTION INVESTMENT AND OPERATION(*1)	2,050	Turkey Canakkale Bridge	2017.03.09– Obligation completed

(\*1) The Group provided a comprehensive parent company guarantee to the three partners of the Canakkale Bridge Project in Turkey to ensure the fulfillment of the contractual obligations of DAELIM INSAAT GELISTIRME A.S.

(\*2) According to Article 530-9 (1) of the Commercial Act, the consolidated entity has joint guarantees with the split surviving company (DL Holdings Co., Ltd.) and the split new company (DL Chemical Co., Ltd.) for construction performance guarantees and payment guarantees provided by Daelim Industrial Co., Ltd. to related parties.

- (7) Details of collaterals (including the guarantees described in Note 29 (1)), which the Group has provided for related parties as of December 31, 2021, are as follows:

Korean won (in millions)					
Name of the related party	Pledged asset	Amount provided as collateral		Purpose	Lender
		December 31, 2021			
Deoksong-Naegak Expressway Co., Ltd.	Stock	-		Borrowed capital financing commitment	Industrial Bank of Korea and others
Namwon Thema park Co., Ltd.	Stock	385		Borrowed capital financing commitment	South Hill Monorail 1 <sup>st</sup> Ltd. and others
Samho Citron City Co., Ltd.	Stock	23		Borrowed capital financing commitment	Korean Federation of Community Credit Cooperatives and others

- (8) Details of supplemental funding arrangements (including the guarantees described in Note 29 (2)), which the Group has provided for related parties as of December 31, 2021, are as follows:

Korean won (in millions)					
Name of the related party	Replenishment Amount		Project	Purpose	Financial institutions
	December 31, 2021				
Hyoje PFV Co., Ltd.	49,400		New construction of Hyoje-dong officetel	Borrowed capital financing commitment	Lotte Capital

In addition to the above details, the consolidated entity has joint guarantees with the split surviving company (DL Holdings Co., Ltd.) and the split new company (DL Chemical Co., Ltd.) for the obligation to replenish funds provided by Daelim Industrial Co., Ltd. to related parties before the split.

**39. SUPPLEMENTAL CASH FLOW INFORMATION:**

- (1) Adjustments to reconcile net income to net cash provided by operating activities for the year ended December 31, 2021, are as follows:

	Korean won (in millions)
	2021
Adjustments:	
1. Tax expense	273,415
2. Interest expense	36,188
3. Interest income	(56,719)
4. Loss on foreign currency translation	34,554
5. Gain on foreign currency translation	(64,622)
6. Dividend income	(1,058)
7. Depreciation	66,726
8. Amortization of intangible assets	12,890
9. Severance benefits	30,301
10. Bad debts expense	(29,285)
11. Other bad debts expense	35,495
12. Loss on disposal of FVTOCI	169
13. Gain on disposal of FVTOCI	(128)
14. Loss on disposal of tangible assets	747
15. Gain on disposal of tangible assets	(1,594)
16. Gain on disposal of investment property	(844)
17. Loss on disposal of intangible assets	5
18. Loss on disposal of lease assets	1,478
19. Gain on reversal of impairment of lease assets	(121)
20. Loss on derivative valuations	2,333
21. Gain on derivative valuations	(1,232)
22. Reversal of provision for construction loss	(1,292)
23. Contribution to provision for construction warranties	59,182
24. Contribution to other provision	106,785
25. Contribution to financial guarantee contract liabilities	(7,399)
26. Loss on valuation of FVTOCI	8,239
27. Gain on valuation of FVTOCI	(2,651)
28. Impairment loss on assets	-
29. Reversal of asset impairment loss	(33)
30. Loss using equity method	19,005
31. Gain using equity method	(2,409)
32. Miscellaneous loss and other	(752)
Total	517,373

(2) Cash flows from net working capital for the year ended December 31, 2021, are as follows:

Korean won (in millions)	
	2021
Changes in Net Working Capital:	
1. Decrease (increase) in trade receivables	45,211
2. Decrease (increase) in contract assets	(94,150)
3. Decrease (increase) in other accounts receivable	319,404
4. Decrease (increase) in accrued income	1,809
5. Decrease (increase) in advance payments	(14,274)
6. Decrease (increase) in prepaid expenses	(58,193)
7. Decrease (increase) in prepaid construction expenses	3,557
8. Decrease (increase) in inventories	91,062
9. Decrease (increase) in financial lease receivables	365
10. Decrease (increase) in long-term trade receivables	(34,941)
11. Decrease (increase) in long-term accounts receivables	(290,604)
12. Decrease (increase) in long-term prepaid expenses	7,399
13. Decrease (increase) in long-term prepaid construction expenses	(13,633)
14. Decrease (increase) in deposits	(211,287)
15. Decrease (increase) in derivative assets	522
16. Increase (decrease) in trade payables	15,847
17. Increase (decrease) in accounts payable	(22,934)
18. Increase (decrease) in advances from customers	23,972
19. Increase (decrease) in unearned revenue	(310)
20. Increase (decrease) in contract liabilities	89,645
21. Increase (decrease) in withholdings received	(4,724)
22. Increase (decrease) in accrued expenses	(87,223)
23. Increase (decrease) in long-term advances from customers	(2,521)
24. Increase (decrease) in other provisions	(159,372)
25. Increase (decrease) in financial guarantee liabilities	(3,107)
26. Decrease in pension benefit obligation	(34,298)
27. Decrease (increase) in pension plan assets	(11,985)
28. Increase (decrease) in provision for construction warranties	(102,055)
29. Increase (decrease) in derivative liabilities	(392)
30. Increase (decrease) in overseas operations translation	37,907
31. Decrease (increase) in other assets	17
Total	(509,286)

- (3) Significant non-cash transactions of investment activities and financial activities for the year ended December 31, 2021, are described as follows:

Korean won (in millions)	
	2021
Conversion of investment in loans, etc.	8,400
Reclassification of assets under construction	3,452
New lease	54,294
Reclassification of the current portion of lease liabilities	41,175
Reclassification to assets held for sale	(10,871)
Reclassification of the current portion of long-term borrowings	40,155
Reclassification of the current portion of rental deposits	10,632
Reclassification of the current portion of long-term loans	28,534

- (4) Adjustments of liabilities in financial activities for the year ended December 31, 2021, are described as follows:

December 31, 2021

Korean won (in millions)								
	Beginning of year	Cash flows	Non-cash transactions				Change in scope of consolidation	End of year
			Changes due to foreign currency translation	Amortization	Lease	Reclassification		
Short-term borrowings	130,000	26,300	-	-	-	-	-	156,300
Current portion of long-term liabilities	320,183	(320,252)	-	69	-	40,252	-	40,252
Long-term borrowings	274,876	124,874	(268)	4,448	-	(40,252)	-	363,678
Long-term debenture	103,551	342,378	-	723	-	-	-	446,652
Leasehold deposits	4,624	623	-	-	-	986	-	6,233
Lease liabilities	48,631	(52,724)	4	2,750	32,604	27,526	-	58,791
Total liabilities in financial activities	881,865	121,199	(264)	7,990	32,604	28,512	-	1,071,906

**40. ADJUSTED OPERATING INCOME:**

Other income and expense that are not classified as operating income and expense in the consolidated statement of comprehensive income occur on their own business circumstances. Details of the adjusted results of operations included in the income and expenses for the year ended December 31, 2021, are as follows:

	Korean won (in millions)
	2021
OPERATING INCOME	957,258
Dividend income	1,058
Donation	(9,306)
Other bad debt expense	(35,495)
Gain (loss) on foreign currency transactions	(7,805)
Gain (loss) on foreign currency translation	23,468
Gain (loss) on disposal of investment property	(41)
Gain (loss) on disposal of other investment assets	844
Gain (loss) on valuations of other investment assets	(5,588)
Gain (loss) on disposal of tangible asset	847
Gain (loss) on disposal of intangible assets	(5)
Gain (loss) on derivative transaction	(1,087)
Gain (loss) on derivative valuations	(1,101)
Impairment loss on assets	33
Contribution (reversal) of financial instrument liabilities	7,190
Contribution (reversal) to other provisions	(39,506)
Gain (loss) on disposal of leased assets	(1,357)
Others	(11,408)
ADJUSTED OPERATING INCOME	877,999

**41. RISK MANAGEMENT:**

(1) Capital risk management

The Group manages its capital to maintain its ability to continuously provide return to its shareholders and interested parties. Furthermore, the Group puts an effort toward reducing capital expenses by optimizing its debt and equity balance through dividend payments, redemption of paid-in capital to shareholders, issuance of stocks (to reduce liability) and disposal of assets. The Group's overall capital risk management strategy remains unchanged from that of the prior periods.

In addition, The Group uses the equity capital net debt ratio as a capital management indicator. This ratio is calculated by dividing the net deposit by the total capital, items managed as capital by the Group as of December 31, 2021, are as follows:

Korean won (in millions)	
December 31, 2021	
Total borrowings	1,006,882
Less: Cash and cash equivalents	(2,044,761)
Borrowings, net	(1,037,879)
Total shareholders' equity	4,497,147
Net borrowings-to-equity ratio	-23.08%

(2) Financial risk management

The Group is exposed to various financial risks, such as credit, liquidity and market, associated with financial instruments. The Group's risk management policy is to ensure that the Group identifies and analyzes the potential risks to financial performance, determines the degree of risk and control acceptable to the Group and monitors whether the Group confirms with the risk and its associated degree of acceptance. The Group uses derivative financial instruments to reduce certain hedge risk exposures.

1) Market risk

The majority of the Group's risk is exposed to foreign exchange rate fluctuation risk and interest rate risk. Therefore, the Group uses various derivative financial instruments to manage the risk over interest rate risk and foreign exchange rate fluctuation risk.

The Group calculates risk index using value at risk to measure the exposure for the market risks. The Group's overall market risk management strategy remains unchanged from that of the prior periods.

- Interest rate risk

The Group is exposed to interest rate risk due to its borrowings with floating interest rates. To manage its interest rate risks, the Group, in addition to maintaining an appropriate mix of fixed- and floating-rate loans, has entered into certain interest rate swap agreements. Risk aversion activity is evaluated regularly with adjusting conditions and the nature of interest rates.

Details of the Group's exposure to interest rate risk due to its borrowings with floating interest rates for the year ended December 31, 2021, are as follows:

Korean won (in millions)	
December 31, 2021	
Borrowings (floating interest rates) (*1)	256,548

(\*1) Calculated by portion of exposure period during the year

The Group regularly monitors the changes in interest rate risk internally. A sensitivity analysis on the Group's long-term borrowings and debentures assuming a 1% increase and 1% decrease in interest rates (before tax effect) as of December 31, 2021, is as follows:

	Korean won (in millions)			
	1% increase		1% decrease	
	Net income	Shareholders' equity	Net income	Shareholders' equity
2021	(2,565)	(2,565)	2,565	2,565

- Price risk

The Group is exposed to equity price risks arising from its equity investments. Equity investments are held for strategic, rather than trading, purposes. The Group does not actively trade these investments. When all other variables are constant and when the price of an equity instrument changes, the effect on value of equity investments would be very small.

- Foreign currency risk

The Group is exposed to foreign currency risk as it makes transactions in foreign currencies. Foreign currency risk is managed within the limits approved by the Group's policy, which is to use derivative instrument contracts. The carrying value of the Group's monetary assets and liabilities denominated in foreign currencies as of December 31, 2021, is as follows:

Korean won (in millions)	
December 31, 2021	
Assets	1,138,121
Liabilities	840,722

The Group regularly monitors the changes in foreign currency internally. A sensitivity analysis on the above assets and liabilities assuming a 10% increase and 10% decrease in foreign currency rates (before tax effect) as of December 31, 2021, is as follows:

Korean won (in millions)				
	10% increase in Korean won against foreign currency		10% decrease in Korean won against foreign currency	
	Net income	Shareholders' equity	Net income	Shareholders' equity
2021	29,740	29,740	(29,740)	(29,740)

## 2) Credit risk

Credit risk represents the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group sets and operates policies to review client's credit and receive sufficient collaterals to reduce the risk. The Group reviews the risk exposure and credit ratings of its counterparties continuously, and aggregate risks are allocated to total portfolio and controlled by counterparty limits that are reviewed and approved. The risk management committee receives a report of whether level of credit risk and limits of the acceptable level of credit risk are in compliance with the standards.

The maximum exposed amounts of credit risk for financial assets maintained by the Group are as follows:

Korean won (in millions)			
		Carrying values	Exposed amounts
Financial assets at fair value	FVTPL	132,935	132,935
	FVTOCI	33,788	33,788
	Derivative assets	777	777
Financial assets at amortized cost	Cash and cash equivalents	2,044,761	2,044,761
	Short-term financial assets	218,224	218,224
	Trade receivable	485,612	485,612
	Short-term loans	111,179	111,179
	Accounts receivable	314,014	314,014
	Accrued income	33,015	33,015
	Deposit (current)	35,602	35,602
	Lease receivables (current)	410	410
	Financial assets at amortized cost	26	26
	Long-term financial instruments	520	520
	Long-term trade receivables	273,658	273,658
	Long-term loans	614,486	614,486
	Long-term accounts receivable	446,045	446,045
	Long-term accrued income	12,752	12,752
	Deposits (non-current)	374,446	374,446
Lease receivables (non-current)	1,623	1,623	
Total		5,133,873	5,133,873

Details of the Group's exposure to credit risk from guarantee and the commitment provided by the Group as of December 31, 2021, are as follows:

Korean won (in millions)		
	Financial guarantee contract liabilities	Exposed amounts
Private enterprise	3,000	3,000
Redevelopment and reconstruction business	3,314	823,867
Lotting out and union housing finance personal loan	-	800,140
SOC business	12,284	69,050
Total	18,598	1,696,057

### 3) Liquidity risk

The Group establishes short-term and long-term fund management plans. The Group analyzes and reviews actual cash outflow and its budget to correspond the maturity of financial liabilities to that of financial assets. Management believes that with proper financial liabilities, it will be able to easily access cash when necessary for its operating activities and financial assets.

The Group's financial assets and liabilities by residual contractual maturity as of December 31, 2020, are classified as follows:

#### Financial assets

Korean won (in millions)				
	Less than 1 year	1 year-2 years	More than 2 years	Total
Cash and cash receivables	2,044,761	-	-	2,044,761
Fair value measurement financial assets	7,224	10,300	149,976	167,500
Short-term financial instruments	218,224	-	-	218,224
Trade receivables	527,438	-	-	527,438
Short-term loans	111,179	-	-	111,179
Accounts receivable	375,214	-	-	375,214
Accrued income	36,608	-	-	36,608
Deposit (current)	35,787	-	-	35,787
Lease receivables (current)	421	-	-	421
Financial assets at amortized cost	26	-	-	26
Long-term financial instruments	-	-	520	520
Long-term trade receivables	410,023	78,102	200,312	688,437
Long-term loans	524,258	51,882	367,142	943,282
Long-term accounts receivable	282,243	292,074	96,394	670,711
Long-term accrued income	-	-	45,941	45,941
Deposits (non-current)	29,431	101,868	245,516	376,815
Lease receivables (non-current)	-	421	1,292	1,713
Total	4,602,837	534,647	1,107,093	6,244,577

#### Financial liabilities

Korean won (in millions)				
	Less than 1 year	1 year-2 years	More than 2 years	Total
Trade payables	908,022	-	-	908,022
Accounts payable	305,331	-	-	305,331
Leasehold deposits received	1,552	-	-	1,552
Accrued expenses	38,552	-	-	38,552
Lease liabilities (current)	51,750	-	-	51,750
Short-term borrowings(*1)	156,595	-	-	156,595
Current portion of long-term liabilities(*1)	40,252	-	-	40,252
Debentures(*1)	12,379	116,022	329,297	457,698
Long-term borrowings(*1)	4,090	86,862	285,045	375,997
Long-term trade payables	-	8,137	-	8,137
Long-term accounts payable	-	-	275	275
Long-term leasehold deposits received	-	246	4,435	4,681

Korean won (in millions)				
	Less than 1 year	1 year-2 years	More than 2 years	Total
Lease liabilities (non-current)	-	48,093	58,324	106,417
Derivative liabilities	2,257	811	-	3,068
Financial guarantee contract liabilities and loan agreement	27,732	762,897	771,204	1,561,833
Total	1,548,512	1,023,068	1,448,580	4,020,160

(\*1) Cash flows of interests are included in cash flows of borrowings and debentures.

The above analysis is based on the maturity amount on contracts, except for discount amount before deduction of allowance. Also, the analysis of contractual maturity is based on the nominal amounts, which include interests and the fastest date of repayment.

**42. FAIR VALUE OF FINANCIAL INSTRUMENTS:**

- (1) The carrying amounts and fair values of the Group's financial assets and financial liabilities as of December 31, 2021, are as follows:

Financial Assets

	Korean won (in millions)	
	December 31, 2021	
	Carrying value	Fair value
Cash and cash equivalents	2,044,761	2,044,761
Short-term financial instruments	218,224	218,224
Trade receivables	485,612	485,612
Short-term loans	111,179	111,179
Current accounts receivable	314,014	314,014
Accrued income	33,015	33,015
Deposits	35,602	35,602
Current lease receivables	410	410
Financial assets at amortized cost	26	26
Long-term financial instruments	520	520
Long-term trade receivables	273,658	273,658
Long-term loans	614,486	614,486
Non-current accounts receivable	446,045	446,045
Long-term accrued income	12,752	12,752
Long-term deposits	374,446	374,446
Non-current lease receivables	1,623	1,623
Total	4,966,373	4,966,373

Financial Liabilities

	Korean won (in millions)	
	December 31, 2021	
	Carrying value	Fair value
Trade payables	908,022	908,022
Accounts payable	305,331	305,331
Leasehold deposits received	1,552	1,552
Accrued expenses	38,552	38,552
Current lease liabilities	51,210	51,210
Short-term borrowings	156,300	156,300
Current portion of long-term liabilities	40,252	40,252
Current financial guarantee contract liabilities	16,530	16,530
Financial guarantee contract liabilities	2,068	2,068
Debentures	446,652	446,652
Long-term borrowings	363,678	363,678
Long-term trade payables	8,137	8,137
Long-term accounts payable	275	275
Long-term leasehold deposits received	4,681	4,681
Non-current lease liabilities	100,470	100,470
Total	2,443,710	2,443,710

- (2) The Group classified financial instruments measured at fair value in the consolidated financial statements into the following fair value hierarchy according to the input variables used in fair value measurement.

(Level 1) (unadjusted) Quoted price in the active market for the same asset or liability

(Level 2) Input variables to assets or liabilities that are observable either directly (e.g., price) or indirectly (e.g., derived from price) except for the quoted price included in Level 1

(Level 3) Input variables for assets or liabilities (unobservable input variables) not based on observable market data

The fair value of financial instruments measured at fair value in the consolidated statements of financial position at the end of the reporting period is classified as follows:

December 31, 2021

Korean won (in millions)				
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at FVTPL	-	7,685	125,250	132,935
Financial assets at FVTOCI	-	33,788	-	33,788
Derivative assets	-	777	-	777
Subtotal	-	42,250	125,250	167,500
Financial liabilities				
Derivative liabilities	-	3,068	-	3,068

- (3) Changes in carrying amount of fair value measurement of financial assets classified as Level 3 are as follows:

Korean won (in millions)	
	2021
Beginning balance	122,494
Total gain (loss)	
Financial assets at FVTPL	(6,924)
Other comprehensive income	-
Acquisition	12,720
Disposal	(40)
Transfer to Level 3 or from Level 3	(3,000)
Ending balance	125,250

- (4) The Group uses the following valuation techniques and input variables for recurring fair value measurements, non-recurring fair value measurements and fair value disclosures that are classified as Level 2 and Level 3 in the fair value hierarchy.

Korean won (in millions)					
	Fair value	Level	Measurement method	Input variable	The relationship between non-observable inputs and fair value measurements
Fair value measurement of financial assets					
SOC stock, PFV, and capital investments	120,250	3	Net asset valuation method, cash flow discount model, etc.	Growth rate, discount rate, etc.	If the discount rate declines and the growth rate rises, fair value rises.
Beneficial securities,	7,685	2	Net asset valuation method, cash flow discount model, etc.	Growth rate, discount rate, etc.	If the discount rate declines and the growth rate rises, fair value rises.
Debt securities	33,788	2	Net asset valuation method, cash flow discount model, etc.	Growth rate, discount rate, etc.	If the discount rate declines and the growth rate rises, fair value rises.
Non-marketable stock	-	3	Net asset valuation method, cash flow discount model, etc.	Growth rate, discount rate, etc.	If the discount rate declines and the growth rate rises, fair value rises.
Derivatives (assets)					
Currency forward and others	777	2	Market approach	Currency forward exchange rates, etc.	N/A
Derivatives (liabilities)					
Currency forward and others	3,068	2	Market approach	Currency forward exchange rates, etc.	N/A

- (5) The Group recognizes movements between levels when events or changes in circumstances bring about level shifts. In addition, there is no significant movement between Level 1 and Level 2 during the period.
- (6) The effect of changes in inputs that are significant but not observable in the inputs to the fair value measurement of the Level 3 financial instruments measured at fair value on a recurring basis in the consolidated statements of financial position on profit or loss and other comprehensive income is as follows.

		Korean won (in millions)		
	Input variables that are not observable	Variation of input variables	FVTPL	
			Favorable fluctuation	Adverse fluctuation
Fair value measurement of financial assets	Discount rate	+/- 1.00%	2,322	(2,087)

#### **43. OPERATING LEASE CONTRACT:**

##### 1) Lease contract

The Group has signed the operating lease contract with "D-Tower" held by Marston Professional Investment Private Equity Real Estate Investment Trust on August 31, 2020, and "D-Tower" held by LB Specialty Investment No.27 Private Equity Investment Company on December 21, 2020. "D-Tower," "Replace Hannam Buildings F, G, H" held by Korea and Heungkuk Asset Management Co., Ltd. on February 5, 2021. Also, the Group signed an operating lease contract to use the land owned by KM Best Solutions on October 1, 2020, and the lease terms are five years, seven years three months, two years, and two years, respectively.

The Group does not have an option to purchase the leased building or land at the expiration of the lease term.

##### 2) The amount recognized as profit or loss in the current and prior period in relation to the operating lease is as follows:

		Korean won (in millions)
		December 31, 2021
Lease profit from operating lease		950
Lease earnings, not variable lease rates, depending on the rate		-
Total		950

##### 3) The maturity analysis of operating lease contracts as of the end of the current and prior term is as follows:

		Korean won (in millions)
		December 31, 2021
Within 1 year		1,515
1 year–2 years		1,560
2 years–3 years		1,551
3 years–4 years		1,593
4 years–5 years		1,081
More than 5 years		89
Total		7,389

#### **44. ASSETS HELD FOR SALE:**

In relation to the 3rd project site in Mabuk, Yongin, the Group classified KRW 26,441 million as non-current assets held for sale according to the land sale plan. As fair value less costs to sell is expected to exceed the carrying amount, no impairment loss has been recognized for the asset classified as held for sale as of December 31, 2021.

Assets held for sale as of the end of the reporting period are as follows.

		Korean won (in millions)
Type	December 31, 2021	
Non-current assets held for sale	26,441	

**45. ESTABLISHMENT OF A COMPANY AS THE METHOD OF SPIN-OFF:**

The Group was established DL E&C Co., Ltd. as the method of spin-off from DL Holdings Co., Ltd. with the spin-off date of January 1, 2021.

(1) General information on division

As stipulated in Articles 530-2 through 530-11 of the Commercial Act, the shareholders of DL Co., Ltd.(former Daelim Industrial Co., Ltd.) before the spin-off are allocated stocks of the corporation established through spin-off in proportion to their shareholding ratio as of the base date of new spin-off stock allocation. The Company was divided by the spin-off method, and the Company established a new company through spin-off by dividing the construction business division that performs civil engineering, housing and plant construction among the businesses operated by DL Co., Ltd. (formerly Daelim Industrial Co., Ltd.) before the spin-off.

Accordingly, the spin-off company will allocate new stocks at the rate shown in the table below for each share owned by the spin-off company to the shareholders registered in the shareholder list as of the base date for allocating new stocks for spin-off (December 31, 2020) of the company being spin-off.

	(Shares)	
	DL	DL E&C
Common stock	0.4437144	0.5562856
Preferred stock	0.4437144	0.5562856

The number of shares issued before and after the split according to the above allocation ratio is as follows.

	(Shares)			
	Before	After		
	DL (former Daelim Industrial)	DL	DL E&C	Total
Common stock	34,800,000	15,441,262	19,358,738	34,800,000
Preferred stock	3,800,000	1,686,115	2,113,885	3,800,000

(2) PROPERTY TRANSFERRED TO THE NEWLY ESTABLISHED COMPANY THROUGH SPIN-OFF AND ITS VALUE

The amount of assets and liabilities transferred to the Group through a spin-off shall be based on the list of succession targets attached to the spin-off plan approved by the extraordinary general meeting of shareholders on December 4, 2020, of DL Co., Ltd. (formerly Daelim Industrial Co., Ltd.) before the spin-off. Simple person to whom, as stipulated in Articles 530-2 through 530-11 of the Commercial Act, the shareholders of DL Co., Ltd.(former Daelim Industrial Co., Ltd.) before the spin-off are allocated stocks of the corporation established through spin-off in proportion to their shareholding ratio as of the base date of new spin-off stock allocation. The company was divided by the spin-off method, and the company established a new company through spin-off by dividing the construction business division that performs civil engineering, housing and plant construction among the businesses operated by DL Co., Ltd. (formerly Daelim Industrial Co., Ltd.) before the spin-off, the increase or decrease of the property generated by the business division transferred to the division before the date of division was added or decreased.

(3) ACCOUNTING TREATMENT RELATED TO THE SPIN-OFF

1) Assets and liabilities divided into the method of spin-off are based on book value that the company inherited from DL Co., Ltd. (formerly Daelim Industrial Co., Ltd.) prior to spin-off.

2) Deferred tax assets (liabilities) directly related to the transferred assets and liabilities were transferred to the newly established company.

3) As a result of spin-off, if the carrying amount of the net assets to be acquired exceeds the amount obtained by adding or subtracting the capital of the newly established company and the accumulated other comprehensive income transferred, the difference is treated as an additional paid-in capital.

**46. SUBSEQUENT EVENTS:**

- (1) In January 2022, the Group approved the extension of the loan period for the loan balance of ₩8 billion with Osan Landmark Project Co., Ltd. by one year.
- (2) In January 2022, the Group approved a two-year extension for the \$220 mil. loan with DSA.
- (3) In January 2022, the Group has decided to take responsibility for the loan agreement between the developer and the lender (loan limit: ₩65 billion) in relation to the Suwon Gosaek officetel new construction project (within 33 months from the date of initial withdrawal).
- (4) In January 2022, the Group opened a bond line for the issuance of Russian BCC-PE/LAO Project Bonds (Seoul Guarantee: approximately ₩156.4 billion) and increased (HSBC: ₩309.5 billion). In addition, the Company has approved the provision of approximately ₩56.7 billion of credit for guarantees for affiliated companies (DRLs).
- (5) In February 2022, the Group has decided to take responsibility for the loan agreement between the developer and the lender (loan limit: ₩100 billion) in connection with the new officetel construction project in Hang-dong, Incheon (within 48 months from the date of initial withdrawal).
- (6) In February 2022, the Group has decided to take responsibility for the loan agreement between the developer and the lender (loan limit: ₩284 billion) in relation to the new construction project in Dongdaegu District (within 44 months from the date of initial withdrawal).
- (7) In February 2022, the Group opened a bond line for the issuance of bonds for the EuroChem Project in Russia (Eximbank limit: about ₩482.4 billion). In addition, the Company has approved the provision of approximately ₩279.8 billion in credit for guarantees for affiliated companies (DRLs).