

OCI COMPANY LTD. AND SUBSIDIARIES
Consolidated Financial Statements
As of and for the Years Ended
December 31, 2021 and 2020

ATTACHMENT: INDEPENDENT AUDITORS' REPORT

OCI COMPANY LTD.

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Independent Auditors' Report

Consolidated Financial Statements as of and for the Years Ended December 31, 2021 and 2020

Notes to Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

English Translation of Independent Auditors' Report Originally Issued in Korean on March 3, 2022.

To the Shareholders and the Board of Directors of OCI Company Ltd.:

Report on the Audited Consolidated Financial Statements

Our Opinion

We have audited the accompanying consolidated financial statements of OCI Company Ltd. and subsidiaries (the "Company"), which comprise the consolidated statements of financial position as of December 31, 2021, and 2020, and the related consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows, all expressed in Korean won, for the years then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and 2020, and its financial performance and its cash flows for the years then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

Basis for Audit Opinion

We conducted our audits in accordance with the Korean Standards on Auditing ("KSAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements, including those related to independence, that are relevant to our audits of the consolidated financial statements in the Republic of Korea as required by prevailing audit regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 audit opinion thereon, and we do not provide a separate opinion on these matters.

1. Assessing the probability of realizing related to deferred tax assets

1.1. Disclosures associated with the Key Audit Matter

With respect to assessing the probability of realizing related to deferred tax assets, the relevant matters are disclosed in the Note 2 ('SIGNIFICANT ACCOUNTING POLICIES' (24) 'Income tax') , Note 3 ('CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY' (2)-7) 'Key sources of estimation uncertainty'-'Deferred tax') and Note 27 ('INCOME TAX EXPENSE AND DEFERRED TAX ASSETS (LIABILITIES)').

1.2. The principal considerations that led us to determine that the matter is a Key Audit Matter.

As disclosed in Note 2 to the separate financial statements, as of December 31, 2021, the Company has reviewed the carrying amount of deferred tax assets at the end of each reporting period and reduced the carrying amount of deferred tax assets to the extent it is probable that taxable profits would be available against which those deductible

temporary differences could be utilized. The assessing the probability of deferred tax assets implies complexity because it requires management's judgement to estimate expected taxable profit. The Company recognizes deferred tax assets of ₩473,770 million, which are material to the Company's total assets as of December 31, 2021. We determined assessing the probability of realization of deferred tax assets as a Key Audit Matter considering its significant influence on the Company's financial position and performance and inherent uncertainty of major variables such as sales and operating costs used and the significant judgment of the Company's management made to estimate expected taxable profits.

1.3. How the Key Audit Matter was addressed in the Audits

Our major audit procedures related to recoverability testing on deferred tax assets include the following, among others:

- Test on design and operating effectiveness of the Company's relevant controls over assessing the probability of deferred tax assets.
- A retrospective review of the estimated taxable profit for the current year provided by the management in the prior period.
- Evaluation of major input variables, such as sales and operating profit ratio in the recent business plan approved by the management used to estimate expected taxable profit.
- Assessing the expected taxable profit of subsidiaries subject to the consolidated tax return and of subsidiaries in foreign countries.
- Assessing the timing of the utilization of the deductible temporary differences and the tax losses carryforwards provided by the Company.

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

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

Auditors' Responsibilities for the Audits 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 audits. We also:

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

- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 Company 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 and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company's audits. We are solely responsible for our audit opinion.

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

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

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

The engagement partner on the audits resulting in this independent auditors' report is Park, Sung Ho.

March 3, 2022

Notice to Readers

This report is effective as of March 3, 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.

OCI COMPANY LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020

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

Kim, Teak Joung
Chief Executive Officer
OCI Company Ltd.

OCI COMPANY LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021 AND 2020

<u>ASSETS</u>	<u>Notes</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
		(Korean won in thousands)	
CURRENT ASSETS:			
Cash and cash equivalents	5,11,30,31	₩ 698,696,135	₩ 443,551,390
Short-term financial assets	6,11,30,31	403,346,125	194,669,158
Trade and other accounts receivable	7,21,29,30	553,037,117	329,259,301
Derivative assets	22,30,31	75,798	301,483
Asset held for sale	35	3,989,486	7,800,000
Inventories	8,11,22,32	1,604,699,967	813,556,519
Current tax assets	27	7,099,545	15,548,186
Other current assets	14	68,042,944	231,356,039
		<u>3,338,987,117</u>	<u>2,036,042,076</u>
NON-CURRENT ASSETS:			
Long-term financial assets	6,11,30,31	62,492,864	68,371,435
Long-term trade and other accounts receivable	7,29,30	2,856,945	27,741,630
Deferred tax assets	27	473,769,709	427,190,167
Investments in joint ventures and associates	9,11	133,630,976	90,936,803
Investment property	13	31,657,069	32,302,510
Property, plant and equipment	4,10,11,33	1,617,993,157	1,710,192,003
Intangible assets	4,12	38,332,094	40,307,889
Other non-current assets	14	4,341,182	4,151,537
		<u>2,365,073,996</u>	<u>2,401,193,974</u>
TOTAL ASSETS		<u>₩ 5,704,061,113</u>	<u>₩ 4,437,236,050</u>

(Continued)

OCI COMPANY LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS OF DECEMBER 31, 2021 AND 2020

<u>LIABILITIES</u>	<u>Notes</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
		(Korean won in thousands)	
CURRENT LIABILITIES:			
Short-term financial liabilities	15,30,31	₩ 574,171,441	₩ 539,415,156
Trade and other accounts payable	16,29,30,33	425,793,868	270,892,465
Derivative liabilities	22,30,31	2,021,285	710,654
Current tax payables	27	2,968,583	2,588,329
Liabilities from asset held for sale	35	517,962	780,000
Provisions	18	24,975,020	10,032,877
Other current liabilities	20,21,22	206,042,015	35,251,002
		<u>1,236,490,174</u>	<u>859,670,483</u>
NON-CURRENT LIABILITIES:			
Long-term financial liabilities	15,30,31	1,233,217,539	1,118,677,529
Long-term trade and other accounts payable	16,30,33	21,744,171	24,327,977
Non-current provisions	18	38,423,656	10,006,401
Retirement benefit obligation	17	5,980,427	15,758,295
Deferred tax liabilities	27	5,556,801	4,144,739
Other non-current liabilities	20,22	38,855,934	18,921,983
		<u>1,343,778,528</u>	<u>1,191,836,924</u>
TOTAL LIABILITIES		<u>2,580,268,702</u>	<u>2,051,507,407</u>
<u>SHAREHOLDERS' EQUITY</u>			
SHAREHOLDERS' EQUITY:			
Capital	1,23	127,246,855	127,246,855
Additional paid-in capital	23	734,532,524	734,532,524
Other capital surplus	23	59,451,245	50,920,120
Other components of capital	23	57,512,682	(26,501,378)
Retained earnings	23	2,092,660,672	1,454,843,452
		<u>3,071,403,978</u>	<u>2,341,041,573</u>
NON-CONTROLLING INTERESTS	1	<u>52,388,433</u>	<u>44,687,070</u>
TOTAL SHAREHOLDERS' EQUITY		<u>3,123,792,411</u>	<u>2,385,728,643</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>₩ 5,704,061,113</u>	<u>₩ 4,437,236,050</u>

(Concluded)

See accompanying notes to consolidated financial statements.

OCI COMPANY LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	Notes	2021	2020
		(Korean won in thousands, except for income (loss) per share data)	
Sales	4,13,21,24,2 9	₩ 3,243,996,752	₩ 2,002,516,778
Cost of sales	8,13,21, 25,29	(2,337,855,679)	(1,873,995,419)
Gross profit		906,141,073	128,521,359
Selling and administrative expenses	25	(280,156,138)	(214,666,434)
Operating income (loss)	4	625,984,935	(86,145,075)
Financial income	26,30	49,701,255	89,338,258
Financial expense	26,30,32,33	(82,887,491)	(94,990,655)
Share of profits of joint ventures and associates	9	16,967,022	7,362,520
Other non-operating income	26	17,464,943	32,178,866
Other non-operating expense	26	(15,277,954)	(297,865,191)
Income (loss) before income tax benefit from continuing operations		611,952,710	(350,121,277)
Income tax benefit from continuing operations	27	40,174,703	98,989,688
Income (loss) from continuing operations		652,127,413	(251,131,589)
Loss from discontinued operations	1,36	(51,580)	(32,458)
Net income (loss)		₩ 652,075,833	₩ (251,164,047)
Net income (loss) attributable to:			
Owners of the Company		₩ 647,647,565	₩ (246,150,678)
Non-controlling interests	1	4,428,268	(5,013,369)
Net income (loss) per share (in Korean won):	28		
Basic and diluted income (loss) per share from continuing operations and discontinued operations		₩ 27,387	₩ (10,381)
Basic and diluted income (loss) per share from continuing operations		₩ 27,389	₩ (10,380)

See accompanying notes to consolidated financial statements.

OCI COMPANY LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	Notes	2021	2020
		(Korean won in thousands)	
Net income (loss)		₩ 652,075,833	₩ (251,164,047)
Other comprehensive loss:			
Items that will not be reclassified subsequently to loss:		(12,175,805)	(2,913,773)
Remeasurement factor on defined benefit plans	17	(9,886,338)	(2,913,773)
Loss on financial assets measured at FVTOCI		(2,289,467)	-
Items that may be reclassified subsequently to income (loss):		82,437,156	(38,225,708)
Share of other comprehensive income (loss) of joint ventures and associates		75,580	(93,154)
Gain (loss) on overseas operations translation		82,361,576	(38,132,554)
		70,261,351	(41,139,482)
Comprehensive income (loss)		₩ 722,337,184	₩ (292,303,529)
Comprehensive income (loss) attributable to:			
Owners of the Company		₩ 714,635,755	₩ (287,656,470)
Non-controlling interests	1	₩ 7,701,429	₩ (4,647,059)

See accompanying notes to consolidated financial statements.

OCI COMPANY LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	Notes	Capital	Additional paid-in capital	Other capital surplus	Other components of capital	Retained earnings	Owners of the Company	Non-controlling interests	Total shareholders' equity
(Korean won in thousands)									
January 1, 2020		₩ 127,246,855	₩ 734,532,524	₩ 50,909,572	₩ 18,930,929	₩ 1,704,085,959	₩ 2,635,705,839	₩ 50,017,633	₩ 2,685,723,472
Dividends	1	-	-	-	-	-	-	(683,504)	(683,504)
Net loss		-	-	-	-	(246,150,678)	(246,150,678)	(5,013,369)	(251,164,047)
Acquisition of treasury stocks	23	-	-	-	(7,007,798)	-	(7,007,798)	-	(7,007,798)
Changes in equity of investments in joint ventures and associates	9	-	-	10,548	44,914	(148,616)	(93,154)	-	(93,154)
Gain (loss) on overseas operations translation		-	-	-	(38,469,423)	-	(38,469,423)	336,871	(38,132,552)
Remeasurement factor on defined benefit plan	17	-	-	-	-	(2,943,213)	(2,943,213)	29,439	(2,913,774)
December 31, 2020		<u>₩ 127,246,855</u>	<u>₩ 734,532,524</u>	<u>₩ 50,920,120</u>	<u>₩ (26,501,378)</u>	<u>₩ 1,454,843,452</u>	<u>₩ 2,341,041,573</u>	<u>₩ 44,687,070</u>	<u>₩ 2,385,728,643</u>
January 1, 2021		₩ 127,246,855	₩ 734,532,524	₩ 50,920,120	₩ (26,501,378)	₩ 1,454,843,452	₩ 2,341,041,573	₩ 44,687,070	₩ 2,385,728,643
Dividends	1	-	-	-	-	-	-	(66)	(66)
Net income		-	-	-	-	647,647,565	647,647,565	4,428,268	652,075,833
Acquisition of treasury stocks	23	-	-	-	(12,985,839)	-	(12,985,839)	-	(12,985,839)
Disposal of treasury stocks		-	-	8,718,852	19,993,637	-	28,712,489	-	28,712,489
Changes in equity of investments in joint ventures and associates	9	-	-	(187,727)	201,960	61,347	75,580	-	75,580
Gain on overseas operations translation		-	-	-	79,093,769	-	79,093,769	3,267,807	82,361,576
Remeasurement factor on defined benefit plans	17	-	-	-	-	(9,891,692)	(9,891,692)	5,354	(9,886,338)
Loss on financial assets measured at fair value through other comprehensive loss		-	-	-	(2,289,467)	-	(2,289,467)	-	(2,289,467)
December 31, 2021		<u>₩ 127,246,855</u>	<u>₩ 734,532,524</u>	<u>₩ 59,451,245</u>	<u>₩ 57,512,682</u>	<u>₩ 2,092,660,672</u>	<u>₩ 3,071,403,978</u>	<u>₩ 52,388,433</u>	<u>₩ 3,123,792,411</u>

See accompanying notes to consolidated financial statements.

OCI COMPANY LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	Note	2021	2020
(Korean won in thousands)			
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash generated from operating activities	34	₩ 401,983,829	₩ (74,643,266)
Interest income received		10,319,997	10,191,406
Interest expense paid		(42,626,358)	(46,384,829)
Dividends income received		279,449	928,843
Income taxes refund (paid)		7,733,665	(8,599,584)
Net cash provided by (used in) operating activities		<u>377,690,582</u>	<u>(118,507,430)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Decrease in short-term financial instruments		308,509,879	389,364,398
Increase in short-term financial instruments		(478,128,239)	(337,122,226)
Decrease in short-term loans		20,000	1,153,128
Increase in short-term loans		(179,231)	-
Decrease in financial assets measured at amortized cost		140,405	98,807
Decrease in financial assets measured at FVTPL		1,188,169	50,347,526
Increase in financial assets measured at FVTPL		(8,035,309)	(1,958,605)
Decrease in long-term financial instruments		105,991	6,303,794
Increase in long-term financial instruments		(150,320)	(40,000,000)
Decrease in long-term loans		-	17,000
Increase in long-term loans		(30,000)	-
Disposal of investment in property		-	16,018,349
Acquisition of investment in property		-	(17,605)
Disposal of property, plant and equipment, etc.		746,357	12,231,831
Acquisition of property, plant and equipment		(94,475,544)	(73,296,198)
Disposal of intangible assets		206,968	497,988
Acquisition of intangible assets		(2,653,348)	(2,726,913)
Acquisition of investment in associates		(25,921,000)	(14,700,000)
Disposal of subsidiary	37	8,072,393	-
Disposal of asset held for sale		7,020,000	-
Net cash provided by (used in) investing activities		<u>(283,562,829)</u>	<u>6,211,274</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase in short-term borrowings	34	406,642,547	303,575,285
Decrease in short-term borrowings		(218,387,293)	(325,613,711)
Decrease in current portions of long-term financial liabilities		(443,961,366)	(255,264,615)
Increase in long-term borrowings		311,069,837	288,958,821
Decrease in long-term borrowings		-	(1,878,220)
Issuance of debenture		96,642,540	79,604,180
Decrease in lease liabilities		(4,616,170)	(4,886,257)
Increase in government subsidies		2,298,190	100,500
Acquisition of treasury stocks	23	(12,985,839)	(7,007,798)
Payment of dividends		(66)	(683,504)
Net cash provided by financing activities		<u>136,702,380</u>	<u>76,904,681</u>
CHANGES IN CASH AND CASH EQUIVALENTS DUE TO FOREIGN CURRENCY TRANSLATION			
		<u>24,314,612</u>	<u>(8,609,720)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		255,144,745	(44,001,195)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5	<u>443,551,390</u>	<u>487,552,585</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	5	<u>₩ 698,696,135</u>	<u>₩ 443,551,390</u>

See accompanying notes to consolidated financial statements.

OCI COMPANY LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

1. GENERAL INFORMATION:

OCI Company Ltd. (the “Parent” or the “Company”), which is a controlling entity in accordance with Korean International Financial Reporting Standards (“K-IFRS”) 1110, *Consolidated Financial Statements*, has prepared consolidated financial statements, including 51 subsidiaries and eight equity method investments in the consolidation scope. The Parent and subsidiaries are collectively defined as the “Company.”

(1) The Parent

The Parent was incorporated in accordance with the *Commercial Code of Korea* on August 5, 1959, formerly known as Oriental Chemical Industries, to manufacture and sell soda ash and related products. In 1976, the Parent listed its common shares on the Korea Exchange. On May 1, 2001, the Parent merged with Korea Steel Chemical Company and changed its name to DC Chemical Co., Ltd. Furthermore, on May 1, 2008, the Parent spun off its Incheon business segment and on April 1, 2009, changed its name to OCI Company Ltd. As of December 9, 2016, the Parent delisted from the Singapore Exchange Securities Trading Ltd., on which the Parent had listed its Global Depository Receipts (“GDRs”) on May 30, 2011, and exited from its GDRs program.

The Parent is headquartered at Sogong-ro 94, Jung-Gu, Seoul, Korea, and its capital amounting to ₩127,246,855 thousand as of December 31, 2021.

(2) Consolidated Subsidiaries

- 1) Subsidiaries consolidated in the accompanying consolidated financial statements of the Company as of December 31, 2021, are as follows:

Subsidiaries	Business	Number of shares (*1)	Percentage of ownership (*1)	Location	Financial year-end
OCI Enterprises Inc.	Holding company	225,450	100.00%	USA	Dec. 31
OCI Peroxygens LLC	Holding company	-	100.00%	USA	Dec. 31
OCI Alabama LLC	Manufactures percarbonate	-	100.00%	USA	Dec. 31
OCI Energy LLC	Holding company	-	100.00%	USA	Dec. 31
OCI Solar Power LLC	Development and operation of solar generation equipment	-	100.00%	USA	Dec. 31
Cornerstone Power Holmdel, LLC	Operation of solar generation equipment	-	100.00%	USA	Dec. 31
OCI Solar San Antonio LLC	Operation of solar generation equipment	-	100.00%	USA	Dec. 31
OCI ALAMO 1 LLC	Operation of solar generation equipment	-	100.00%	USA	Dec. 31
OCI Construction LLC	Development of solar generation equipment	-	100.00%	USA	Dec. 31
OCI Solar San Antonio 2 LLC	Operation of solar generation equipment	-	100.00%	USA	Dec. 31
OCI ALAMO 2 LLC	Operation of solar generation equipment	-	100.00%	USA	Dec. 31
OCI San Antonio Sunshiner LLC	Operation of solar generation equipment	-	100.00%	USA	Dec. 31
OCI Sunshiner LLC	Operation of solar generation equipment	-	100.00%	USA	Dec. 31
OCI San Antonio Sunray LLC	Operation of solar generation equipment	-	100.00%	USA	Dec. 31
OCI Solar Lavonia LLC	Operation of solar generation equipment	-	100.00%	USA	Dec. 31
OCI San Antonio LoneSun LLC	Operation of solar generation equipment	-	100.00%	USA	Dec. 31
OCI LoneSun LLC	Operation of solar generation equipment	-	100.00%	USA	Dec. 31

Subsidiaries	Business	Number of shares (*1)	Percentage of ownership (*1)	Location	Financial year-end
OCI San Antonio Comanche Solar LLC	Operation of solar generation equipment	-	100.00%	USA	Dec. 31
OCI Comanche Solar LLC	Operation of solar generation equipment	-	100.00%	USA	Dec. 31
OCI San Antonio Stillhouse Solar LLC	Operation of solar generation equipment	-	100.00%	USA	Dec. 31
OCI Stillhouse Solar LLC	Operation of solar generation equipment	-	100.00%	USA	Dec. 31
OCI Development Holding Corporation	Development of solar generation equipment	-	100.00%	USA	Dec. 31
OCI Hillsboro Solar LLC	Operation of solar generation equipment	-	100.00%	USA	Dec. 31
Mission Solar Energy LLC	Manufactures solar panel	-	100.00%	USA	Dec. 31
ERCAM Trackers LLC	Manufactures solar tracker	-	100.00%	USA	Dec. 31
Bexar ESS LLC	Development of solar generation equipment	-	100.00%	USA	Dec. 31
OCI San Antonio Sunroper LLC	Development of solar generation equipment	-	100.00%	USA	Dec. 31
OCI Sunroper LLC	Development of solar generation equipment	-	100.00%	USA	Dec. 31
OCI Investments Corp.	Holding company	-	100.00%	USA	Dec. 31
OCI Bio Investments LLC	Investment	-	100.00%	USA	Dec. 31
OCI Bio Investments II LLC	Investment	-	100.00%	USA	Dec. 31
OCI Vietnam Co., Ltd.	Production and sale of pesticides	-	100.00%	Vietnam	Dec. 31
DCRE Co., Ltd.	Develops real estate	20,029,818	100.00%	Korea	Dec. 31
OCI Specialty Co., Ltd.	Manufactures and sells materials related to solar energy	149,880,914	78.07%	Korea	Dec. 31
ELPION Silicon Sdn. Bhd. (*2)	Manufactures and sells materials related to solar energy	58,456,911	100.00%	Malaysia	Dec. 31
OCI Information & Communication Co., Ltd.	Invests and operates information system	200,000	100.00%	Korea	Dec. 31
OCI Japan Co., Ltd.	Sells materials related to solar energy	7,999	99.99%	Japan	Dec. 31
OCI China Co., Ltd.	Holding company, business development, sells general materials related to solar energy	-	100.00%	China	Dec. 31
Shandong OCI Co., Ltd.	Manufactures and sells coal tar	-	80.00%	China	Dec. 31
Shandong OCI-Jiayang Carbon Black Co., Ltd.	Manufactures and sells carbon black	-	51.00%	China	Dec. 31
Ma Steel-OCI Chemical Co., Ltd.	Manufactures and sells coal tar	-	60.00%	China	Dec. 31
OCI SE Co., Ltd.	Supplier of steam and hot water and electricity generated by owned power plant	27,880,000	100.00%	Korea	Dec. 31
OCI Power Co., Ltd.	Solar generation, manufacturing and selling power generation parts	3,622,000	100.00%	Korea	Dec. 31
OCI Global Ltd.	Headquarter of solar generation in Asia	137,170,160	100.00%	Hong Kong	Dec. 31
OCI Solar (China) Co., Ltd.	Headquarter of solar generation in China	-	100.00%	China	Dec. 31
OCI (Jiaxing) Solar Technology Co., Ltd.	Construction and operation of solar power generation facilities	-	100.00%	China	Dec. 31
OCI (Wuxi) Solar Power Co., Ltd.	Construction and operation of solar power generation facilities	-	100.00%	China	Dec. 31
Huaian Hongya New Energy Development Co., Ltd.	Construction and operation of solar power generation facilities	-	100.00%	China	Dec. 31
Longkou Huazhun New Energy Development Co., Ltd.	Construction and operation of solar power generation facilities	-	100.00%	China	Dec. 31
OCIM Sdn. Bhd.	Manufactures and sells polysilicon	512,356,839	100.00%	Malaysia	Dec. 31
OCI Dream Co., Ltd.	Manpower supply and providing jobs for the vulnerable business support services	100,000	100.00%	Korea	Dec. 31

(*1) Includes indirect investments held by subsidiaries.

(*2) As of the auditors' report date, it is noted that the operation of ELPION Silicon Sdn. Bhd. has ceased and the Company's management decided to classify the operation of the component as a discontinued operation.

The Parent owns the shares of OCI Peroxygens LLC; OCI Alabama LLC; OCI Energy LLC; OCI Solar Power LLC; Cornerstone Power Holmdel LLC; OCI Solar San Antonio LLC; OCI ALAMO 1 LLC; OCI Construction LLC; OCI Solar San Antonio2 LLC; OCI ALAMO 2 LLC; OCI San Antonio Sunshiner LLC; OCI Sunshiner LLC; OCI San Antonio Sunray LLC; OCI Solar Lavonia LLC; OCI San Antonio LoneSun LLC; OCI LoneSun LLC; OCI San Antonio Comanche Solar LLC; OCI Comanche Solar LLC; OCI San Antonio Stillhouse Solar LLC; OCI Still house Solar LLC; OCI Development Holding Corporation; OCI Hillsboro Solar LLC; Mission Solar Energy LLC; ERCAM Trackers LLC; Bexar ESS LLC; OCI San Antonio Sunroper LLC; OCI Sunroper LLC; OCI Investments Corp.; OCI Bio Investments LLC; OCI Bio Investments II LLC through OCI Enterprises Inc.; the shares of ELPION Silicon Sdn. Bhd. through OCI Specialty Co., Ltd.; Shandong OCI Co., Ltd.; Shandong OCI-Jiayang Carbon Black Co., Ltd.; and Ma Steel-OCI Chemical Co., Ltd. through OCI China Co., Ltd.; the shares of OCI (Jiaying) Solar Technology Co., Ltd; OCI (Wuxi) Solar Power Co., Ltd.; Huaian Hongya New Energy Development Co., Ltd.; Longkou Huazhun New Energy Development Co., Ltd.; and OCI Solar (China) Co., Ltd. through OCI Global Ltd.

2) Financial positions (before elimination of internal transaction) of the Company's major subsidiaries as of December 31, 2021 and 2020, are as follows (Korean won in thousands):

Subsidiaries	December 31, 2021					
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Shareholders' equity	Non-controlling interests
OCI Enterprises Inc. (*1)	₩ 392,945,787	₩ 204,205,367	₩ 29,086,006	₩ 63,223,090	₩ 503,789,284	₩ 1,052,774
OCI Vietnam Co., Ltd.	6,851,542	527,064	2,234,141	6,369	5,138,096	-
DCRE Co., Ltd. (*2)	1,222,833,469	71,925,943	388,255,789	604,635,982	301,867,641	-
OCI Specialty Co., Ltd. (*1)	10,296,988	25,997,234	12,962,064	4,304,603	14,854,881	4,172,674
OCI Information & Communication Co., Ltd.	5,173,586	1,814,678	1,620,814	286,557	5,080,893	-
OCI Japan Co., Ltd.	1,326,691	373,988	263,418	226,787	1,210,323	151
OCI China Co., Ltd. (*1)	163,692,387	81,053,654	60,731,808	32,625,194	104,226,205	47,162,834
OCI SE Co., Ltd.	80,826,549	406,729,908	44,221,350	277,909,228	165,425,879	-
OCI Power Co., Ltd.	21,373,385	14,019,163	8,468,398	3,883,026	23,041,124	-
OCI Global Ltd. (*1)	9,894,668	18,836,592	2,621,380	4,891,729	21,218,151	-
OCIM Sdn. Bhd.	450,437,067	355,421,711	56,537,658	25,386,449	723,934,671	-
OCI Dream Co., Ltd.	1,093,446	200,857	273,733	-	1,020,570	-

(*1) Represents the entity's consolidated financial statements for the year.

(*2) The amount (₩722,639 million) of unrealized intercompany profit resulting from the split-off was eliminated.

Subsidiaries	December 31, 2020					
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Shareholders' equity	Non-controlling interests
OCI Enterprises Inc. (*1)	₩ 206,364,358	₩ 319,249,411	₩ 18,834,717	₩ 56,945,812	₩ 448,939,645	₩ 893,595
OCI Vietnam Co., Ltd.	8,066,531	300,423	4,306,578	5,899	4,054,477	-
DCRE Co., Ltd. (*2)	663,025,630	160,749,512	193,237,765	319,859,501	310,677,876	-
OCI Specialty Co., Ltd. (*1)	16,041,582	28,468,514	13,002,308	13,199,767	14,330,970	3,977,051
OCI Information & Communication Co., Ltd.	3,291,380	1,551,610	1,030,894	319,403	3,492,693	-
OCI Japan Co., Ltd.	1,554,334	440,160	186,708	302,292	1,505,306	188
OCI China Co., Ltd. (*1)	111,206,879	92,267,798	51,388,010	26,263,690	86,006,741	39,816,236
OCI SE Co., Ltd.	75,115,097	431,627,406	32,982,825	303,847,357	169,912,321	-
OCI Power Co., Ltd.	23,847,385	16,189,817	8,252,092	4,545,287	27,239,823	-
OCI Global Ltd. (*1)	8,255,919	18,579,675	2,506,424	6,080,400	18,248,770	-
OCIM Sdn. Bhd.	159,430,050	228,697,075	81,590,666	76,457,691	230,078,768	-
OCI Dream Co., Ltd.	357,129	242,633	95,629	-	504,133	-

(*1) Represents the entity's consolidated financial statements for the year.

(*2) The amount (₩764,261 million) of unrealized intercompany profit resulting from the split-off was eliminated.

3) Business performances (before elimination of intercompany transaction) of the Company's major subsidiaries for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

Subsidiaries	2021			
	Sales	Operating income (loss)	Net income (loss)	Comprehensive income (loss)
OCI Enterprises Inc. (*1)	₩ 217,207,374	₩ 20,061,668	₩ 14,196,138	₩ 55,008,816
OCI Vietnam Co., Ltd.	14,840,964	622,429	625,585	1,083,619
DCRE Co., Ltd.	214,373,752	(9,490,086)	(11,239,259)	(11,556,687)
OCI Specialty Co., Ltd. (*1, *3)	9,025,081	857,936	702,867	771,113
OCI Information & Communication Co., Ltd.	11,660,932	2,810,130	2,801,338	2,588,200
OCI Japan Co., Ltd.	1,210,328	245,852	257,169	229,890
OCI China Co., Ltd. (*1)	359,177,169	9,510,081	12,059,932	25,566,063
OCI SE Co., Ltd.	246,897,712	8,486,750	(3,787,357)	(4,486,442)
OCI Power Co., Ltd.	19,471,050	(3,254,634)	(3,496,640)	(3,498,699)
OCI Global Ltd. (*1)	4,037,759	1,206,403	823,673	2,969,380
OCIM Sdn. Bhd.	729,948,395	388,150,942	468,433,431	493,855,902
OCI Dream Co., Ltd.	3,603,947	589,883	516,437	516,437

(*1) Represents the entity's consolidated financial statements for the year.

(*2) The amount (₩38,876 million) of unrealized intercompany profit resulting from the split-off was considered.

(*3) The financial information presented above excludes the amounts reclassified as a discontinued operation of ELPION Silicon Sdn. Bhd.

Subsidiaries	2020			
	Sales	Operating income (loss)	Net income (loss)	Comprehensive income (loss)
OCI Enterprises Inc. (*1)	₩ 134,944,740	₩ (1,981,238)	₩ 17,978,574	₩ (10,922,525)
OCI Vietnam Co., Ltd.	10,370,114	(434,691)	(193,533)	(414,162)
DCRE Co., Ltd.	361,733	(22,942,349)	2,137,677	2,023,474
OCI Specialty Co., Ltd. (*1, *2)	9,059,292	(225,536)	(3,709,788)	(3,636,789)
OCI Information & Communication Co., Ltd.	11,283,139	1,616,112	1,301,448	1,119,525
OCI Japan Co., Ltd.	1,123,577	230,239	133,161	114,996
OCI China Co., Ltd. (*1)	211,019,634	(10,644,569)	(20,445,716)	(18,891,229)
OCI SE Co., Ltd.	189,298,345	3,404,372	(6,809,270)	(6,592,518)
OCI Power Co., Ltd. (*1)	44,859,929	4,110,563	4,222,068	4,170,484
OCI Global Ltd. (*1)	3,866,714	1,290,355	1,208,793	1,306,642
OCIM Sdn. Bhd.	267,557,951	8,736,490	6,378,661	(4,205,092)
OCI Dream Co., Ltd.	1,807,439	55,638	6,028	6,028

(*1) Represents the entity's consolidated financial statements for the year.

(*2) The financial information presented above excludes the amounts reclassified as a discontinued operation of ELPION Silicon Sdn. Bhd.

4) Cash flows (before elimination of intercompany transaction) of the Company's major subsidiaries for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

Subsidiaries	2021					
	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Currency effects	Cash and cash equivalents, beginning of year	Cash and cash equivalents, end of year
OCI Enterprises Inc. (*1)	₩ 33,037,346	₩ 103,267,827	₩ (2,649,192)	₩ 15,495,481	₩ 119,370,866	₩ 268,522,328
OCI Vietnam Co., Ltd.	571,933	-	(157)	207,823	1,719,870	2,499,469
DCRE Co., Ltd.	(113,163,744)	(291,121)	240,489,586	-	6,073,002	133,107,723
OCI Specialty Co., Ltd.(*1)	1,658,868	6,593,359	(11,200,833)	60,553	5,531,893	2,643,840
OCI Information & Communication Co., Ltd.	2,594,596	(2,097,834)	(1,000,000)	-	1,880,351	1,377,113
OCI Japan Co., Ltd.	400,673	-	(647,291)	(27,010)	1,437,245	1,163,617
OCI China Co., Ltd. (*1)	(796,575)	4,764,431	16,222,886	3,182,480	23,205,099	46,578,321
OCI SE Co., Ltd.	20,121,376	(1,834,322)	(24,768,502)	2,289	36,002,467	29,523,308
OCI Power Co., Ltd.	(9,511,288)	5,747,477	(867,782)	4,833	8,953,554	4,326,794
OCI Global Ltd.(*1)	2,508,313	(31,076)	(1,879,633)	406,143	1,695,898	2,699,645
OCIM Sdn. Bhd.	295,546,440	(49,739,546)	(127,981,135)	4,982,020	31,324,531	154,132,310
OCI Dream Co., Ltd.	514,414	-	(14,834)	-	134,036	633,616

(*1) Represents the entity's consolidated financial statements for the year.

Subsidiaries	2020					
	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Currency effects	Cash and cash equivalents, beginning of year	Cash and cash equivalents, end of year
OCI Enterprises Inc. (*1)	₩ (2,133,352)	₩ (66,823,356)	₩ (3,142,450)	₩ (6,298,596)	₩ 197,768,620	₩ 119,370,866
OCI Vietnam Co., Ltd.	(28,664)	(47,313)	(320,534)	(78,690)	2,195,071	1,719,870
DCRE Co., Ltd.	(250,623,978)	(587,493)	243,190,239	-	14,094,234	6,073,002
OCI Specialty Co., Ltd.(*1)	1,802,981	78,955	(3,590,032)	(47,347)	7,287,336	5,531,893
OCI Information & Communication Co., Ltd.	1,504,710	(150,014)	(700,000)	-	1,225,655	1,880,351
OCI Japan Co., Ltd.	289,897	-	(135,475)	(18,369)	1,301,192	1,437,245
OCI China Co., Ltd. (*1)	(10,892,028)	(2,155,676)	5,238,776	(1,071,101)	32,085,128	23,205,099
OCI SE Co., Ltd.	21,831,798	(6,021,020)	(31,872,500)	(4,361)	52,068,550	36,002,467
OCI Power Co., Ltd. (*1)	8,372,584	(6,660,885)	2,813,029	(80,844)	4,509,670	8,953,554
OCI Global Ltd. (*1)	1,606,408	-	(1,915,061)	395,156	1,609,395	1,695,898
OCIM Sdn. Bhd.	17,507,257	(4,797,606)	(3,680,000)	(1,405,569)	23,700,449	31,324,531
OCI Dream Co., Ltd.	70,393	(30,658)	(12,500)	-	106,801	134,036

(*1) Represents the entity's consolidated financial statements for the year.

- 5) By each subsidiary, distribution amount among non-controlling interests, financial position, business performance and dividend as of December 31, 2021 and 2020, is as follows (Korean won in thousands):

Subsidiaries	December 31, 2021				
	Percentage of non-controlling interests (%)	Accumulated non-controlling interests	Net income (loss) attributable to non-controlling interests	Comprehensive income (loss) attributable to non-controlling interests	Dividends paid to non-controlling interests
OCI Enterprises Inc. (*1)	-	₩ 1,052,774	₩ 84,255	₩ 159,064	-
OCI Specialty Co., Ltd. (*1,2)	21.93	4,172,674	184,911	199,877	-
OCI Japan Co., Ltd.	0.01	151	32	29	(66)
OCI China Co., Ltd. (*1)	-	47,162,834	4,159,070	7,342,459	-

(*1) Represents the entity's consolidated financial statements for the year.

(*2) The financial information presented above excludes the amounts reclassified as a discontinued operation of ELPION Silicon Sdn. Bhd.

Subsidiaries	December 31, 2020				
	Percentage of non-controlling interests (%)	Accumulated non-controlling interests	Net income (loss) attributable to non-controlling interests	Comprehensive income (loss) attributable to non-controlling interests	Dividends paid to non-controlling interests
OCI Enterprises Inc. (*1)	-	₩ 893,595	₩ (112,926)	₩ (182,019)	-
OCI Specialty Co., Ltd. (*1,2)	21.93	3,977,051	(816,505)	(811,049)	-
OCI Japan Co., Ltd.	0.01	188	-	(2)	-
OCI China Co., Ltd. (*1)	-	39,816,236	(4,083,938)	(3,653,989)	(683,504)

(*1) Represents the entity's consolidated financial statements for the year.

(*2) The financial information presented above excludes the amounts reclassified as a discontinued operation of ELPION Silicon Sdn. Bhd.

- 6) There are no increases or decreases in the Parent's ownership interests in subsidiaries without loss of control for the year ended December 31, 2021.
- (3) Joint ventures and associates

Joint ventures and associates accounted for under the equity method in the consolidated financial statements as of December 31, 2021, are as follows:

Joint ventures and associates	Business	Number of shares	Percentage of ownership	Location	Financial year-end
OCI-Ferro Co., Ltd. (*1)	Ceramic industry	167,166	50.00%	Korea	Dec. 31
Philko Peroxide Corporation (*2)	Sells hydrogen peroxide, chemical products	397,598	40.00%	Philippines	Dec. 31
HYUNDAI OCI Co., Ltd.	Manufactures and sells carbon black products	10,192,000	49.00%	Korea	Dec. 31
Sun Action Trackers LLC	Manufactures solar tracker	-	41.00%	USA	Dec. 31
Heang Bok Do Si Photovoltaic Power Generation Co., Ltd.	Solar generation	55,360	40.00%	Korea	Dec. 31
BNO BIO CO., Ltd. (*1)	Pharmaceutical research and development	174,000	50.00%	Korea	Dec. 31
SN BioScience Inc.	Pharmaceutical research and development	1,049,609	25.15%	Korea	Dec. 31
P&O Chemical CO., Ltd.	Manufactures hydrogen peroxide	8,124,200	49.00%	Korea	Dec. 31

(*1) A joint venture, which the Company accounts for under the equity method.

(*2) Philko Peroxide Corporation has Philko-Chem Logistics, Inc. as a subsidiary.

(4) Changes in scope of subsidiaries, joint ventures and associates

- 1) The Company established and acquired OCI Hillsboro Solar LLC, Bexar ESS LLC, OCI San Antonio Sunroper LLC and OCI Sunroper LLC for the year ended December 31, 2021.
- 2) The Company sold OCI Crown LLC, OCI Sol LLC, Tangshan OCI Chemical Co., Ltd. and OCI Sunray LLC for the year ended December 31, 2021.
- 3) The Company liquidated OCI San Antonio Crown LLC and OCI San Antonio Sol LLC for the year ended December 31, 2021.

2. SIGNIFICANT ACCOUNTING POLICIES:

(1) Basis of preparation

The Company has prepared the consolidated financial statements in accordance with the K-IFRS from the end of the reporting period after January 1, 2011.

The principal accounting policies are set out below. Except for the effect of the amendments to K-IFRS and new interpretations set out below, the principal accounting policies used to prepare the consolidated financial statements as of and for the year ended December 31, 2021, are consistent with the accounting policies used to prepare the consolidated financial statements as of and for the year ended December 31, 2020.

The accompanying consolidated financial statements have been prepared on the historical cost basis, except for certain properties/non-current assets and financial assets that are measured at fair values, as explained in the accounting policies below. Historical cost is based on the fair values of the consideration given.

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 Company 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 1017 *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 reasonable expectations that the Company will have sufficient resources to continue as a going concern for a predictable future period at the time of approving consolidated financial statements. Therefore, the management prepared the consolidated financial statements on the premise of the going concern.

1) Amendments to K-IFRS and new interpretations that are mandatorily effective for the current year

- K-IFRS 1116 Leases (Amendment)

In March 2021, the International Accounting Standards Board amended the standard to extend the period of the applying practical expedient by one year, in which rent concessions occurring as a direct consequence of the COVID-19 pandemic may not be taken into account in assessment of lease modifications. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying this standard if the change was not a lease modification. Meanwhile, the amendment do not specify how a lessor accounts for a change in lease payment, which is not a lease modification.

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

- ① 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.

- ② Any reduction in lease payments affects only payments originally due on or before June 30, 2022.
- ③ There is no substantive change to other terms and conditions of the lease.

- K-IFRS 1109 Financial Instruments, K-IFRS 1039 Financial Instruments: Recognition and Measurement, K-IFRS 1107 Financial Instruments: Disclosures, K-IFRS 1104 Insurance Contracts and K-IFRS 1116 Leases (Amendment) - Interest Rate Benchmark Reform

In relation to the Interest Rate Benchmark Reform, the reform contains the following exceptions to adjusting the effective interest rate, not the carrying amount, for financial instruments that are measured at amortized cost, allowing hedge accounting to continue without interruption in hedging relationships and applying discount rates reflecting new alternative index interest rates to the lease modifications required by the reform. The application of these amendments has no material impact on the classification and measurement of the Company's consolidated financial statements.

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

- K-IFRS 1001 'Presentation of Financial Statement' - Classification of Liabilities as Current or Non-current (Amendments)

The amendments to K-IFRS 1001 affect only the presentation of liabilities as current or non-current in the consolidated statements 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 combination' - Reference to the Conceptual Framework (Amendments)

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.

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- Sale proceeds and related costs of items produced before that asset is available for use (Amendments)

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 sale 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 final statements of comprehensive income, the consolidated final 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 final statements 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 final 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 (Amendments)

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 2018–2020

The annual improvements include amendments to four standards, such as K-IFRS 1101 First-time Adoption of K-IFRS, K-IFRS 1109 Financial Instruments, K-IFRS 1116 Leases and K-IFRS 1041 Agriculture.

① K-IFRS 1101 First-time Adoption of K-IFRS

The amendment provides additional relief to a subsidiary that becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in K-IFRS 1101 Paragraph D16 (1) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the Parent’s consolidated financial statements, based on the Parent’s date of transition to K-IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or a joint venture that uses the exemption in K-IFRS 1101 Paragraph D16 (1).

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

② K-IFRS 1109 Financial Instruments

The amendment clarifies that in applying the ‘10%’ test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. The amendment is effective for annual periods beginning on or after January 1, 2022, with early application permitted.

③ K-IFRS 1116 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements in K-IFRS 1116 Example 13. As the amendment to K-IFRS 1116 only regard an illustrative example, no effective date is stated.

④ K-IFRS 1041 Agriculture

The amendment removes the requirement in K-IFRS 1041 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in K-IFRS 1041 with the requirements of K-IFRS 1113 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or posttax cash flows and discount rates for the most appropriate fair value measurement.

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

- K-IFRS 1001 'Presentation of Financial Statement' and IFRS Practice Statement 2 'Making Materiality Judgements' (Amendments) - disclosure of accounting policies

The amendment changes the requirements of IFRS 1001 for disclosure of accounting policy and replaces all terms 'significant accounting policy' with 'material accounting policy information.'

Paragraph of K-IFRS 1001 is also amended to clarify that accounting policy information related to unimportant transactions, other events and conditions on the entity's financial position is not important and does not need to be disclosed. Accounting policy information can be important because of the nature of related transactions, other events or situations, even if the amount is not important. However, not all accounting policy information related to important transactions, other events and conditions on the entity's financial position is important on its own.

In addition, guidelines and examples have been developed to explain and apply the application of the 'Four- Step Process of materiality' described in K-IFRS Practice Statement 2.

The amendment is effective for annual periods beginning on or after January 1, 2023, with early application permitted. Amendment to K-IFRS Practice Statement 2 does not include effective dates or transitional regulations.

- K-IFRS 1008 'Accounting Policies, Changes in Accounting Estimates and Error' (Amendments)- Definition of Accounting Estimates

The amendment replaces the definition of changes in accounting estimates with the definition of accounting estimates. According to the new definition, the accounting estimate is "the amount of money in financial statements affected by measurement uncertainty."

The amendment is effective for annual periods beginning on or after January 1, 2023, with early application permitted. This amendment applies to changes in accounting estimates and accounting policy that occur after the start date of the fiscal year.

- K-IFRS 1012 'Income tax' - Deferred tax related to assets and liabilities arising from a single transaction

The amendment reduces the scope of the initial recognition exception. According to the amendment, initial recognition exception does not apply to transactions that cause taxable temporary differences and deductible temporary differences at the same amount.

Depending on the applicable tax law, there may be taxable temporary differences and deductible temporary differences at the same amount 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. For example, this situation can occur when the lease liability and corresponding right-of-use assets are recognized by applying K-IFRS 1116 at the commencement date of the lease.

In accordance with the revision of K-IFRS 1012, related deferred tax assets and deferred tax liabilities must be recognized, and the recognition of deferred tax assets will comply with the recoverability requirements of K-IFRS 1012.

The amendment is effective for annual periods beginning on or after January 1, 2023, with early application permitted.

(2) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company (and its subsidiaries) made up to December 31 each year. Control is achieved when the Company 1) has the power over the investee, 2) is exposed, or has rights, to variable returns from its involvement with the investee and 3) has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders
- potential voting rights held by the Company, other vote holders or other parties
- rights arising from other contractual arrangements
- any additional facts and circumstances indicating that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings

The results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition, plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Company's accounting policies.

All intercompany assets and liabilities, equity, income, expenses and cash flows related to transactions between the members of the Company is eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Company's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at 1) fair value or 2) at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. After acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition, plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests and owners of the Company even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Company loses control of a subsidiary, a gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Company had directly disposed of the related assets or liabilities of the subsidiary (i.e., reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable K-IFRS). The fair value of any investment retained in the former subsidiary at the date when control is lost is recognized as the fair value on initial recognition for subsequent accounting under K-IFRS 1109 *Financial Instruments* when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

(3) Business combination

Acquisitions of 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 Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interest issued by the Company 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 Company 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.
- Assets (or disposal companies) 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 previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another K-IFRS.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from 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. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with K-IFRS 1039 *Financial Instruments: Recognition and Measurement*, or K-IFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Company's previously held interests in the acquired entity are remeasured to its acquisition-date (of which the Company obtains control) fair value and the resulting gain or loss, if any, is recognized in profit or loss or other comprehensive income. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss under the same standards would be appropriate if that interest 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 Company 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) Cash and cash equivalents

Cash and cash equivalents include cash, savings and checking accounts and short-term investment highly liquidated (maturities of three months or less from acquisition). Bank overdrafts are accounted for as short-term borrowings.

(5) Financial instruments

Financial assets and financial liabilities are recognized in the Company's consolidated statements of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value except for trade receivables that do not include significant financial components. 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.

(6) 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 at 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.
- 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 the contractual cash flows and selling the financial assets.
- 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 aforementioned, the Company may make the following irrevocable election/designation at initial recognition of a financial asset if:

- The Company 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 Company 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, including ECLs, 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.

1-2) Debt instruments classified as at FVTOCI

Fair value is determined in the manner described in Note 31. 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

On initial recognition, the Company 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 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 (Note 30) 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 Company 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 (known as 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss

recognized in profit or loss includes any dividend or interest earned on the financial asset measured at FVTPL and is included in the 'financial income' line item (Notes 26 and 30). Fair value is determined in the manner described in Note 31.

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 (Notes 26 and 30)
- 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. The remaining foreign currency components based on conversion of carrying amounts (fair value) are recognized in other comprehensive income in the accumulated valuation gains or losses because foreign currency components recognized in profit or loss are the same as those measured at amortized cost.
- 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 (Notes 26 and 30).
- 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 Company 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 Company always recognizes lifetime ECL for trade receivables and others. The ECLs on these financial assets are estimated using a provision matrix based on the Company'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.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECLs that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

3-1) 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 determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors and other relevant forward-looking information.

For financial assets, the expected credit loss ("ECL") is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company 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 *Leases*.

For a financial guarantee contract, as the Company 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

payment to reimburse the holder for a credit loss that it incurs, less any amounts that the Company expects to receive from the holder, the debtor or any other party.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company 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 Company 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 Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments' revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments' revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

(7) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories, except for those in transit, are measured under 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. Furthermore, solar power plants which are currently under construction and held for sale are recognized as inventories.

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.

(8) Investments in associates and joint ventures

An associate is an entity over which the Company 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 is not control or joint control over those policies.

A joint venture means the contracting parties have joint control and right of net assets in accordance with joint contracts. Joint control is contractual arrangement and consent of all contracting parties is needed to maintain joint control.

The results of operations and assets and liabilities of associates or joint ventures are incorporated in 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 statements of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Company's share of losses of an associate or a joint venture exceeds the Company's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate or joint venture), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company 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 Company'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 Company'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 Company'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 and 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 Company discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Company retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Company 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 a 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 a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Company 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 Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

When the Company reduces its ownership interest in an associate or a joint venture, but the Company continues to use the equity method, the Company reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income related 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.

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

(9) 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 the 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 Company and the cost of an asset can be measured reliably. Routine maintenance and repairs are expensed as incurred.

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

	<u>Estimated useful lives</u>
Buildings and structures	3 - 60 years
Machinery and equipment	2 - 20 years
Others	2 - 50 years

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 Company 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.

(10) Investment property

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 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 Company 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 10–40 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.

(11) 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 of intangible assets is recognized on a 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 being 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 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
- 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 listed above. 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 intangible assets that are acquired separately.

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, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

5) Estimated useful life

Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful lives are as follows:

	<u>Estimated useful lives</u>	<u>Amortization method</u>
Industrial property rights	5–10 years	Straight line
Development costs	5 years	Straight line
Others	5–20 years	Straight line
Membership	Indefinite useful life	-

(12) 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 Company's cash-generating units ("CGUs") (or companies of CGUs) that is expected to benefit from the synergies of the combination.

A CGU 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 CGU 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 CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Company's policy for goodwill resulting from the acquisition of an associate is described in Note 2. (8).

(13) Impairment of tangible and intangible assets other than goodwill

At each reporting date, the Company 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 Company estimates the recoverable amount of the CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs; otherwise, they are allocated to the smallest Company of CGUs 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 CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) 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 CGU) is increased to the revised estimate of its recoverable amount, but 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 CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(14) Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous 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 Company 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.

(15) Financial liabilities and equity instruments

1) Classification as debt 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 Company are recognized as the proceeds are received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3) Compound financial instruments

The component parts of compound instruments (convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to share premium when options are exercised. Where the conversion option remains unexercised at the maturity date of the convertible loan note, the balance recognized in equity will be transferred to other equity. No gain or loss is recognized in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs related to equity component are recognized directly in equity. Transaction costs related to the liability component are included in the carrying amount of the liability component and are amortized over the lives of the convertible notes using the effective interest method.

4) 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 Company, are measured in accordance with the specific accounting policies set out below.

5) Financial liabilities measured at FVTPL

Financial liabilities are classified as measured 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 measured at FVTPL.

6) 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 measured 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.

7) 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 set out above.

8) 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 (see Notes 26 and 30) for financial liabilities that are not part of a designated hedging relationship. For those which 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.

9) Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, its obligations are discharged, canceled or have 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 Company exchanges with the existing lender one debt instrument with another 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 Company 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 is 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.

(16) Retirement benefit costs and termination benefits

Contributions to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit 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 reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes on the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statements of financial position, with a charge or credit recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are composed of service cost (including current service cost and past service cost, as well as gains and losses on curtailments and settlements), net interest expense (income) and remeasurement.

The Company presents the service cost and net interest expense (income) components in profit or loss and the remeasurement component in other comprehensive income. Curtailment gains and losses are accounted for as past service cost.

The retirement benefit obligation recognized in the consolidated statements of financial position represents the actual deficit or surplus in the Company'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.

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.

(17) 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 such time as the assets are substantially ready for their intended use or sale.

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.

(18) Derivative financial instruments

The Company 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 Company has both legal 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 expected 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 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 Company designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company 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.

3) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in the line of the consolidated statements of comprehensive income related to the hedged item.

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated or exercised, or when it no longer qualifies for hedge accounting. 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 effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss related to the ineffective portion is recognized immediately in profit or loss and is included in the 'financial income (expense)' 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 non-financial liability.

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated or exercised, or it no longer qualifies for hedge accounting. 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.

5) Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the foreign currency forward contracts related to the effective portion of the hedge is recognized in other comprehensive income and accumulated in the foreign currency translation reserve. The gain or loss related to the ineffective portion is recognized immediately in profit or loss, and is included in the 'financial income (expense)' line item.

Gains and losses on the hedging instrument related to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss in the same way when the foreign operation is sold.

(19) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company 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.

(20) Treasury stock

When the Company repurchases its own equity instruments (treasury stock), the incremental costs, net of tax effect, are deducted from the shareholders' equity and recognized as other capital items deducted from the total equity in the consolidated statements of financial position.

In addition, profits or losses from purchase, sale or retirement of treasury stocks are directly recognized in shareholders' equity.

(21) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for value-added tax, estimated customer returns, rebates and other similar allowances. The Company recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below:

1) Sales recorded at a point in time

The Company's finished goods and merchandises of basic chemical, carbon chemical and other products. The warranty coverage of goods sold is not solely purchased and the coverage provides of the assurance that the related product complies with the agreed-upon specifications. Hence such warranties held by the Company continued to be accounted in accordance with K-IFRS 1037, Provisions, Contingent Liabilities and Contingent Assets (refer to Note 22).

Revenue from the sale of goods and merchandises is recognized when the Company has transferred the control of the goods to customer, usually delivered or handed over to the designated place. The pricing and distribution methods of the goods transferred are at the complete discretion of customer and the customer has the primary responsibility when providing the goods and bears inventory risks, such as obsolescence. The Company recognizes trade receivables when goods are transferred to the customer. Moreover, revenue from the sale of goods is recognized after deducting estimated sale return, discount on quantity and on the price based on empirical method. If the total amount of estimated sales return is low, the entire sale of goods is recognized as profit in sale or return contract. In case of solar power plants, which are currently under construction and held for sale, costs incurred during the construction are recognized as inventories. The Company recognizes revenue when all of the criteria for revenue recognition have been satisfied.

2) Sales recorded over time

The Company recognizes revenue from rental and rendering of services; in this case, revenues are considered as a performance obligation satisfied over time and recognizes revenue aligned with fulfillment of contract.

(22) Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1) The Company as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company'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 Company's net investment outstanding in respect of the leases.

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 Company'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 Company's net investment outstanding in respect of the leases.

Subsequent to initial recognition, the Company regularly reviews the estimated unguaranteed residual value and applies the

impairment requirements of K-IFRS 1109, recognizing an allowance for 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).

2) The Company as lessee

The Company assesses whether the contract is, or contains, a lease at inception of a contract on the inception date. If as lessee, the Company recognizes right-of-use assets and corresponding lease liabilities in relation to all lease agreements except short-term leases (with a lease term of 12 months or less) and underlying low-value assets leases. The Company recognizes lease payments related to short-term leases and low-value underlying asset leases on a straight-line basis over the lease term unless other systematic manner better represents the lessee's benefits.

Lease liabilities are initially measured at the present value of discounting lease payments that are not paid at the commencement date of the lease using the interest rate implicit in the lease. If the intrinsic interest rate of the lease cannot be easily calculated, the incremental borrowing interest rate of the lessee is used. If the interest rate implicit in the lease cannot be readily determined, then the lessee should use its incremental borrowing rate.

Incremental borrowing interest rates can be variable depending on the lease term, currency and lease start dates and are determined based on input variables including the following.

- A risk-free interest rate based on the interest rate on treasury bonds.
- Entity-specific risk adjustment.
- Credit risk adjustment based on bond yield.
- Adjustment specific to the Company when the risk features of the Company in connection with the lease are different from the risk features of the Company and the lease does not benefit from the Company's guarantee.

The lease payments included in the measurement of the lease liability consists of the following amounts.

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

Lease liabilities are separately presented from non-lease liabilities in its consolidated statements.

Lease liabilities are subsequently measured by increasing the carrying amount (using the effective interest rate method) by reflecting the interest on the lease liabilities, and deducting the carrying amount by reflecting lease payments.

The Company recognizes the amount of the remeasurement of the lease liability as an adjustment to the right of use in the following cases.

- In the case where there is a change in the lease term, or a change or reasonably certain event occurs in a situation that causes a change in the assessment of an option to purchase the underlying asset. In this case, the lease liability is re-measured by applying the revised discount rate to the revised lease payment.
- In the case where there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments, or there is a change in the amounts expected to be payable under a residual value guarantee, the lease liability is re-measured by applying the unchanged discount rate to the revised lease payment amount. However, if the lease payments change is caused by a change in floating interest rates, the revised discount rate that reflects the change in the interest rate is used.
- In the case where a lease modification is not captured as a separate lease, the lease liability is re-measured by applying the revised discount rate at the effective date of the lease modification to the revised lease payment amount.

The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability and any lease payments made at or before the commencement date (less any lease incentives received) and any initial direct costs incurred by the lessee. The right-of-use asset is measured subsequently by deducting any accumulated depreciation and any accumulated impairment losses.

The Company recognizes and measures an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease applying IFRS 1037. Unless those costs are incurred to produce inventories, if the costs are necessary to the right-of-use asset, they are recognized as part of the cost of the right-of-use assets. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term, or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the lessee shall depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company presents right-of-use assets separately from non-right-of-use assets in the consolidated statements of financial position.

The Company shall apply IFRS 1036 to determine whether the right-of-use asset is impaired and accounting for any impairment loss identified is described in accounting policies 'Impairment of tangible and intangible assets, except for goodwill' (refer to Note 2. (13)).

The Company does not include variable lease payments (except variable lease payments depending on an index or a rate) in the measurement of right-of-use assets and lease liabilities, and such lease payments are recognized in profit or loss during the period in which the event or condition trigger those variable lease payments.

As a practical expedient, the lessee can choose not to separate a non-lease component from a lease component, but to account for each lease component and related non-lease component by type of underlying asset, and the Company does not use this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

3) Enforceable period

The International Accounting Standards Interpretations Committee announced on December 16, 2019, that all economic disadvantages resulting from the termination of a lease are taken into an account when determining the enforceable period for 'the useful life of lease term and lease asset improvement rights.' The Company analyzed the effect of changes in accounting policies on the consolidated financial statements for enforceable periods in accordance with the decision and reflected the effect in the consolidated financial statements after the analysis is completed. (Notes 10 and 33).

(23) Government grants

Government grants are not recognized until there is reasonable assurance that the Company 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, 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 are presented in the consolidated statements 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 Company 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 Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

Government grants related to the acquisition of property, plant and equipment are treated as the deduction of related accounts and released to profit or loss over the expected useful lives of the assets concerned.

(24) Income tax

Income tax consists of current tax and deferred tax.

1) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statements of 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 Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2) Deferred tax

Deferred tax is recognized on temporary 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. 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.

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 is 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 Company 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 Company 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.

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 accounting for the business combination.

(25) Foreign currencies

In preparing the consolidated financial statements of the Company, transactions in currencies other than the Company'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 related 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.

(26) Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled in a normal transaction between market participants, regardless of directly observable or estimated by valuation method. When estimating fair value of asset or liability, the Company considers specificities of asset or liability at measurement period. Instead of specific requirements using similar, but not equal to fair value, such as 'K-IFRS 1102: Equity-settled share-based payment transaction,' 'K-IFRS 1017: Lease,' 'K-IFRS 1002: Inventories' and 'K-IFRS 1036: Impairment loss,' fair value is determined by method above for measuring or reporting purpose.

For the purpose of financial reporting input, factors that are measured subsequent to initial recognition at fair value are companied into Levels 1 to 3, based on the degree to which the fair value is observable, as described below:

- Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(27) Accounting treatment related to the Emission Rights Cap and Trade Scheme

The Company classifies the emission rights as intangible assets. Emission right allowances the government allocated free of charge are measured at nil, and emission right allowances purchased are measured at cost, which the Company paid to purchase the allowances. If emission rights from the government allocated free of charge are sufficient to settle the emission right allowances allotted for the current year, the emissions liabilities are measured at nil. However, for the emission liabilities that exceed the allowances allocated free of charge, the shortfall is measured at the best estimate at the end of the reporting period.

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

In the application of the Company's accounting policies, management is required to make judgments if there are significant effects on the amounts recognized in the financial statements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 current and future periods.

(1) Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see Note 3(2)), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

1) Capitalization of borrowing costs

As described in Note 32, the Company capitalizes borrowing costs directly attributable to the acquisition, construction or production of qualifying assets.

2) Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (please

see financial assets sections of Note 2). The Company determines the business model at a level that reflects how companies of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence, including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost or FVTOCI that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Derivative financial instruments and financial assets measured at FVTPL are measured at fair value after initial recognition and changes in fair value are recognized in profit or loss. As described in Note 31, if there is a market value disclosed in an active market when measuring fair value, that market value is used as fair value. If there is no observable active market, the Company 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. Note 31 provides detailed information about key assumptions used in the determination of the fair value of financial instruments, as well as the detailed sensitivity analysis for these assumptions. The directors believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

(2) Key sources of estimation uncertainty

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) Calculation of loss allowance

When measuring ECL, the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss-given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

2) Estimation of provision for restoration

The Company recognizes provision for restoration for the amount that it estimates that will be incurred for removing, dismantling and restoring the site in order to restore the leased site at the end of lease contract. Estimation of future cash flows for restoration is based on factors, such as inflation rates and market risk premium, and the present value is estimated by discounting estimated future cash flows with a risk-free interest rate.

3) Significant increase in credit risk

As described in Note 31, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. However, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition or for a purchased or originated credit-impaired financial asset. The composition of significant increase in credit risk is not explicitly defined in K-IFRS 1109. For assessing the extent of the increase in credit risk since initial recognition, the Company takes into consideration all reasonable and supportable forward-looking information both in qualitative and quantitative terms.

4) Impairment of non-financial assets

At the end of the reporting period, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. Intangible assets with indefinite useful lives are tested for impairment at least annually and whenever there is an indication that the asset may be impaired. Other non-financial assets are tested for impairment whenever there is an indication that the carrying amount will not be recoverable. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value, less costs to sell. An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

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 Company 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.

The value-in-use calculation requires the management to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value.

In particular, in the previous term, damage signs were found for the business sector as the polysilicon industry entered a long-term slump, and impairment testing on the relevant property, plant and equipment was carried out to calculate the recoverable amount of tangible assets in the business sector.

The recoverable amount of CGU was determined based on net fair value. The net fair value was determined by deducting the amount of incidental expense from the salable value.

The main assumptions used to calculate net fair value include the predictions of the refinancing cost and the depreciation rate considering physical, functional and economic depreciations.

With some related facilities determined to be shut down in the future, the amount of the asset sale was determined by considering the downward trend in the polysilicon market, the international oil price market, and the economic obsolescence of the market, the degree of value reduction, maintenance and management over time of the asset being kept or under construction and the circumstances of each asset, but the estimation uncertainty is inherent.

5) Valuation of financial instruments

As described in Note 31, the Company 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. Note 31 provides detailed information about key assumptions used in the determination of the fair value of financial instruments, as well as the detailed sensitivity analysis for these assumptions. The directors believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

6) Defined benefit pension plan

For the defined benefit pension plan, the service cost is determined using actuarial valuations. In order to apply actuarial valuations, it is necessary to assume a discount rate, an expected rate of return on plan assets, wage increase rate, etc. The retirement benefit plan contains significant uncertainties on the estimation due to its long-term nature.

7) Deferred tax

Deferred tax assets and liabilities are recognized and measured based on management's judgment. In particular, whether or not to recognize deferred tax assets and the scope of recognition are determined by assumptions on future circumstances and possibility of realization.

8) Uncertainty in estimating total construction contract revenues and total construction contract costs.

The amount of contract assets is affected by the progress rate measured based on the cumulative contract cost, and the total contract cost is estimated based on future expectations, such as material cost, labor cost and construction period.

4. SEGMENT INFORMATION:

The Company's reportable segment is a strategic business unit, which provides different types of goods and services. Each segment operates separately, as it requires different technology and marketing strategies. Each segment is a standard on reporting the segment information. Also, each segment's accounting policies are same as accounting policies described by summary of significant accounting policies.

The Company accounts for intersegment sales and transfers consistent with third-party transactions. Therefore, the intersegment sales and transfers are recorded at their current market value.

The Company consists of five reporting segments (Basic Chemicals, Carbon Chemicals, Energy Solutions, City Development and Others) and each segment provides the following products and services.

Segment	Type of goods and services
Basic Chemicals	Manufacture and sale of solar products, such as polysilicon, TDI and hydrogen peroxide
Carbon Chemicals	Manufacture and sale of pitch, carbon black, benzene, etc.
Energy Solutions	Cogeneration and downstream transactions with solar power plants
City Development Projects	City Development Projects
Others	Manufacture and sale of heat insulating material, real estate rental, city development project, etc.

(1) Operating results by reportable segment for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021						Total
	Basic Chemicals	Carbon Chemicals	Energy Solutions	City Development Projects	Others	Adjustment for consolidation	
Gross sales	₩ 1,461,222,347	₩ 1,235,084,730	₩ 444,761,873	₩ 214,023,338	₩ 38,753,486	₩ (149,849,022)	₩ 3,243,996,752
Sales recorded at a point in time	1,430,733,639	1,232,969,770	443,255,545	-	12,353,565	(100,159,018)	3,019,153,501
Sales recorded over time	30,488,708	2,114,960	1,506,328	214,023,338	26,399,921	(49,690,004)	224,843,251
Operating income (loss)	482,408,730	135,893,137	25,674,412	(47,519,586)	(10,078,681)	39,606,923	625,984,935
Depreciation and amortization	55,003,654	27,436,129	41,393,503	152,272	11,995,993	72,986	136,054,537
	2020						Total
	Basic Chemicals	Carbon Chemicals	Energy Solutions	City Development Projects (*1)	Others	Adjustment for consolidation	
Gross sales	₩ 953,715,051	₩ 795,054,007	₩ 328,475,726	₩ -	₩ 30,286,176	₩ (105,014,182)	₩ 2,002,516,778
Sales recorded at a point in time	943,527,365	790,719,532	326,149,012	-	8,492,377	(81,766,505)	1,987,121,781
Sales recorded over time	10,187,686	4,334,475	2,326,714	-	21,793,799	(23,247,677)	15,394,997
Operating income (loss)	(74,937,927)	21,857,598	6,231,582	(22,168,754)	(19,428,349)	2,300,775	(86,145,075)
Depreciation and amortization	56,654,580	27,475,336	41,634,951	316,237	12,491,099	83,570	138,655,773

(*1) City Development Projects for the year ended December 31, 2021, include operating results of DCRE Co., Ltd., a subsidiary, and segment information for the year ended December 31, 2020, has been restated by reflecting the operating results.

- (2) Assets and liabilities by reportable segment as of December 31, 2021 and 2020, are as follows
(Korean won in thousands):

	December 31, 2021						
	Basic Chemicals	Carbon Chemicals	Energy Solutions	City Development Projects (*2)	Others	Adjustment for consolidation	Total
Total asset (*1)	₩1,711,361,093	₩ 825,800,831	₩ 1,345,727,407	₩1,246,659,353	₩ 428,818,502	₩ 145,693,927	₩5,704,061,113
Property, plant and equipment	705,024,163	299,369,172	583,380,875	285,048,897	17,152,272	(251,309,575)	1,617,993,157
Intangible assets	10,711,578	4,379,814	24,140,964	709,738	612,802	(2,222,802)	38,332,094
Total liabilities	832,069,406	353,764,811	427,876,384	992,860,271	29,426,508	(55,728,678)	2,580,268,702

(*1) The amount of unrealized intercompany profit (loss) relating to internal transaction was eliminated.

(*2) The amount (₩722,639 million) of unrealized intercompany profit resulting from the split-off was eliminated.

	December 31, 2020						
	Basic Chemicals	Carbon Chemicals	Energy Solutions	City Development Projects(*2), (*3)	Others	Adjustment for consolidation	Total
Total assets	₩1,274,528,408	₩ 663,480,824	₩ 1,300,751,125	₩816,970,523	₩ 415,863,105	₩ (34,357,935)	₩4,437,236,050
Property, plant and equipment	688,594,370	296,676,906	583,380,875	121,714,678	17,667,320	2,157,854	1,710,192,003
Intangible assets	11,415,580	2,449,153	26,448,076	709,738	547,346	(1,262,004)	40,307,889
Total liabilities	1,009,734,933	265,741,844	429,429,746	513,097,266	31,894,174	(198,390,556)	2,051,507,407

(*1) The amount of unrealized intercompany profit (loss) relating to internal transaction was eliminated.

(*2) City Development Projects as of December 31, 2021, include assets and liabilities of DCRE Co., Ltd., a subsidiary, and segment information as of December 31, 2020, has been restated by reflecting the operating results.

(*3) The amount (₩764,261 million) of unrealized intercompany profit resulting from the split-off was eliminated.

(3) Regional information

- 1) Operating results by geographical area for the years ended December 31, 2021 and 2020, are as follows
(Korean won in thousands):

	2021							Total
	Domestic (*1)	United States	China	Asia	Europe	Others	Adjustment for consolidation	
Gross sales	₩ 1,579,640,539	₩ 249,537,028	₩1,021,811,182	₩ 421,116,238	₩40,347,032	₩81,393,755	₩ (149,849,022)	₩3,243,996,752
Operating income (loss)	97,364,891	24,219,709	370,023,525	78,720,078	5,350,809	10,699,000	39,606,923	625,984,935

(*1) Exports by the local letter of credit are classified as domestic sales.

	2020							Total
	Domestic (*1)	United States	China	Asia	Europe	Others	Adjustment for consolidation	
Gross sales	₩ 1,079,771,451	₩ 141,205,918	₩ 530,147,058	₩ 261,794,159	₩ 33,082,887	₩ 61,529,487	₩ (105,014,182)	₩2,002,516,778
Operating income (loss)	(62,314,788)	(1,709,752)	(5,073,013)	(13,854,271)	(1,885,712)	(3,608,313)	2,300,774	(86,145,075)

(*1) Exports by the local letter of credit are classified as domestic sales.

- 2) Property, plant and equipment and intangible assets by geographical area as of December 31, 2021 and 2020, are as follows (Korean won in thousands):

		December 31, 2021					Total
		Domestic	United States	China	Others	Adjustment for consolidation	Total
Property, plant and equipment	₩	1,328,764,175	₩ 177,110,370	₩ 92,152,902	₩ 271,275,285	₩ (251,309,575)	₩ 1,617,993,157
Intangible assets		37,474,259	314,276	2,406,947	359,414	(2,222,802)	38,332,094
		December 31, 2020					Total
		Domestic	United States	China	Others	Adjustment for consolidation	Total
Property, plant and equipment	₩	1,200,041,420	₩ 169,837,714	₩ 109,585,264	₩ 228,569,751	₩ 2,157,854	₩ 1,710,192,003
Intangible assets		39,830,286	-	1,233,394	506,213	(1,262,004)	40,307,889

5. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents of the Company are equally recognized as those in the consolidated statements of cash flows and financial position.

Details of cash and cash equivalents as of December 31, 2021 and 2020, are as follows (Korean won in thousands):

	December 31, 2021	December 31, 2020
Cash and cash equivalents	₩ 698,696,135	₩ 443,551,390

6. FINANCIAL ASSETS:

- (1) Details of current and non-current financial assets as of December 31, 2021 and 2020, are as follows (Korean won in thousands):

	December 31, 2021	December 31, 2020
CURRENT:		
Short-term financial instruments	₩ 403,341,625	₩ 194,541,908
Financial assets measured at amortized cost (public bonds)	4,500	127,250
Subtotal	403,346,125	194,669,158
NON-CURRENT:		
Long-term financial instruments	3,917,875	47,935,980
Financial assets measured at FVTPL (non-marketable)	13,982,358	2,709,076
Financial assets measured at FVTPL (marketable)	14,981,335	12,613,828
Financial assets measured at FVTPL (equity investment)	1,240	3,998,786
Financial assets measured at FVTOCI (marketable)	28,526,602	-
Financial assets measured at amortized cost (public bonds)	1,083,454	1,113,765
Subtotal	62,492,864	68,371,435
Total	₩ 465,838,989	₩ 263,040,593

- (2) Financial assets measured at FVTPL, which are marketable, as of December 31, 2021 and 2020, are as follows (Korean won in thousands):

Investees	December 31, 2021				
	Number of shares	Percentage of ownership (%)	Acquisition cost	Market value	Carrying value
Yungjin Pharm. Co., Ltd.	11,925	0.01	₩ 237,072	₩ 63,083	₩ 63,083
Bukwang Pharm. Co., Ltd. (*1)	17,600	0.02	316,822	227,040	227,040
Eos Energy Enterprises, Inc. (*2) (*3)	71,672	0.13	634,919	638,953	638,953
Adicet Bio Inc. (*4)	677,727	2.12	8,943,266	14,052,259	14,052,259
Total			₩ 10,132,079	₩ 14,981,335	₩ 14,981,335

(*1) The Company acquired 1,600 shares of Bukwang Pharm. Co., Ltd. for the stock dividend.

(*2) As the merger of Eos Energy Storage LLC into Eos Energy Enterprises, Inc., Eos Energy Enterprises, Inc.'s shares (listed on NASDAQ) have been allocated to the Company, and the acquisition process is currently undergoing.

(*3) The Company acquired additional 7,756 shares of Eos Energy Enterprises, Inc. in accordance with the terms of the merger agreement and shares of Eos Energy Enterprises, Inc. were decreased by 51,360 due to disposal for the year ended December 31, 2021.

(*4) The Company acquired additional 59,230 shares of Adicet Bio Inc for the year ended December 31, 2021.

Investees	December 31, 2020				
	Number of shares	Percentage of ownership (%)	Acquisition cost	Market value	Carrying value
Yungjin Pharm. Co., Ltd.	11,925	0.01	₩ 237,072	₩ 95,877	₩ 95,877
Bukwang Pharm. Co., Ltd. (*1)	16,000	0.02	316,822	449,600	449,600
Eos Energy Enterprises, Inc. (*2)	115,276	0.23	1,089,900	2,613,758	2,613,758
Adicet Bio Inc. (*3)	618,497	3.90	8,247,399	9,454,593	9,454,593
Total			₩ 9,891,193	₩ 12,613,828	₩ 12,613,828

(*1) The Company acquired 98,201 shares of Bukwang Pharm. Co., Ltd. for the stock dividend for the year ended December 31, 2020.

(*2) As the merger of Eos Energy Storage LLC into Eos Energy Enterprises, Inc., Eos Energy Enterprises, Inc.'s shares (listed on NASDAQ) have been allocated to the Company, and the acquisition process is currently undergoing.

(*3) Adicet (formerly resTORbio) invested by OCI Bio Investments LLC went public on NASDAQ for the year ended December 31, 2020.

- (3) Financial assets measured at FVTOCI, which are marketable, as of December 31, 2021, are as follows (Korean won in thousands):

Investees	December 31, 2021				
	Number of shares	Percentage of ownership (%)	Acquisition cost	Market value	Carrying value
Kumho Petrochemical Co., Ltd. (*1)	171,847	0.56	₩ 31,537,078	₩ 28,526,602	₩ 28,526,602

(*1) The Company acquired 171,847 shares of Kumho Petrochemical Co., Ltd. in exchange for treasury stocks held in consideration to strengthen strategic business partnerships for the year ended December 31, 2021.

7. TRADE AND OTHER ACCOUNTS RECEIVABLE:

(1) Trade and other accounts receivable as of December 31, 2021 and 2020, are as follows (Korean won in thousands):

	December 31, 2021		December 31, 2020	
CURRENT:				
Trade receivables	₩	540,761,391	₩	329,876,049
Allowance for bad debts		(7,884,588)		(11,232,897)
Short-term loans		202,231		17,000
Other receivables		29,609,646		19,806,954
Allowance for bad debts		(11,284,119)		(10,046,308)
Receivables from real estate sales		635,240		-
Accrued income		997,316		838,503
Subtotal		553,037,117		329,259,301
NON-CURRENT:				
Long-term loans		36,000		3,295,999
Deposits		2,820,945		2,071,641
Long-term other receivable		-		22,373,990
Subtotal		2,856,945		27,741,630
Total	₩	555,894,062	₩	357,000,931

(2) Changes in allowance for bad debts for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021			
	Trade receivables		Other receivables	
Beginning balance	₩	(11,232,897)	₩	(10,046,308)
Impairment loss recognized		-		(1,237,811)
Reversal of loss allowance		903,700		-
Write-off		2,533,983		-
Effect of foreign currency translation		(115,218)		-
Other		25,844		-
Ending balance (*1)	₩	(7,884,588)	₩	(11,284,119)

(*1) The Company elects to apply the practical expedients of K-IFRS 1109 and measures loss allowance of trade and other accounts receivable at lifetime ECLs.

	2020			
	Trade receivables		Other receivables	
Beginning balance	₩	(15,291,046)	₩	(5,272,132)
Impairment loss recognized (*1)		(602,390)		(4,840,406)
Reversal of loss allowance		3,639,775		2,733
Write-off		730,359		63,497
Effect of foreign currency translation		5,583		-
Other		284,822		-
Ending balance (*2)	₩	(11,232,897)	₩	(10,046,308)

(*1) As Jiangxi Sornid Hi-Tech Co., Ltd.'s corporate rehabilitation procedures commenced, the Parent recognized an impairment loss of ₩4,844,049 thousand on the remaining receivables for the year ended December 31, 2020.

(*2) The Company elects to apply the practical expedients of K-IFRS 1109 and measures loss allowance of trade and other accounts receivable at lifetime ECLs.

- (3) Details of aging of trade and other accounts receivable based on the date of recovery as of December 31, 2021 and 2020, are as follows (Korean won in thousands):

	December 31, 2021		December 31, 2020	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Neither overdue nor impaired	₩ 482,918,638	₩ 15,643,963	₩ 260,211,740	₩ 29,685,445
Overdue but not impaired	51,064,809	9,098,681	63,619,369	9,079,908
Below 90 days	38,747,942	464,781	39,733,406	514,026
Above 90 days but below 180 days	3,451,766	15,627	8,751,791	7,493,626
Above 180 days	8,865,101	8,618,273	15,134,172	1,072,256
Impaired	6,777,944	9,558,734	6,044,940	9,638,734
Total	₩ 540,761,391	₩ 34,301,378	₩ 329,876,049	₩ 48,404,087

8. INVENTORIES:

- (1) Inventories as of December 31, 2021 and 2020, are as follows (Korean won in thousands):

	December 31, 2021		
	Gross amount	Valuation loss	Carrying value
Merchandise	₩ 28,755,698	₩ (622,959)	₩ 28,132,739
Finished goods	180,228,415	(8,599,866)	171,628,549
Semifinished goods	6,003,864	-	6,003,864
Work in process	1,988,364	(14,630)	1,973,734
Raw materials	171,824,546	(4,546,425)	167,278,121
Supplies	81,663,697	(4,190,402)	77,473,295
Sites	987,529,400	-	987,529,400
Unfinished building	113,863,479	(19,192,234)	94,671,245
Others	70,009,020	-	70,009,020
Total	₩ 1,641,866,483	₩ (37,166,516)	₩ 1,604,699,967

	December 31, 2020		
	Gross amount	Valuation loss	Carrying value
Merchandise	₩ 14,418,324	₩ (246,504)	₩ 14,171,820
Finished goods	150,282,965	(18,131,958)	132,151,007
Semifinished goods	9,752,847	(2,972,614)	6,780,233
Work in process	26,931,431	-	26,931,431
Raw materials	83,294,568	(1,575,575)	81,718,993
Supplies	71,470,747	(5,294,387)	66,176,360
Sites	460,577,494	-	460,577,494
Others	25,049,181	-	25,049,181
Total	₩ 841,777,557	₩ (28,221,038)	₩ 813,556,519

- (2) Details of loss (reversal of loss) on valuation, which is recognized as a reduction of cost of sales for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021	2020
Cost of sales	₩ 9,437,560	₩ (23,674,122)

9. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES:

- (1) Details of the Company's investments in joint ventures and associates as of December 31, 2021 and 2020, are as follows (Korean won in thousands):

Investees	December 31, 2021				
	Number of shares	Percentage of ownership (%)	Acquisition cost	Net asset value	Carrying value
OCI-Ferro Co., Ltd. (*1)	167,166	50.00	₩ 3,437,203	₩ 7,655,873	₩ 7,655,873
HYUNDAI OCI Co., Ltd.	10,192,000	49.00	50,960,000	95,712,164	86,717,253
Sun Action Trackers LLC	-	41.00	2,609,104	(420,239)	-
Heang Bok Do Si Photovoltaic Power Generation Co., Ltd.	55,360	40.00	276,800	314,174	314,174
BNO BIO Co., Ltd. (*1)	174,000	50.00	870,000	536,877	536,877
SN BioScience Inc. (*2) (*3)	1,049,609	25.15	4,999,956	(2,769,147)	369,932
Philko Peroxide Corporation	397,598	40.00	297,623	2,114,418	2,114,418
P&O Chemical Co., Ltd. (*4)	8,124,200	49.00	40,621,000	39,568,825	35,922,449
Total			<u>₩ 104,071,686</u>	<u>₩ 142,712,945</u>	<u>₩ 133,630,976</u>

(*1) OCI-Ferro Co., Ltd. and BNO BIO Co., Ltd. are joint ventures.

(*2) The Company acquired 954,190 additional shares of SN BioScience Inc. through free stock increase for the year ended December 31, 2021.

(*3) Since SN BioScience Inc. issued common stocks, the Company's stake was reduced from 25.19% to 25.15%.

(*4) The number of stocks increased due to additional investment for the year ended December 31, 2021, while the Company's stake was same as of December 31, 2020.

Investees	December 31, 2020				
	Number of shares	Percentage of ownership (%)	Acquisition cost	Net asset value	Carrying value
OCI-Ferro Co., Ltd. (*1)	167,166	50.00	₩ 3,437,203	₩ 7,522,729	₩ 7,522,729
HYUNDAI OCI Co., Ltd.	10,192,000	49.00	50,960,000	81,408,673	66,618,867
Sun Action Trackers LLC	-	41.00	2,609,104	(419,590)	-
Heang Bok Do Si Photovoltaic Power Generation Co., Ltd.	55,360	40.00	276,800	297,575	297,575
BNO BIO Co., Ltd. (*1)	174,000	50.00	870,000	671,333	671,334
SN BioScience Inc. (*2)	95,419	25.19	4,999,956	(326,063)	2,813,016
Philko Peroxide Corporation	397,598	40.00	297,623	2,124,508	2,124,508
P&O Chemical Co., Ltd. (*3)	2,940,000	49.00	14,700,000	14,535,150	10,888,774
Total			<u>₩ 78,150,686</u>	<u>₩ 105,814,315</u>	<u>₩ 90,936,803</u>

(*1) OCI-Ferro Co., Ltd. and BNO BIO Co., Ltd. are joint ventures.

(*2) Since SN BioScience Inc. issued common stocks, the Company's stake was reduced from 26.25% to 25.19%.

(*3) P&O Chemical Co., Ltd. is newly established for the year ended December 31, 2020.

- (2) Valuation of the Company's investments in joint ventures and associates for the years ended December 31, 2021 and 2020, is as follows (Korean won in thousands):

Investees	2021				
	Beginning balance	Acquisition (disposition)	Share of profits (losses)	Others (*1)	Ending balance
OCI-Ferro Co., Ltd.	₩ 7,522,729	₩ -	₩ 133,144	₩ -	₩ 7,655,873
HYUNDAI OCI Co., Ltd.	66,618,867	-	20,019,069	79,317	86,717,253
Sun Action Trackers LLC(*2)	-	-	-	-	-
Heang Bok Do Si Photovoltaic Power Generation Co., Ltd.	297,575	-	16,599	-	314,174
BNO BIO Co., Ltd.	671,334	-	(134,457)	-	536,877
SN BioScience Inc. (*3)	2,813,016	-	(2,525,746)	82,662	369,932
Philko Peroxide Corporation	2,124,508	-	215,177	(225,267)	2,114,418
P&O Chemical Co., Ltd.	10,888,774	25,921,000	(756,764)	(130,561)	35,922,449
Total	₩ 90,936,803	₩ 25,921,000	₩ 16,967,022	₩ (193,849)	₩ 133,630,976

(*1) Items include dividends received and other changes in capital surplus.

(*2) According to K-IFRS 1028, Investments in Associates and Joint Ventures, since the Company's share of losses of Sun Action Trackers LLC's exceeds its interest in the associate, the entity discontinues recognizing its share of further losses and unrecognized are ₩786,174 thousand for the year ended December 31, 2021.

(*3) As the Company did not participate in the capital increase of SN BioScience Inc., the ownership interest decreased, and the difference between the decrease in ownership interest and the stake in associates was recognized in profit or loss for the year ended December 31, 2021.

Investees	2020				
	Beginning balance	Acquisition (disposition)	Share of profits (losses)	Others (*1)	Ending balance
OCI-Ferro Co., Ltd.	₩ 8,452,735	₩ -	₩ (679,257)	₩ (250,749)	₩ 7,522,729
HYUNDAI OCI Co., Ltd.	52,785,434	-	13,863,183	(29,750)	66,618,867
Sun Action Trackers LLC(*2)	-	-	-	-	-
Heang Bok Do Si Photovoltaic Power Generation Co., Ltd.	304,246	-	(6,671)	-	297,575
BNO BIO Co., Ltd.	744,322	-	(72,988)	-	671,334
SN BioScience Inc. (*3)	4,243,511	-	(2,017,577)	587,082	2,813,016
Philko Peroxide Corporation	2,401,383	-	10,273	(287,148)	2,124,508
P&O Chemical Co., Ltd.	-	14,700,000	(3,734,443)	(76,783)	10,888,774
Total	₩ 68,931,631	₩ 14,700,000	₩ 7,362,520	₩ (57,348)	₩ 90,936,803

(*1) Items include dividends received and other changes in capital surplus.

(*2) According to K-IFRS 1028, Investments in Associates and Joint Ventures, since the Company's share of losses of Sun Action Trackers LLC's exceeds its interest in the associate, the entity discontinues recognizing its share of further losses and unrecognized are ₩821,846 thousand for the year ended December 31, 2020.

(*3) As the Company did not participate in the capital increase of SN BioScience Inc., the ownership interest decreased, and the difference between the decrease in ownership interest and the stake in associates was recognized in profit or loss for the year ended December 31, 2020.

- (3) Financial data of the Company's joint ventures and associates as of and for the years ended December 31, 2021 and 2020, is as follows (Korean won in thousands):

1) Financial position

Investees	December 31, 2021				
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Net assets
OCI-Ferro Co., Ltd.	₩ 14,480,289	₩ 4,239,958	₩ 3,360,813	₩ 47,688	₩ 15,311,746
HYUNDAI OCI Co., Ltd.	64,798,426	261,478,041	59,791,444	71,154,077	195,330,946
Sun Action Trackers LLC	1,836,858	109,420	2,786,930	184,320	(1,024,972)
Heang Bok Do Si Photovoltaic Power Generation Co., Ltd.	271,636	1,551,620	270,821	767,000	785,435
BNO BIO Co., Ltd.	127,244	952,124	5,614	-	1,073,754
SN BioScience Inc.	12,264,056	2,256,103	1,383,242	24,148,158	(11,011,241)
Philko Peroxide Corporation	6,558,915	244,967	1,499,720	18,118	5,286,044
P&O Chemical Co., Ltd.	5,605,831	107,466,806	17,170,140	15,149,792	80,752,705

Investees	December 31, 2020				
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Net assets
OCI-Ferro Co., Ltd.	₩ 12,883,485	₩ 4,495,193	₩ 2,304,269	₩ 28,952	₩ 15,045,457
HYUNDAI OCI Co., Ltd.	49,676,912	259,316,654	47,480,095	95,373,323	166,140,148
Sun Action Trackers LLC	2,816,716	109,041	3,685,111	264,036	(1,023,390)
Heang Bok Do Si Photovoltaic Power Generation Co., Ltd.	243,035	1,756,726	245,823	1,010,000	743,938
BNO BIO Co., Ltd.	207,632	1,140,454	5,420	-	1,342,666
SN BioScience Inc.	15,233,247	1,572,819	215,204	17,885,277	(1,294,415)
Philko Peroxide Corporation	5,619,306	244,341	535,924	16,453	5,311,270
P&O Chemical Co., Ltd.	11,650,717	23,471,359	5,458,505	-	29,663,571

2) Business performance

Investees	2021			
	Sales	Operating income (loss)	Net income (loss)	Comprehensive income (loss)
OCI-Ferro Co., Ltd.	₩ 13,798,783	₩ 284,879	₩ 266,290	₩ 266,290
HYUNDAI OCI Co., Ltd.	246,754,863	56,941,075	41,028,927	41,190,797
Sun Action Trackers LLC	6,358,594	97,266	87,004	(1,583)
Heang Bok Do Si Photovoltaic Power Generation Co., Ltd.	426,113	110,738	41,496	41,496
BNO BIO Co., Ltd.	-	(84,539)	(268,914)	(268,914)
SN BioScience Inc.	-	(4,496,180)	(10,030,975)	(10,098,172)
Philko Peroxide Corporation	7,963,074	729,124	537,943	668,674
P&O Chemical Co., Ltd.	-	(1,678,177)	(1,544,416)	(1,544,416)

Investees	2020			
	Sales	Operating income (loss)	Net income (loss)	Comprehensive income (loss)
OCI-Ferro Co., Ltd.	₩ 14,664,052	₩ (2,904,791)	₩ (1,358,515)	₩ (1,358,515)
HYUNDAI OCI Co., Ltd.	163,873,765	38,284,957	28,475,488	28,414,773
Sun Action Trackers LLC	3,237,890	(316,453)	(39,644)	(39,644)
Heang Bok Do Si Photovoltaic Power Generation Co., Ltd.	386,949	70,739	(16,678)	(16,678)
BNO BIO Co., Ltd.	-	(90,157)	(145,975)	(145,975)
SN BioScience Inc.	-	(2,470,382)	(7,686,135)	(7,667,164)
Philko Peroxide Corporation	6,223,196	325,575	25,683	20,313
P&O Chemical Co., Ltd.	-	(281,741)	(179,729)	(179,729)

- (4) Details of adjustments from the net asset value to the carrying value of investments in joint ventures and associates as of December 31, 2021 and 2020, are as follows (Korean won in thousands):

Investees	December 31, 2021				
	Net assets	The Company's share of net assets	Investment differences	Others	Carrying value
OCI-Ferro Co., Ltd.	₩ 15,311,746	₩ 7,655,873	₩ -	₩ -	₩ 7,655,873
HYUNDAI OCI Co., Ltd. (*1)	195,330,946	95,712,164	(174,911)	(8,820,000)	86,717,253
Sun Action Trackers LLC	(1,024,972)	(420,239)	420,239	-	-
Heang Bok Do Si Photovoltaic Power Generation Co., Ltd.	785,435	314,174	-	-	314,174
BNO BIO Co., Ltd.	1,073,754	536,877	-	-	536,877
SN BioScience Inc. (*2)	(11,011,241)	(2,769,147)	3,139,080	-	369,933
Philko Peroxide Corporation	5,286,044	2,114,418	-	-	2,114,418
P&O Chemical Co., Ltd. (*3)	80,752,705	39,568,825	(3,646,376)	-	35,922,449

(*1) The dividend on cumulative and participating preference share of HYUNDAI OCI Co., Ltd. is reflected in the gain on investment in associates.

(*2) The difference from the net asset value to the carrying value of SN BioScience Inc. is reflected in goodwill.

(*3) Unrealized gains and losses on tangible assets disposed of by OCI Co., Ltd. to P&O Chemical Co., Ltd. are reflected in the investment difference, etc.

Investees	December 31, 2020				
	Net assets	The Company's share of net assets	Investment differences	Others	Carrying value
OCI-Ferro Co., Ltd.	₩ 15,045,457	₩ 7,522,729	₩ -	₩ -	₩ 7,522,729
HYUNDAI OCI Co., Ltd. (*1)	166,140,148	81,408,673	(89,806)	(14,700,000)	66,618,867
Sun Action Trackers LLC	(1,023,390)	(419,590)	419,590	-	-
Heang Bok Do Si Photovoltaic Power Generation Co., Ltd.	743,938	297,575	-	-	297,575
BNO BIO Co., Ltd.	1,342,666	671,333	-	-	671,333
SN BioScience Inc. (*2)	(1,294,415)	(326,063)	3,139,080	-	2,813,017
Philko Peroxide Corporation	5,311,270	2,124,508	-	-	2,124,508
P&O Chemical Co., Ltd. (*3)	29,663,571	14,535,150	(3,646,376)	-	10,888,774

(*1) The dividend on cumulative and participating preference share of HYUNDAI OCI Co., Ltd. is reflected in the gain on investment in associates.

(*2) The difference from the net asset value to the carrying value of SN BioScience Inc. is reflected in goodwill.

(*3) Unrealized gains and losses on tangible assets disposed of by OCI Co., Ltd. to P&O Chemical Co., Ltd. are reflected in the investment difference, etc.

10. PROPERTY, PLANT AND EQUIPMENT:

(1) Carrying amounts of property, plant and equipment as of December 31, 2021 and 2020, are as follows (Korean won in thousands):

	December 31, 2021					
	Land	Buildings and structures	Machinery and equipment	Others	Construction in progress	Total
Acquisition cost (*1)	₩ 309,010,702	₩ 1,109,573,747	₩ 5,107,130,173	₩ 93,226,001	₩ 655,994,595	₩ 7,274,935,218
Accumulated depreciation (*1)	(5,611,386)	(461,074,420)	(3,709,051,043)	(78,088,639)	-	(4,253,825,488)
Accumulated impairment loss	(5,668,105)	(281,580,255)	(541,316,980)	(1,010,247)	(530,211,977)	(1,359,787,564)
Government subsidies	(1,158,292)	(146,373)	(39,506,152)	(265,638)	(2,252,554)	(43,329,009)
Carrying amounts	₩ 296,572,919	₩ 366,772,699	₩ 817,255,998	₩ 13,861,477	₩ 123,530,064	₩ 1,617,993,157

(*1) As the Company adopted K-IFRS 1116 for the first time in the previous period, the amounts in the respective categories contain right-of-use assets (refer to Note 33).

(*2) Details of the Company's government subsidies related to acquisition of property, plant and equipment as of December 31, 2021, are as follows (Korean won in thousands):

<Details of government subsidies>

Project	Content details	Implementation period.	The budget	Grant a subsidiary		Execution		Carry forward
				Self-contribution	Government subsidies	Self-contribution	Government subsidies	
Project to support carbon neutral facilities for the company having huge energy consumption facilities	To increase the amount of excess waste heat recovered by improving the process of production	2021.08.09 ~ 2022.12.31	₩ 11,436,433	₩ 500,000	₩ 2,252,554	₩ 500,000	₩ 2,252,554	₩ -

:Withdrawal of carbon reaction waste excess increased in U3/U4

<Details of acquisition of property, plant and equipment>

Project	Site	Beginning balance	Acquisition	Ending balance
Project to support carbon neutral facilities for the company having huge energy consumption facilities	OCI Gwangyang Carbon production department.	₩ -	₩ 2,752,554	₩ 2,752,554

:Withdrawal of carbon reaction waste excess increased in U3/U4

	December 31, 2020					
	Land	Buildings and structures	Machinery and equipment	Others	Construction in progress	Total
Acquisition cost (*1)	₩ 397,932,800	₩ 1,095,699,947	₩ 5,107,002,356	₩ 92,553,768	₩ 609,546,440	₩ 7,302,735,311
Accumulated depreciation (*1)	(4,843,485)	(433,750,147)	(3,658,854,048)	(77,257,203)	-	(4,174,704,883)
Accumulated impairment loss	(5,519,131)	(279,062,269)	(562,211,235)	(424,701)	(527,883,003)	(1,375,100,339)
Government subsidies	(3,393,000)	(151,632)	(38,784,483)	(408,971)	-	(42,738,086)
Carrying amounts	₩ 384,177,184	₩ 382,735,899	₩ 847,152,590	₩ 14,462,893	₩ 81,663,437	₩ 1,710,192,003

(*1) As the Company adopted K-IFRS 1116 for the first time in the previous period, the amounts in the respective categories contain right-of-use assets (refer to Note 33).

(2) Changes in acquisition costs of property, plant and equipment for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021					
	Land	Buildings and structures	Machinery and equipment	Others	Construction in progress	Total
Beginning balance	₩ 397,932,800	₩ 1,095,699,947	₩ 5,107,002,356	₩ 92,553,768	₩ 609,546,440	₩ 7,302,735,311
Acquisition and capital expenditure (*1)	-	1,355,982	4,870,032	3,759,467	102,641,064	112,626,545
Transfer	(90,998,252)	11,336,074	49,896,395	770,895	(57,652,265)	(86,647,153)
Disposal (*2)	(2,611,778)	(13,903,372)	(109,653,481)	(5,267,420)	(597,323)	(132,033,374)
Others	(1,939,410)	(864,199)	(109,960)	(16,003)	(101,490)	(3,031,062)
Effect of foreign currency translation	6,627,342	15,949,315	55,124,831	1,425,294	2,158,169	81,284,951
Ending balance	₩ 309,010,702	₩ 1,109,573,747	₩ 5,107,130,173	₩ 93,226,001	₩ 655,994,595	₩ 7,274,935,218

(*1) As the Company applied K-IFRS 1116, the amounts in the respective categories contain right-of-use assets (refer to Note 33).

(*2) The amount of disposal of Tangshan OCI Chemical Co., Ltd., a subsidiary, is included (refer to Note 37).

	2020					
	Land	Buildings and structures	Machinery and equipment	Others	Construction in progress	Total
Beginning balance	₩ 378,801,254	₩ 1,097,659,324	₩ 5,086,805,492	₩ 90,660,302	₩ 628,761,816	₩ 7,282,688,188
Effect of changes in accounting policy(*1)	2,357,177	-	-	-	-	2,357,177
Acquisition and capital expenditure (*2)	-	2,925,169	7,555,544	2,567,191	47,414,849	60,462,753
Transfer	24,051,468	5,016,751	58,208,258	2,809,791	(68,065,375)	22,020,893
Disposal	(5,226,191)	(2,715,721)	(13,921,264)	(3,062,941)	(385,121)	(25,311,238)
Others	27,066	(354,520)	155,031	(20,394)	(8,535)	(201,352)
Effect of foreign currency translation	(2,077,974)	(6,831,056)	(31,800,705)	(400,181)	1,828,806	(39,281,110)
Ending balance	₩ 397,932,800	₩ 1,095,699,947	₩ 5,107,002,356	₩ 92,553,768	₩ 609,546,440	₩ 7,302,735,311

(*1) The change in right-of-use assets due to the new interpretation for lease period is included (refer to Note 33).

(*2) As the Company applied K-IFRS 1116, the amounts in the respective categories contain right-of-use assets (refer to Note 33).

- (3) Changes in accumulated depreciation and accumulated impairment for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021					
	Land	Buildings and structures	Machinery and equipment	Others	Construction in progress	Total
Beginning balance	₩ (10,362,616)	₩ (712,812,416)	₩ (4,221,065,283)	₩ (77,681,904)	₩ (527,883,003)	₩ (5,549,805,222)
Depreciation	(779,905)	(26,113,345)	(98,753,903)	(4,428,439)	-	(130,075,592)
Impairment loss	-	-	(2,299,852)	-	(65,934)	(2,365,786)
Disposal (*1)	843,468	4,701,019	99,270,939	4,914,267	-	109,729,693
Others	-	1,273,347	(2,023,756)	(772,641)	(2,263,040)	(3,786,090)
Effect of foreign currency translation	(980,438)	(9,703,280)	(25,496,168)	(1,130,169)	-	(37,310,055)
Ending balance	₩ (11,279,491)	₩ (742,654,675)	₩ (4,250,368,023)	₩ (79,098,886)	₩ (530,211,977)	₩ (5,613,613,052)

- (*1) The amount of disposal of Tangshan OCI Chemical Co., Ltd., a subsidiary, is included (refer to Note 37).

	2020					
	Land	Buildings and structures	Machinery and equipment	Others	Construction in progress	Total
Beginning balance	₩ (10,007,718)	₩ (659,613,486)	₩ (4,138,932,898)	₩ (76,441,489)	₩ (307,742,716)	₩ (5,192,738,307)
Depreciation(*1)	(926,207)	(27,068,497)	(99,825,693)	(4,404,700)	-	(132,225,097)
Impairment loss (*2)	(324,632)	(34,593,783)	(3,839,994)	(4,127)	(221,473,521)	(260,236,057)
Transfer	-	2,020,824	(2,430,952)	(27,741)	2,667	(435,202)
Disposal	390,398	2,337,162	11,966,092	2,906,385	-	17,600,037
Others	120,279	(1,212,542)	(846,188)	(19,556)	-	(1,958,007)
Effect of foreign currency translation	385,264	5,317,906	12,844,350	309,324	1,330,567	20,187,411
Ending balance	₩ (10,362,616)	₩ (712,812,416)	₩ (4,221,065,283)	₩ (77,681,904)	₩ (527,883,003)	₩ (5,549,805,222)

- (*1) The change in depreciation due to the new interpretation for lease period is included (refer to Note 33).

(*2) As a result of reviewing some of the polysilicon production facilities at the Gunsan plant, which was decided to discontinue production on February 11, 2020, and the facilities that were included in the assets under construction due to the announcement of withdrawal of investment on May 3, 2016, by the Parent, based on the changed business environment. Since the recoverable amount is significantly less than the carrying amount, an impairment loss amount of ₩245,436,903 thousand is included. OCI China Co., Ltd., a subsidiary, recognized ₩ 7,395,451 thousand as an impairment loss on property, plant and equipment due to signs of asset damage in the business of its subsidiaries, Tangshan OCI Chemical Co., Ltd. and Shandong OCI Co., Ltd. .

11. PLEGGED ASSETS AS COLLATERAL AND PAYMENT GUARANTEES:

(1) Pledged assets as collateral and seized assets

As of December 31, 2021, a portion of the Company's inventories, property, plant and equipment is pledged as collateral for the short-term and long-term borrowings with the maximum exposure of ₩1,170,617,461 thousand, USD 41,971 thousand and CNY 19,000 thousand from the Korea Development Bank, the Export-Import Bank of Korea and NH Bank, and a portion of the Company's cash and cash equivalents and short-term and long-term financial instruments amounting to ₩67,630,632 thousand is pledged as collateral for the short-term and long-term borrowings from OCBC Bank, Standard Chartered Bank Malaysia Berhad, etc.

In addition, the entire shares of Heang Bok Do Si Photovoltaic Power Generation Co., Ltd. are pledged as collateral for the borrowings. The entire shares of OCI SE Co., Ltd.; cash and cash equivalents; and property, plant and equipment are pledged as collateral for the borrowings with the maximum exposure of ₩543,660,000 thousand.

As the construction company, that constructed the Company's agricultural water facilities, transferred the construction bonds to the KDB Bank, the construction and machinery equipment was provided as transferable collateral (collateral limit: ₩13,309 million).

(2) Guarantees provided by others

Details of guarantees provided by others as of December 31, 2021 and 2020, are as follows (Korean won in thousands, in U.S. dollars, China Yuan and Malaysia Ringgit):

<u>Company providing</u>	<u>Company provided</u>	<u>December 31, 2021</u>		<u>December 31, 2020</u>		<u>Purpose</u>
Seoul Guarantee Insurance	The Parent, DCRE Co., Ltd., OCI Specialty Co., Ltd. and OCI POWER Co., Ltd.	KRW	44,444,127	KRW	3,536,850	Contract fulfillment and licensing guarantee
NH Bank	The Parent	KRW	-	KRW	1,500,000	Tariff
Shinhan Bank	The Parent	USD	20,000,000	USD	20,000,000	Standby L/C
Korea Housing Urban Guarantee Corporation	DCRE Co., Ltd.	KRW	1,251,877,690	KRW	-	Guarantee of sale
Shandong Energy Zaozhuang Mining Group Co., Ltd.	Shandong OCI-Jianyang Carbon Black Co., Ltd.	CNY	31,000,000	CNY	50,300,000	Payment guarantee
Standard Chartered Bank Malaysia Berhad	OCIM Sdn. Bhd	MYR	109,650,446	MYR	106,976,043	Payment guarantee

12. INTANGIBLE ASSETS:

(1) Details of carrying amounts as of December 31, 2021 and 2020, are as follows (Korean won in thousands):

	December 31, 2021					
	Goodwill	Membership	Industrial property rights	Development costs	Others	Total
Acquisition cost	₩ 33,912,416	₩ 9,702,282	₩ 4,946,934	₩ 34,643,372	₩ 36,051,097	₩ 119,256,101
Accumulated amortization	-	-	(3,395,852)	(13,377,226)	(14,402,247)	(31,175,325)
Accumulated impairment	(26,570,392)	(1,950,445)	-	(16,503,750)	(4,724,095)	(49,748,682)
Carrying amounts	₩ 7,342,024	₩ 7,751,837	₩ 1,551,082	₩ 4,762,396	₩ 16,924,755	₩ 38,332,094

	December 31, 2020					
	Goodwill	Membership	Industrial property rights	Development costs	Others	Total
Acquisition cost	₩ 33,869,803	₩ 9,753,392	₩ 4,765,958	₩ 32,336,857	₩ 35,696,473	₩ 116,422,483
Accumulated amortization	-	-	(2,725,780)	(9,782,932)	(10,945,776)	(23,454,488)
Accumulated impairment	(26,570,392)	(2,492,954)	-	(18,872,665)	(4,724,095)	(52,660,106)
Carrying amounts	₩ 7,299,411	₩ 7,260,438	₩ 2,040,178	₩ 3,681,260	₩ 20,026,602	₩ 40,307,889

(2) Changes in acquisition costs for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021					
	Goodwill	Membership	Industrial property rights	Development costs	Others	Total
Beginning balance	₩ 33,869,803	₩ 9,753,392	₩ 4,765,958	₩ 32,336,857	₩ 35,696,473	₩ 116,422,483
Acquisition and capital expenditure	-	176,186	36,028	2,295,624	162,100	2,669,938
Disposal	-	(230,186)	-	-	-	(230,186)
Effect of foreign currency translation	42,613	2,890	144,948	10,891	192,524	393,866
Ending balance	₩ 33,912,416	₩ 9,702,282	₩ 4,946,934	₩ 34,643,372	₩ 36,051,097	₩ 119,256,101

	2020					
	Goodwill	Membership	Industrial property rights	Development costs	Others	Total
Beginning balance	₩ 33,867,109	₩ 10,090,296	₩ 4,654,033	₩ 30,658,449	₩ 35,294,869	₩ 114,564,756
Acquisition and capital expenditure	-	241,071	39,224	1,524,848	253,780	2,058,923
Transfers	-	-	-	153,560	-	153,560
Disposal	-	(575,957)	-	-	-	(575,957)
Other	-	-	-	-	196,059	196,059
Effect of foreign currency translation	2,694	(2,018)	72,701	-	(48,235)	25,142
Ending balance	₩ 33,869,803	₩ 9,753,392	₩ 4,765,958	₩ 32,336,857	₩ 35,696,473	₩ 116,422,483

(3) Goodwill

Details of goodwill as of December 31, 2021 and 2020, are as follows (Korean won in thousands):

	December 31, 2021	December 31, 2020
OCI Power Co., Ltd.	₩ 6,610,783	₩ 6,610,783
OCI Vietnam Co., Ltd.	319,994	319,994
OCI Global Ltd.	411,247	368,634
Total	<u>₩ 7,342,024</u>	<u>₩ 7,299,411</u>

(4) Changes in accumulated amortization and impairment for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands). Meanwhile, membership classified as intangible assets with indefinite useful lives are not subject to amortization:

	2021					Total
	Goodwill	Membership	Industrial property rights	Development costs	Others	
Beginning balance	₩ (26,570,392)	₩ (2,492,954)	₩ (2,725,780)	₩ (28,655,597)	₩ (15,669,871)	₩ (76,114,594)
Amortization	-	-	(617,772)	(1,225,379)	(3,285,991)	(5,129,142)
Reversal of Impairment	-	542,509	-	-	-	542,509
Effect of foreign currency translation	-	-	(52,300)	-	(170,480)	(222,780)
Ending balance	<u>₩ (26,570,392)</u>	<u>₩ (1,950,445)</u>	<u>₩ (3,395,852)</u>	<u>₩ (29,880,976)</u>	<u>₩ (19,126,342)</u>	<u>₩ (80,924,007)</u>

	2020					Total
	Goodwill	Membership	Industrial property rights	Development costs	Others	
Beginning balance	₩ (26,570,392)	₩ (2,596,612)	₩ (2,113,849)	₩ (25,274,316)	₩ (11,888,717)	₩ (68,443,886)
Amortization	-	-	(612,873)	(1,012,366)	(3,911,220)	(5,536,459)
Impairment loss (*1)	-	33,829	-	(2,368,915)	2,257	(2,332,829)
Disposal	-	69,829	-	-	-	69,829
Other	-	-	-	-	98,459	98,459
Effect of foreign currency translation	-	-	942	-	29,350	30,292
Ending balance	<u>₩ (26,570,392)</u>	<u>₩ (2,492,954)</u>	<u>₩ (2,725,780)</u>	<u>₩ (28,655,597)</u>	<u>₩ (15,669,871)</u>	<u>₩ (76,114,594)</u>

(*1) The Parent made a decision to discontinue the business under development and recognized the impairment loss of ₩2,368,915 thousand on development costs for the year ended December 31, 2020.

(5) Allocation of amortization expense for the years ended December 31, 2021 and 2020, is as follows (Korean won in thousands):

	2021	2020
Cost of sales	₩ 1,660,150	₩ 1,847,512
Selling and administrative expenses	3,373,925	3,468,341
Research and development expenses	95,067	220,606
Total	<u>₩ 5,129,142</u>	<u>₩ 5,536,459</u>

(6) Details of research and development expenses for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021	2020
Research and development expenses	<u>₩ 23,912,272</u>	<u>₩ 22,353,336</u>

13. INVESTMENT PROPERTY:

(1) Carrying amounts as of December 31, 2021 and 2020, are as follows (Korean won in thousands):

	December 31, 2021		
	Land	Buildings and structures	Total
Acquisition cost	₩ 13,725,927	₩ 31,177,612	₩ 44,903,539
Accumulated depreciation	-	(13,160,184)	(13,160,184)
Accumulated impairment	-	(86,286)	(86,286)
Carrying amounts	₩ 13,725,927	₩ 17,931,142	₩ 31,657,069

	December 31, 2020		
	Land	Buildings and structures	Total
Acquisition cost	₩ 13,967,147	₩ 31,592,043	₩ 45,559,190
Accumulated depreciation	-	(13,170,394)	(13,170,394)
Accumulated impairment	-	(86,286)	(86,286)
Carrying amounts	₩ 13,967,147	₩ 18,335,363	₩ 32,302,510

(2) Changes in acquisition cost for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021		
	Land	Buildings and structures	Total
Beginning balance	₩ 13,967,147	₩ 31,592,043	₩ 45,559,190
Transfer	(955,112)	73,000	(882,112)
Other (*1)	713,892	(487,431)	226,461
Ending balance	₩ 13,725,927	₩ 31,177,612	₩ 44,903,539

(*1) The amount of account reclassification between investment property and property, plant and equipment is included as a result of the change in the ratio of self-use area of the headquarters building (land, buildings and structures) (refer to Note 10).

	2020		
	Land	Buildings and structures	Total
Beginning balance	₩ 43,658,997	₩ 36,286,202	₩ 79,945,199
Acquisition and capital expenditure	-	17,605	17,605
Transfer	(27,110,160)	-	(27,110,160)
Disposal (*1)	(2,581,726)	(4,794,589)	(7,376,315)
Other (*2)	36	82,825	82,861
Ending balance	₩ 13,967,147	₩ 31,592,043	₩ 45,559,190

(*1) The Parent disposed of land and buildings related to Gangnam Building for the year ended December 31, 2020.

(*2) The amount of account reclassification from property, plant and equipment to investment property is included as a result of the change in the ratio of self-use area of the headquarters building (land, buildings and structures) (refer to Note 10).

- (3) Changes in accumulated depreciation and accumulated impairment for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021		2020	
	Buildings and structures		Buildings and structures	
Beginning balance	₩	(13,256,680)	₩	(14,862,992)
Depreciation		(849,806)		(894,217)
Disposal (*1)		-		2,447,238
Other		860,016		53,291
Ending balance	₩	(13,246,470)	₩	(13,256,680)

(*1) The Parent disposed of land and buildings of Gangnam Building for the year ended December 31, 2020.

- (4) Details of income and expense for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021		2020	
Rental income on investment property	₩	4,482,494	₩	4,359,519
Operating expense on investment property		(4,414,437)		(4,040,323)

- (5) Fair value of investment property as of December 31, 2021 and 2020, is as follows (Korean won in thousands):

	December 31, 2021		December 31, 2020	
	Carrying amounts	Fair value	Carrying amounts	Fair value
Land	₩ 13,725,927	₩ 63,126,232	₩ 13,967,147	₩ 50,869,152
Buildings and structures	17,931,142	23,385,032	18,335,363	24,479,992
Total	₩ 31,657,069	₩ 86,511,264	₩ 32,302,510	₩ 75,349,144

The fair value of investment property is classified as Level 3 based on the inputs used in valuation techniques and there is no change in valuation techniques.

- (6) All of investment properties as of December 31, 2021 are directly owned by the Company.

14. OTHER ASSETS:

Details of other assets as of December 31, 2021 and 2020, are as follows (Korean won in thousands):

	December 31, 2021		December 31, 2020	
CURRENT:				
Advance payments	₩	32,639,372	₩	212,769,545
Prepaid expenses		6,959,029		5,049,839
Others		28,444,543		13,536,655
Subtotal		68,042,944		231,356,039
NON-CURRENT:				
Long-term prepaid expenses		3,716		3,196
Others		4,337,466		4,148,341
Subtotal		4,341,182		4,151,537
Total	₩	72,384,126	₩	235,507,576

15. FINANCIAL LIABILITIES:

Details of financial liabilities as of December 31, 2021 and 2020, are as follows (Korean won in thousands):

	Creditor	Annual interest rate (%)	December 31, 2021	December 31, 2020
CURRENT:				
Short-term borrowings	Shinhan Bank and others	0.34–4.57	₩ 345,379,805	₩ 157,734,280
Current portion of long-term financial liabilities	OCBC Bank and others	1.75–6.37	228,923,594	381,795,537
Discount on present value			(78,884)	(76,463)
Discount on debentures			(53,074)	(38,198)
Subtotal			<u>574,171,441</u>	<u>539,415,156</u>
NON-CURRENT:				
Long-term debentures	KB Investment & Securities Co., Ltd. and others	2.52–3.03	237,000,000	230,000,000
Discount on debentures			(595,096)	(660,960)
Long-term borrowings	The Korea Development Bank and others	1.70–4.90	997,421,167	889,969,725
Discount on present value			(608,532)	(631,236)
Subtotal			<u>1,233,217,539</u>	<u>1,118,677,529</u>
Total			<u>₩ 1,807,388,980</u>	<u>₩ 1,658,092,685</u>

A portion of the Company's cash and cash equivalents; property, plant and equipment; and long-term financial instruments is pledged as collateral for these financial liabilities (refer to Note 11). The Parent also entered into the commitments for the Nos. 84-1, 84-2, 85 and 86 publicly traded bond and others amounting to ₩327 billion. The Parent must meet certain conditions until the obligation to pay the principal and interest of the bonds has been performed. The Parent is required to maintain a certain level of leverage ratio (up to 400% of debt ratio), collateral (up to 400% of capital) and disposal of assets (up to 100% of total assets), and the Company is required to prevent any changes in its organizational structure. Some amounts of the current portion of long-term financial liabilities are required to maintain a certain level of financial ratio (300% of net gearing ratio and 400% of leverage ratio) until the obligation to pay the principal and interest of the liabilities is fully performed.

In addition, a portion of the Company's long-term borrowings has been executed in accordance with the agreement with lenders. According to the agreement, the total amount of borrowings is ₩442,500 million, but ₩418,200 million has been executed. The subsidiary of the Parent, OCI SE Co., Ltd., must meet certain conditions until the obligation to pay the principal and interests has been performed. The subsidiary is required to maintain a certain level of leverage ratio (300% or less debt ratio) and debt-service coverage ratio (greater than 1.1). According to the agreement with lenders made for a portion of the short-term and long-term borrowings listed above, OCI ALAMO 1 LLC, a subsidiary of the Parent, is required to maintain a certain level of financial condition, such as debt-service coverage ratio (greater than 1.1) until the obligation to pay the principal and interests has been performed.

16. TRADE AND OTHER ACCOUNTS PAYABLE:

Details of trade and other accounts payable as of December 31, 2021 and 2020, are as follows (Korean won in thousands):

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
CURRENT:		
Trade payable	₩ 243,705,782	₩ 107,780,263
Other accounts payable	145,197,097	131,179,332
Discount on present value	(41,040)	(164,885)
Dividends payable	10,861	10,861
Accrued expenses (interest)	12,135,852	9,686,423
Accrued expenses (others)	20,230,642	18,344,399
Guarantee deposits received	502,050	36,205
Current lease liabilities	4,052,624	4,019,867
Subtotal	<u>425,793,868</u>	<u>270,892,465</u>
NON-CURRENT:		
Long-term other accounts payable	8,732,785	10,603,858
Discount on present value	(19,215)	(102,793)
Leasehold deposits received	2,703,102	2,537,749
Non-current lease liabilities	10,327,499	11,289,163
Subtotal	<u>21,744,171</u>	<u>24,327,977</u>
Total	<u>₩ 447,538,039</u>	<u>₩ 295,220,442</u>

17. RETIREMENT BENEFIT PLAN:

(1) Defined contribution plan

The Company operates a defined contribution plan for employees under which the Company is obligated to make payments to third-party funds. The employee benefits under the plan are determined by the payments to the funds by the Company and the investment earnings from the funds. Additionally, plan assets are managed by third-party funds and are segregated from the Company's assets.

The amounts recognized as an expense for the years ended December 31, 2021 and 2020, in relation to the defined contribution plan are as follows (Korean won in thousands):

	<u>2021</u>	<u>2020</u>
Postemployment benefit expense, defined contribution plans	<u>₩ 2,175,933</u>	<u>₩ 2,036,052</u>

(2) Defined benefit plan

The Company operates a defined benefit plan for employees, and according to the plan, the employees will be paid their average salary amount of the final three months multiplied by the number of years vested and adjusted for salary pay rate and others. The valuation of related plan assets and defined benefit liability is performed by an independent reputable actuary using the projected unit credit method.

1) As of December 31, 2021 and 2020, amounts recognized in the consolidated statements of financial position related to retirement benefit obligation are as follows (Korean won in thousands):

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Present value of the defined benefit obligation	<u>₩ 176,846,481</u>	<u>₩ 158,749,666</u>
Fair value of plan assets	<u>(170,866,054)</u>	<u>(142,991,371)</u>
Net retirement benefit obligation	<u>₩ 5,980,427</u>	<u>₩ 15,758,295</u>

2) Details of plan assets as of December 31, 2021 and 2020, are as follows (Korean won in thousands):

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Guaranteed interest insurance contract	<u>₩ 133,353,928</u>	<u>₩ 106,239,476</u>
Others	<u>37,512,126</u>	<u>36,751,895</u>
Total	<u>₩ 170,866,054</u>	<u>₩ 142,991,371</u>

- 3) Changes in present value of defined benefit obligation for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021	2020
Beginning balance	₩ 158,749,666	₩ 190,538,130
Current service cost	14,851,621	16,550,950
Interest cost	3,104,930	3,381,974
Remeasurement factor:	11,736,179	3,836,321
Actuarial (gain) loss arising from changes in the demographic assumptions	260,770	-
Actuarial loss arising from changes in financial assumptions	(6,687,182)	1,904,897
Actuarial loss arising from empirical adjustment	18,162,591	1,931,424
Past service cost	115,715	(1,453,949)
Acquisition through business combinations	(11,910,219)	-
Retirement benefits paid (*1)	202,290	(54,101,545)
Effect of foreign currency translation	(3,701)	(2,215)
Ending balance	<u>₩ 176,846,481</u>	<u>₩ 158,749,666</u>

(*1) The retirement benefits paid include salary payments due to restructuring for the year ended December 31, 2020.

- 4) Changes in present value of plan assets for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021	2020
Beginning balance	₩ 142,991,371	₩ 171,284,835
Expected return on plan assets	2,785,842	2,944,531
Remeasurement factor on plan assets	(629,643)	5,952
Employer's contribution	36,474,143	21,170,519
Retirement benefits paid	(10,876,477)	(52,271,303)
Others	120,818	(143,163)
Ending balance	<u>₩ 170,866,054</u>	<u>₩ 142,991,371</u>

- 5) Interest income from plan assets for the years ended December 31, 2021 and 2020, is as follows (Korean won in thousands):

	2021	2020
Interest income from plan assets	<u>₩ 2,156,199</u>	<u>₩ 2,950,483</u>

- 6) Income and loss related to defined benefit plan for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021	2020
Current service cost	₩ 14,851,621	₩ 16,550,950
Net interest cost	319,088	437,443
Past service cost	115,715	(1,453,949)
Total	<u>₩ 15,286,424</u>	<u>₩ 15,534,444</u>

7) Details of expense recognized in the consolidated statements of income for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021	2020
Cost of sales	₩ 9,200,229	₩ 9,270,469
Selling and administrative expenses	5,320,548	5,398,705
Construction in progress and development cost	765,647	865,270
Total	<u>₩ 15,286,424</u>	<u>₩ 15,534,444</u>

8) Remeasurement factor on a defined benefit plan recognized in other comprehensive income (loss) for the years ended December 31, 2021 and 2020, is as follows (Korean won in thousands):

	2021	2020
Remeasurement factor before tax	₩ (12,365,822)	₩ (3,830,369)
Tax effect	2,479,484	916,595
Remeasurement factor after tax	<u>₩ (9,886,338)</u>	<u>₩ (2,913,774)</u>

As of December 31, 2021 and 2020, accumulated remeasurement factor on defined benefit plans recognized in other comprehensive income (loss) is ₩ (-)59,865,711 thousand and ₩ (-)49,979,373 thousand, respectively.

9) The principal assumptions used for actuarial valuation as of December 31, 2021 and 2020, are as follows:

Description	December 31, 2021	December 31, 2020
Discount rate	2.68%–3.86%	1.93%–3.26%
Future salary increase rate	3.00%–4.61%	3.00%–4.43%

10) Defined benefit obligation, net of plan assets, for the latest five years is as follows (Korean won in thousands):

	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Present value of defined benefit obligation	₩ 176,846,481	₩ 158,749,666	₩ 190,538,130	₩ 166,945,917	₩ 169,442,532
Fair value of plan assets	<u>(170,866,054)</u>	<u>(142,991,371)</u>	<u>(171,284,835)</u>	<u>(143,191,231)</u>	<u>(152,594,238)</u>
Net liabilities	<u>₩ 5,980,427</u>	<u>₩ 15,758,295</u>	<u>₩ 19,253,295</u>	<u>₩ 23,754,686</u>	<u>₩ 16,848,294</u>

11) Analysis of sensitivity on defined benefit obligation according to changes in key assumptions as of December 31, 2021 and 2020, is as follows (Korean won in thousands):

Description	December 31, 2021		December 31, 2020	
	Effect on defined benefit obligation	Ratio (%)	Effect on defined benefit obligation	Ratio (%)
Discount rate:				
1% Increase	₩ (12,625,713)	93%	₩ (10,115,750)	94%
1% Decrease	14,074,073	108%	11,503,248	107%
Future salary increase rate:				
1% Increase	14,021,046	108%	11,370,791	107%
1% Decrease	(14,579,943)	92%	(10,203,074)	94%

18. PROVISIONS:

Changes in provisions for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021			
	CURRENT			
	Restoration provisions	Restructuring provisions	Other provisions	Total
Beginning balance	₩ 1,004,300	₩ 5,724,677	₩ 3,303,900	₩ 10,032,877
Additional provisions (*1)	2,259,944	1,132,401	7,723,846	11,116,191
Utilization	(1,040,030)	(2,597,416)	(19,185,717)	(22,823,163)
Reclassification of liquidity	-	-	26,649,115	26,649,115
Effect of foreign currency translation	-	-	-	-
Ending balance	₩ 2,224,214	₩ 4,259,662	₩ 18,491,144	₩ 24,975,020
	NON-CURRENT			
	Restoration provisions	Other provisions		Total
Beginning balance	₩ 1,387,966	₩ 8,618,435	₩ 10,006,401	
Additional provisions	107,953	57,094,966	57,202,919	
Utilization	-	(1,429,068)	(1,429,068)	
Reclassification of liquidity	-	(26,649,115)	(26,649,115)	
Effect of foreign currency translation	128,320	(835,801)	(707,481)	
Ending balance	₩ 1,624,239	₩ 36,799,417	₩ 38,423,656	

(*1) DCRE Co., Ltd., a subsidiary, recognized ₩62.4 billion as a provision for obligation to clean up soil pollution at the site of City Development Projects for the year ended December 31, 2021.

	2020			
	CURRENT			
	Restoration provisions	Restructuring provisions (*1)	Other provisions (*2)	Total
Beginning balance	₩ -	₩ -	₩ 26,268,083	₩ 26,268,083
Additional provisions	2,711,300	71,423,569	4,050,168	78,185,037
Reversal of provisions	-	(1,485,172)	-	(1,485,172)
Utilization	(1,707,000)	(64,213,720)	(27,419,060)	(93,339,780)
Reclassification of liquidity	-	-	404,709	404,709
Effect of foreign currency translation	-	-	-	-
Ending balance	₩ 1,004,300	₩ 5,724,677	₩ 3,303,900	₩ 10,032,877
	NON-CURRENT			
	Restoration provisions	Other provisions		Total
Beginning balance	₩ 1,440,701	₩ 10,084,338	₩ 11,525,039	
Additional provisions	37,007	893,929	930,936	
Reversal of provisions	-	-	-	
Utilization	-	(1,955,123)	(1,955,123)	
Reclassification of liquidity	-	(404,709)	(404,709)	
Effect of foreign currency translation	(89,742)	-	(89,742)	
Ending balance	₩ 1,387,966	₩ 8,618,435	₩ 10,006,401	

(*1) On February 11, 2020, the Parent's board of directors decided and disclosed the suspension of some of the polysilicon production at Gunsan plant, and in this regard, for the year ended December 31, 2020, the Parent recognized ₩69,938,397 thousand as a restructuring provision for labor costs for restructuring and production-related shutdown costs.

(*2) The amounts of provisions for the subsidiary's obligation to clean up soil pollution are included (refer to Note 22).

19. EMISSION LIABILITIES:

(1) The quantity of free allocation of emission allowances for each Compliance Year of the 3rd Committed Period (2021-2025) as of December 31, 2021 is as follows (tCO₂-eq in tons):

Compliance Year:	Free allocation of emission allowances
1st Compliance Year (2021)	3,980,336
2nd Compliance Year (2022)	3,980,336
3rd Compliance Year (2023)	3,980,336
4th Compliance Year (2024)	2,968,285
5th Compliance Year (2025)	2,968,285
Total	17,877,578

(2) Details of the quantity and carrying amounts of emission allowances held for submission as of December 31, 2021 and 2020, are as follows (tCO₂-eq in tons and Korean won in thousands):

		2021						
		Beginning balance	Free allocation	Buying and Selling	Submission	Carryover and borrowing	Reclassificati on	Ending balance
2nd Committed Period								
3rd Compliance Year (2020) (*1)	Quantity Carrying amounts	3,975,487	(4,302)	(871,562)	(2,491,602)	(608,021)	-	-
		₩ -	₩ -	₩ 650,000	₩ -	₩ (650,000)	₩ -	₩ -
3rd Committed Period								
1st Compliance Year (2021)	Quantity Carrying amounts	3,980,336	-	(332,000)	-	608,021	-	4,256,357
		-	-	-	-	650,000	-	650,000
2nd Compliance Year (2022)	Quantity Carrying amounts	3,980,336	-	-	-	-	-	3,980,336
		-	-	-	-	-	-	-
3rd Compliance Year (2023)	Quantity Carrying amounts	3,980,336	-	-	-	-	-	3,980,336
		-	-	-	-	-	-	-
4th Compliance Year (2024)	Quantity Carrying amounts	2,968,285	-	-	-	-	-	2,968,285
		-	-	-	-	-	-	-
5th Compliance Year (2025)	Quantity Carrying amounts	2,968,285	-	-	-	-	-	2,968,285
		-	-	-	-	-	-	-
Total	Quantity Carrying amounts	21,853,065	(4,302)	(1,203,562)	(2,491,602)	-	-	18,153,599
		₩ -	₩ -	₩ 650,000	₩ -	₩ -	₩ -	₩ 650,000

(*1) Details of the emission allowances for 3rd Compliance Year (2020) that were approved by the competent authorities or submitted to the government as of December 31, 2021.

		2020						
		Beginning balance	Free allocation	Buying and Selling	Submission	Carryover and borrowing	Reclassification	Ending balance
2nd Committed Period								
1st Compliance Year (2018)	Quantity Carrying	W -	W -	W -	W -	W -	W -	W -
2nd Compliance Year (2019)	Quantity Carrying	3,877,450	(2,075)	(320,000)	(3,228,725)	(326,650)	-	-
3rd Compliance Year (2020)	Quantity Carrying	4,075,055	-	(426,218)	-	326,650	-	3,975,487
3rd Committed Period								
1st Compliance Year (2021)	Quantity Carrying	-	3,980,336	-	-	-	-	3,980,336
2nd Compliance Year (2022)	Quantity Carrying	-	3,980,336	-	-	-	-	3,980,336
3rd Compliance Year (2023)	Quantity Carrying	-	3,980,336	-	-	-	-	3,980,336
4th Compliance Year (2024)	Quantity Carrying	-	2,968,285	-	-	-	-	2,968,285
5th Compliance Year (2025)	Quantity Carrying	-	2,968,285	-	-	-	-	2,968,285
Total (*1)		7,952,505	17,875,503	(746,218)	(3,228,725)	-	-	21,853,065
		W -	W -	W -	W -	W -	W -	W -

(*1) Details of the quantity and carrying amounts of emission allowances for 2nd Committed Period (2018–2020) and 3rd Committed Period (2021–2025) as of December 31, 2020. Meanwhile, there are no emission allowances provided as collateral as of December 31, 2020.

(3) Details of emission liabilities of December 31, 2021 and 2020, are as follows (Korean won in thousands):

		2021			
		Beginning balances	Increase and addition	Decrease and reversal	Ending balances
Emission liabilities		W -	W 1,267,865	W -	W 1,267,865

Meanwhile, the estimated amount of emitted greenhouse gas is 2,615,570 tons (tCO₂-eq) for the year ended December 31, 2021.

		2020			
		Beginning balances	Increase and addition	Decrease and reversal	Ending balances
Emission liabilities		W -	W -	W -	W -

20. OTHER LIABILITIES:

(1) Details of other liabilities as of December 31, 2021 and 2020, are as follows (Korean won in thousands):

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
CURRENT:		
Advances received (*1)	₩ 74,132,698	₩ 29,828,320
Advances from real estate sales (*2)	125,411,978	-
Unearned revenues	2,589	31,014
Withholdings	6,402,120	5,331,705
Others	92,630	59,963
Subtotal	<u>206,042,015</u>	<u>35,251,002</u>
NON-CURRENT:		
Long-term advances received (*1)	34,352,437	16,978,797
Others	4,503,497	1,943,186
Subtotal	<u>38,855,934</u>	<u>18,921,983</u>
Total	<u>₩ 244,897,949</u>	<u>₩ 54,172,985</u>

(*1) In February 2021, OCIM Sdn. Bhd., a subsidiary, received an advance of \$50,000,000 from LTA agreement with Longi Co., Ltd. and classified \$16,800,000 as advances received and \$22,000,000 as long-term advances received.

(*2) DCRE Co., Ltd., a subsidiary, sold the CITY O CIEL 1, 3 and 4 complex and received the payment from the customers according to sales contracts for the year ended December 31, 2021. Advances from construction-type contracts occur in case a particular milestone payment exceeds the revenue to date under the cost-to-cost method.

(2) Details of advance received as of December 31, 2021 and 2020, are as follows (Korean won in thousands):

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Advances received from sales of goods	₩ 88,859,857	₩ 46,796,807
Service revenue	128,964	10,310
Sales of real estate	125,411,978	-
Others	19,496,314	-
Total	<u>233,897,113</u>	<u>46,807,117</u>
Current advances received	199,544,676	29,828,320
Non-current advances received	34,352,437	16,978,797
Total	<u>₩ 233,897,113</u>	<u>₩ 46,807,117</u>

(3) Revenue from advance received as of December 31, 2021 and 2020, is as follows (Korean won in thousands):

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Revenue from sales of goods	₩ 11,868,850	₩ 9,938,722
Revenue from service	600	-
Total	<u>₩ 11,869,450</u>	<u>₩ 9,938,722</u>

21. CONTRACT ASSETS, CONTRACT LIABILITIES AND CONTRACT COSTS:

(1) Details of contract assets as of December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021	2020
Current contract assets	₩ 635,240	₩ -

(2) There are no changes in expected credit losses for the years ended December 31, 2021 and 2020.

(3) Details of contract liabilities as of December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021	2020
Current contract liabilities (*1)	₩ 125,411,978	₩ -

(*1) Contract liabilities relating to construction-type contracts are balances due to customers under construction contracts. These arise in case a particular milestone payment exceeds the revenue recognized to date under the cost-to-cost method.

(4) There are no revenues recognized from contract liabilities brought forward for the years ended December 31, 2021 and 2020.

(5) There is no change in accounting estimate of contract amount or cost of contract related to construction-type contract whose revenue is recognized over a period under the cost-to-cost method. As a result, there is no effect on profit or loss, contract assets and contract liabilities for the current and future reporting periods due to such changes in estimates.

(6) Details of major contracts, whose revenues are 5% or more of the sales of the prior reporting period and recognized over a period under the cost-to-cost method for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	Contract date	Due date of completion	Progress	Total amount of sales contract	Accumulated revenue recognized	Accumulated cost recognized (*1)	Receivables from real estate sales	Advances from real estate sales
Sales of CITY O CIEL 1 complex	July 2021 (the date of contract varies by buyers)	April 2024 (estimated)	Apartment 15.32%	₩ 595,561,688	₩ 91,245,833	₩ 54,010,096	₩ 108,870	₩ 33,456,340
Sales of CITY O CIEL 3 complex	April 2021 (the date of contract varies by buyers)	December 2024 (estimated)	Apartment 14.06% Officetel 13.13%	790,983,283	109,088,516	99,093,875	526,370	68,310,118
Sales of CITY O CIEL 4 complex	October 2021 (the date of contract varies by buyers)	October 2024 (estimated)	Apartment 4.05% Officetel 3.20%	363,761,920	13,688,989	9,153,316	-	23,645,520
Total				₩ 1,750,306,891	₩ 214,023,338	₩ 162,257,287	₩ 635,240	₩ 125,411,978

(*1) Unrealized intercompany profit resulting from the split-off of ₩ 38,876 million was deducted from the cost of sales for the year ended December 31, 2021.

22. COMMITMENTS AND CONTINGENCIES:

(1) Note provided as collateral

There are no notes or checks provided as collateral as of December 31, 2021.

(2) Commitments arising from financial transactions

As of December 31, 2021 and 2020, the Company has commitments with various financial institutions as follows (Korean won in thousands, U.S. dollars):

	Currency	December 31, 2021	December 31, 2020	Financial institutions
Opening L/C	USD	118,000,000	115,500,000	NH Bank and others
Bank overdraft	KRW	4,000,000	4,000,000	Shinhan Bank
Forward exchange transaction	USD	22,000,000	28,500,000	KDB Bank and others
	KRW	14,192,000	14,224,000	
Electronic bill collateralized trade accounts receivable	KRW	191,500,000	191,500,000	Shinhan Bank
Short-term turnover line of credit	KRW	110,000,000	130,000,000	NH Bank and others
Shared growth loan	KRW	60,000,000	60,000,000	Shinhan Bank
General fund loan	KRW	3,000,000	-	Shinhan Bank
Payment guarantee	USD	20,800,000	20,800,000	Shinhan Bank
	KRW	-	5,000,000	NH Bank
Supplemental fund (*1) (*2)	KRW	160,000,000	160,000,000	KDB Bank and others

(*1) Commitments were provided for the benefit of HYUNDAI OCI Co., Ltd., related parties of the Parent.

(*2) The supplemental fund for HYUNDAI OCI Co., Ltd. is agreed to be made up of funds in alliance with, a joint investment company, Hyundai Oilbank Co., Ltd. (51%) and the Company (49%).

(3) License agreement

Under various technical license and assistance agreements, the Company has royalty payments for technical assistance. Royalty payments are paid annually of certain amount or ratio of net sales.

(4) Commitment related to the land

A management land trust contract has been signed between Asia Trust Co., Ltd. and DCRE Co., Ltd., a subsidiary, in regard to some portion of the apartment building business site (carrying amount: ₩134,878,840 thousand)

(5) Commitment related to middle payment loan

DCRE Co., Ltd., a subsidiary, has entered into a payment guarantee agreement with a financial institution in relation to the middle payment loan (joint guarantee of middle payment, ₩318,962,000 thousand) of the sale of goods to real estate contractors.

(6) CPS Energy Agreement

On July 23, 2012, the Company and City Public Service (“CPS”) entered into the CPS Master Agreement related to the construction of solar facilities totaling 400MW PV. The facilities were built in five stages, with construction beginning in 2013 and ending in 2017. All of the energy produced by the facilities is sold to CPS at prices set forth in individual Power Purchase Agreements (“PPAs”). CPS has the right to purchase the facilities at various dates after the commencement of operations at prices set forth in the respective PPAs. Under the agreement, the Company is required to create a certain number of jobs in the region and make certain capital investment to be carried out step by step. If the contract is terminated because of schedule, non-compliance and other reasons, the Company must pay for damages as prescribed in the agreement.

(7) Long-term purchase and supply agreement

Among the various advances and long-term advances, the Parent has, as of December 31, 2021, ₩27,778,792 thousand related to the Parent’s long-term polysilicon supply contract. OCI Specialty Co., Ltd., a subsidiary, has

entered into long-term supply contract for wafer with Shinsung E&G Co., Ltd. and others. With regard to the agreement, the subsidiary recognized advances received amounting to ₩658,440 thousand and long-term advances received amounting to ₩8,464,734 thousand. OCIM Sdn. Bhd., a subsidiary, has entered into long-term supply contract for polysilicon with Longi Co., Ltd. With regard to the agreement, the subsidiary recognized advances received and long-term advances received amounting to USD 38,800,000. OCI Power Co., Ltd., a subsidiary, signed a long-term supply contract with Hanwha Solutions Co., for inverter extension guarantee services. In regard to the agreement, the subsidiary recognized long-term advances of ₩120,137 thousand. Furthermore, the Parent entered into a carbon black purchase agreement (duration of contract: 20 years) with HYUNDAI OCI Co., Ltd., an associate of the Parent, in February 2018. The Parent provides the customer with a contract performance guarantee regarding the delivery date and quality of the products supplied by OCI Vietnam Co., Ltd.

The Parent and POSCO Chemical Co., Ltd. signed an agreement under which the Parent will sell the specified quantity of the products produced for industrial use by P&O Chemical Co., Ltd. and its associates for three years.

(8) Derivatives

As of December 31, 2021, the Company has outstanding foreign currency forward contracts with several banks; the details are as follows:

Banks	Number of contracts	Selling amount		Buying amount	Contract rates
Shinhan Bank	1	USD	10,000,000	-	1,117.95
NH Bank	1	USD	10,000,000	-	1,120.34
KDB Bank	1	USD	10,000,000	-	1,120.35
Standard Chartered Bank Malaysia Berhad	1	USD	40,000,000	-	USD/MYR 4.2040
Total	4	USD	70,000,000	-	

(9) Contingent liability related to the disposal of soda ash

On December 31, 2003, for ecofriendly and clean plant, as well as Incheon regional development, the Parent reached an agreement with the Incheon Metropolitan City government, etc., related to the disposal of its soda ash by-products discontinued in 2004 before spin-off. The agreement included the work that the Parent reclaims by-products in the Incheon plant-owned reservoir and restores the area. The Parent has started work related to the disposal of by-products. The Parent has accounted for the estimated cost of this work as an allowance for restoration loss. The Company spun off its Incheon business segment on May 1, 2008, and DCRE Co., Ltd., a newly established company, succeeded in currently accounting the remaining allowance for restoration loss.

According to the spin-off agreement, the Parent has an obligation to reimburse disposal cost of soda ash by-products to DCRE Co., Ltd., an obligator, and therefore, the Parent has reimbursed such cost upon request of the obligor.

(10) Contingent liability related to the construction of power plant

OCI SE Co., Ltd., a subsidiary, commenced the construction of the power plants on September 30, 2013, with the contract of 'construction work of energy facilities in Saemangeum' with Doosan Heavy Industries & Construction. The contract was about the construction of the cogeneration plant within Saemangeum industrial complex by EPC turnkey, which included design, purchase, construction, etc., and the total contract amount was ₩458,500 million. In the first quarter of 2016, the construction of the power plant was completed, and as such, the subsidiary paid out all the amounts in due in accordance with the contract. However, Doosan Heavy Industries & Construction made a claim that the Company should be compensated for the additional construction expense. As of December 31, 2021, the relevant lawsuit filed by the attorney of Doosan Heavy Industries & Construction is outstanding at Gunsan Branch of Jeonju District Court, of which litigation amount is ₩44,579 million, and the result of the trial is not predictable at present.

(11) Contingent liability related to a patent-infringement lawsuit

In February 2017, Wacker Chemie AG, a German chemical company, filed a patent-infringement lawsuit against the Parent, seeking injunctions against patent infringement, disposal of silicon produced by using a method that infringes

the patents and ₩100 million of compensation. The Parent proved that it did not infringe the patent rights by providing sufficient and appropriate evidence. On November 1, 2019, The Seoul Central District Court ruled that Walker Chemie AG was defeated. On November 21, 2019, Wacker Chemie AG appealed the first trial ruling. As of December 31, 2021, the second trial is currently pending in the patent court and the result of the trial is not predictable at present.

(12) Contingent liability relating to the sale of OCI Solar San Antonio 6 LLC

In regard to the sale of OCI San Antonio 6 LLC, a subsidiary of OCI Solar Power LLC, the Company provides a guarantee agreement to OCI Solar Power LLC up to the sale price of USD 386,966,362 until 2027. Under the agreement, the Company guarantees compensation of damages arising from breach of contract, compensation for damages arising from poor performance of solar facility and compensation for tax losses in the event the investment tax credit cannot be claimed.

(13) Contingent liability relates to the sale of OCI Solar TRE Holding LLC

With regard to the sale of OCI Solar TRE Holding LLC, a subsidiary of OCI Solar Power LLC, the Company provides a guarantee agreement to the acquirer up to the sale price of USD 90,379,535 until 2027. Under the agreement, the Company guarantees compensation of damages arising from breach of contract and compensation for damages arising from poor performance of the solar facility.

(14) Contingent liability related to OCIM Sdn. Bhd.

The Parent has agreed to provide a contract performance guarantee to local electricity suppliers for the fulfillment of all of OCIM Sdn. Bhd.'s obligations under the electricity supply agreements. The guarantee provided is up to MYR 1,683,018,603.

(15) Contingent liability related DCRE Co., Ltd.

There is a possibility where additional costs may be incurred in the case of additional soil pollution noted for purifying the land owned by DCRE Co., Ltd., a subsidiary.

(16) Contingent liabilities related to the return of investment lawsuit

In September 2020, SGC Energy Co., Ltd. requested a petition for mediation with the Parent to pay ₩65,949,127,000 for unreturned investment due to the termination of the heat supply contract. In response, the Parent will actively clarify that there is no obligation to pay the above amount of money. As of December 31, 2021, the mediation is currently pending in the Seoul Central District Court and the result of the trial is not predictable at present.

(17) Contingent liability related to retirement benefit plan assets

On July 14, 2020, the Parent received a notification on the suspension of redemptions for certain retirement benefit plan assets of ₩8.1 billion (principal) whose maturity was July 31, 2020. As of December 31, 2021, the Parent has not retrieved the investment and has not received any clear reasons for the suspension of redemption and any handling plan. The Parent were informed of the decision to provide 40% of the principal to investors and received about ₩3.24 billion according to that procedure as of December 31, 2021.

23. SHAREHOLDERS' EQUITY:

(1) Capital and other contributed capital

The Parent is authorized to issue 100 million shares of common stock with a par value of ₩5,000 per share. The changes in capital and other contributed capital for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021			
	Common stock		Other contributed capital	
	Shares	Capital (*1)	Additional paid-in capital	Other capital surplus
Beginning balance	23,849,371	₩ 127,246,855	₩ 734,532,524	₩ 50,920,120
Gains sale treasury stock	-	-	-	8,718,852
Changes in equity of investments in joint ventures and associates	-	-	-	(187,727)
Ending balance	<u>23,849,371</u>	<u>₩ 127,246,855</u>	<u>₩ 734,532,524</u>	<u>₩ 59,451,245</u>

(*1) The total face value of the issued shares is ₩119,246,855 thousand, different from the paid-in capital due to profit taking.

	2020			
	Common stock		Other contributed capital	
	Shares	Capital (*1)	Additional paid-in capital	Other capital surplus
Beginning balance	23,849,371	₩ 127,246,855	₩ 734,532,524	₩ 50,909,572
Changes in equity of investments in joint ventures and associates	-	-	-	10,548
Ending balance	<u>23,849,371</u>	<u>₩ 127,246,855</u>	<u>₩ 734,532,524</u>	<u>₩ 50,920,120</u>

(*1) The total face value of the issued shares is ₩119,246,855 thousand, different from the paid-in capital due to profit taking.

(2) Retained earnings

Details of retained earnings as of December 31, 2021 and 2020, are as follows (Korean won in thousands):

	December 31, 2021	December 31, 2020
Legal reserve (*1)	₩ 37,295,156	₩ 39,215,356
Voluntary earned reserve	938,212,971	1,194,364,355
Revaluation reserve (*2)	415,932,404	415,932,404
Remeasurement factor on a defined benefit plan	(59,865,711)	(49,979,373)
Unappropriated retained earnings	761,085,852	(144,689,290)
Total	<u>₩ 2,092,660,672</u>	<u>₩ 1,454,843,452</u>

(*1) All legal reserve is earned as surplus reserve. Under the Korean Commercial Law, the Company is required to appropriate at least 10% of cash dividends declared each year to legal reserve until such reserve equals 50% of capital stock. This reserve may only be used to offset against future deficit, if any, or may be transferred to capital stock.

(*2) Revaluation reserve is the sum of ₩21,895,743 thousand that existed before January 1, 1982, and ₩405,416,941 thousand, the balance after subtraction of the payment of revaluation of asset tax from ₩417,958,834, which is the amount revaluated on January 1, 1996, excluding ₩10,764,215 thousand, which is the amount transferred to capital stock in 1996, and ₩616,065 thousand, which is the reduced balance from revaluation of assets due to assets being sold within a year.

(3) Other components of capital

Details of other components of equity as of December 31, 2021 and 2020, are as follows (Korean won in thousands):

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Acquisition of treasury stock (*1)	₩ -	₩ (7,007,798)
Translation gain (loss) on overseas operation	59,590,309	(19,503,459)
Losses on valuation of financial assets measured at FVTOCI (*2)	(2,289,467)	-
Changes in equity of investments in joint ventures and associates	211,840	9,879
Total	<u>₩ 57,512,682</u>	<u>₩ (26,501,378)</u>

(*1) All treasury stocks after terminating the trust contract were exchanged for common stocks of Kumho Petrochemical Co., Ltd. (298,900 shares) on December 16, 2021.

(*2) The Parent acquired 171,847 shares of Kumho Petrochemical Co., Ltd. to strengthen strategic business partnerships and classified that as a financial assets measured at FVTOCI.

24. SALES:

Details of sales for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	<u>2021</u>	<u>2020</u>
Sales recorded at a point in time:		
Sales of finished goods	₩ 2,830,790,703	₩ 1,795,350,400
Sales of merchandise	138,091,226	164,358,777
Outsourcing revenue	36,101,107	27,412,604
Other revenue	14,170,465	-
Sales recorded over time:		
Sales of real estate	214,023,338	-
Rental income	4,482,494	4,359,519
Service revenue	4,872,696	4,682,743
Other revenue	1,464,723	6,352,735
Total	<u>₩ 3,243,996,752</u>	<u>₩ 2,002,516,778</u>

25. COST OF SALES AND SELLING AND ADMINISTRATIVE EXPENSES:

(1) Details of cost of sales for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021	2020
Cost of finished goods (*1)(*2)	₩ 2,022,907,856	₩ 1,688,885,125
Cost of merchandise	115,189,257	150,562,550
Cost of outsourcing (*1)	28,920,378	25,405,741
Cost of real estate sales	162,257,287	-
Cost of rental income	4,414,437	4,040,323
Cost of service	2,966,498	3,817,819
Others	1,199,966	1,283,861
Total	<u>₩ 2,337,855,679</u>	<u>₩ 1,873,995,419</u>

(*1) The Company sold the freely allocated allowances owned by the Parent and deducted ₩25,573,977 thousand from the cost of finished goods and ₩58,218 thousand from the cost of outsourcing and sold the freely allocated allowances owned by OCI SE Co., Ltd. and deducted ₩1,288,871 thousand from the cost of finished goods for the year ended December 31, 2021. The Company added ₩617,865 thousand from the cost of finished goods by measuring insufficient emission rights for the year ended December 31, 2021.

(*2) The Company sold the freely allocated allowances owned by the Parent and deducted ₩2,216,515 thousand from cost of finished goods, ₩9,774 thousand from cost of outsourcing and sold freely allocated allowances owned by OCI SE Ltd. and deducted ₩ 19,506,871 thousand from the cost of finished goods for the year ended December 31, 2020.

(2) Details of selling and administrative expenses for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021	2020
Payroll	₩ 56,354,019	₩ 53,125,089
Retirement benefits	5,978,286	12,921,752
Welfare expenses	8,138,978	7,732,728
Travel and transportation expenses	908,415	946,214
Depreciation	7,479,521	7,663,081
Amortization of intangible assets	3,373,925	3,468,341
Research and development	23,912,272	22,353,336
Commission	14,253,996	13,415,465
Freight	79,849,346	56,960,245
Sales expenses	49,985,173	9,425,935
Bad debt expenses (reversal)	(903,700)	(3,037,384)
Others	30,825,907	29,691,632
Total	<u>₩ 280,156,138</u>	<u>₩ 214,666,434</u>

(3) Details of expenses classified according to the nature for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021	2020
Changes in inventories of finished goods and work in process	₩ (38,756,354)	₩ 62,568,694
Raw materials and utilities used	1,801,282,953	1,324,074,362
Sales of merchandise	213,907,512	226,069,379
Cost of real estate sales	201,133,616	-
Other costs	37,111,917	33,171,895
Employee benefits	206,012,177	247,121,942
Depreciation and amortization	135,834,954	138,260,311
Freight	83,746,899	61,013,999
Sales commission and other commissions	107,569,180	37,619,434
Others	59,624,910	66,076,793
Subtotal	<u>2,807,467,764</u>	<u>2,195,976,809</u>
Consolidation adjustment	<u>(189,455,947)</u>	<u>(107,314,956)</u>
Total	<u>₩ 2,618,011,817</u>	<u>₩ 2,088,661,853</u>

26. OTHER INCOME AND EXPENSE:

- (1) Details of financial income for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021	2020
Interest income	₩ 8,597,415	₩ 11,307,483
Dividend income	1,889	393,094
Gain on valuation of financial assets measured at FVTPL	157,505	17,758,108
Gain on disposal of financial assets measured at FVTPL	2,829,758	10,095,543
Gain on foreign currency transactions	31,987,404	26,975,759
Gain on foreign currency translation	4,681,482	16,819,515
Gain on derivative transactions	1,372,079	5,687,273
Gain on valuation of derivatives	73,723	301,483
Total	₩ 49,701,255	₩ 89,338,258

- (2) Details of financial expense for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021	2020
Interest expense	₩ 35,957,096	₩ 47,506,901
Loss on valuation of financial assets measured at FVTPL	340,049	-
Loss on disposal of financial assets measured at FVTPL	7,134,133	1,071,087
Loss on foreign currency transactions	28,879,657	29,221,411
Loss on foreign currency translation	6,334,136	9,004,673
Loss on derivative transactions	1,515,624	7,207,610
Loss on valuation of derivatives	2,021,285	370,224
Others	705,511	608,749
Total	₩ 82,887,491	₩ 94,990,655

- (3) Details of other non-operating income for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021	2020
Gain on disposal of property, plant and equipment	₩ 294,506	₩ 7,736,436
Gain on disposal of intangible assets	-	36,364
Gain on disposal of investment property (*1)	-	11,089,272
Reversal of impairment loss on property, plant and equipment	145,991	2,782,303
Reversal of impairment loss on intangible assets	542,509	76,435
Bad debt reversal	-	2,733
Gain on termination of a contract	3,731,187	-
Gain from liabilities exempted	-	651
Gain on disposal of investment in associates	7,060	571,554
Gain on disposal of investment in subsidiaries	253,296	-
Others	12,490,394	9,883,118
Total	₩ 17,464,943	₩ 32,178,866

- (*1) The Company disposed land and buildings related to Gangnam Building for the year ended December 31, 2020 (refer to Note 13).

- (4) Details of other non-operating expense for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021	2020
Other bad debt expense	₩ 1,237,811	₩ 4,840,406
Loss from inventory shortages	4,133	51,767
Impairment loss on property, plant and equipment (*1)	2,511,776	263,018,360
Impairment loss on intangible assets (*2)	-	2,409,264
Impairment loss on other asset	3,433,248	-
Impairment loss on assets held for sale	-	463,111
Loss on disposal of property, plant and equipment	2,443,074	2,365,885
Loss on disposal of intangible assets	23,218	44,503
Restoration costs	-	1,390,448
Donations	842,127	338,938
Others	4,782,567	22,942,509
Total	<u>₩ 15,277,954</u>	<u>₩ 297,865,191</u>

- (*1) For the year ended December 31, 2020, as a result of reviewing some of the polysilicon production facilities at the Gunsan plant, which was decided to discontinue production on February 11, 2020, and the facilities that were included in the assets under construction due to the announcement of withdrawal of investment on May 3, 2016, by the Parent, based on the changed business environment. Since the recoverable amount is significantly less than the carrying amount, an impairment loss amount of ₩245,436,903 thousand is included. OCI China Co., Ltd., a subsidiary, recognized ₩7,720,083 thousand as an impairment loss on property, plant and equipment due to signs of asset damage in the business of its subsidiaries, Tangshan OCI Chemical Co., Ltd. and Shandong OCI Co., Ltd.
- (*2) The Parent recognized an impairment loss of ₩2,368,915 thousand for the related development costs due to the decision to discontinue the business for the year ended December 31, 2020.

27. INCOME TAX BENEFIT AND DEFERRED TAX ASSETS (LIABILITIES):

- (1) Composition of income tax benefit for the years ended December 31, 2021 and 2020, is as follows (Korean won in thousands):

	2021	2020
(1) Current income tax expense (benefit):	₩ 4,552,014	₩ (16,107,676)
Current income tax payable (receivable)	4,554,044	(522,847)
Income tax for the past-period adjustments recognized in the current period	(2,030)	(15,584,829)
(2) Deferred tax benefit:	(45,167,480)	(83,798,607)
Changes in temporary differences	(45,167,480)	(83,798,607)
(3) Income tax reflected in other comprehensive income:	454,714	916,595
Financial assets measured at FVTOCI	721,009	-
Gain on disposal of Acquisition of treasury stocks	(2,745,779)	-
Remeasurement factor on defined benefit plans	2,479,484	916,595
(4) Total income tax benefit ((1)+(2)+(3))	₩ (40,160,752)	₩ (98,989,688)
Income tax benefit from continuing operations	(40,174,703)	(98,989,688)
Income tax expense from discontinued operations	13,951	-

- (2) Reconciliation between loss before income tax benefit and income tax benefit of the Company is as follows (Korean won in thousands):

	2020	2020
Income (loss) before income tax benefit:	₩ 611,915,081	₩ (350,153,735)
Income (loss) from continuing operations before income tax benefit	611,952,710	(350,121,277)
Income (loss) from discontinued operations before income tax benefit	(37,629)	(32,458)
Tax expense (benefit) calculated on book income (*1)	127,667,668	(84,004,318)
Adjustments:		
Non-taxable income	(695,589)	(3,681,744)
Non-deductible expense	1,436,844	2,397,045
Effect of tax credit and exemptions	(3,019,789)	-
Income tax for the past-period adjustments recognized in the current period	(61,737)	(15,584,829)
Effect of unrecognized temporary difference recognized in the current period	(170,080,260)	(6,482,559)
Effect of unrecognized deferred income tax assets	5,033,787	6,832,799
Others	(441,676)	1,533,918
Income tax benefit	₩ (40,160,752)	₩ (98,989,688)
Income tax benefit from continuing operations	(40,174,703)	(98,989,688)
Income tax expense from discontinued operations	13,951	-

(*1) Sum of tax amounts by the Parent and subsidiaries, according to the applicable tax rates.

- (3) Income tax directly reflected in equity for the years ended December 31, 2021 and 2020, is as follows (Korean won in thousands):

	2021	2020
Other contributed capital:		
Gain on disposal of Acquisition of treasury stocks	₩ (2,745,779)	₩ -
Other components of capital:		
Loss on valuation of financial assets measured at FVTOCI	721,009	-
Retained earnings:		
Remeasurement factor on defined benefit plans	2,479,484	916,595
Income tax directly adjusted in equity	₩ 454,714	₩ 916,595

- (4) Changes in deferred tax assets (liabilities) for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021				
	Beginning balance	Net income	Adjusted in equity	Effect of foreign currency translation	Ending balance
Loss allowance	₩ 3,948,542	₩ (212,891)	₩ -	₩ 2,054	₩ 3,737,705
Depreciation	(43,217,139)	3,356,148	-	(1,279,234)	(41,140,225)
Amortization of intangible assets	5,080,412	(627,953)	-	106,524	4,558,983
Retirement benefit obligation	1,776,476	(4,163,149)	2,479,484	1,294	94,105
Gain (loss) on valuation of financial assets measured at FVTPL	(53,084)	53,259	-	-	175
Gain (loss) on valuation of financial assets measured at FVTOCI	-	-	721,009	-	721,009
Gain (loss) on valuation of derivatives instruments	(64,715)	541,940	-	-	477,225
Advance depreciation provision	(173,693,861)	(145,168)	-	-	(173,839,029)
Financial assets measured at FVTPL	367,481	415,682	-	-	783,163
Joint ventures and associates	(3,023,943)	(4,674,886)	-	(19,782)	(7,718,611)
Securities	177,912,382	3,340,576	-	-	181,252,958
Land	17,406,801	(350,130)	-	-	17,056,671
Accrued expenses	(2,423,768)	(716,329)	-	(79,500)	(3,219,597)
Impairment loss on property, plant and equipment and intangible assets	323,807,412	(18,679,145)	-	778,578	305,906,845
Accumulated tax deficit	59,803,136	(4,409,562)	-	56,158	55,449,732
Carried forward tax credit	24,034,093	76,475,394	-	357,932	100,867,419
Others	31,385,203	(8,106,961)	-	(53,862)	23,224,380
Total	₩ 423,045,428	₩ 42,096,825	₩ 3,200,493	₩ (129,838)	₩ 468,212,908
Deferred tax assets	₩ 427,190,167				₩ 473,769,709
Deferred tax liabilities	₩ (4,144,739)				₩ (5,556,801)

	2020				
	Beginning balance	Net income	Adjusted in equity	Effect of foreign currency translation	Ending balance
Loss allowance	₩ 3,997,329	₩ (46,369)	₩ -	₩ (2,418)	₩ 3,948,542
Depreciation	(44,720,015)	(2,133,266)	-	3,636,142	(43,217,139)
Amortization of intangible assets	6,174,942	(768,599)	-	(325,931)	5,080,412
Retirement benefit obligation	2,475,938	(1,610,231)	916,595	(5,826)	1,776,476
Gain (loss) on valuation of financial assets measured at FVTPL	3,524,374	(3,577,458)	-	-	(53,084)
Gain (loss) on valuation of derivatives instruments	(286,281)	221,566	-	-	(64,715)
Advance depreciation provision	(176,400,093)	2,706,232	-	-	(173,693,861)
Financial assets measured at FVTPL	914,533	(547,052)	-	-	367,481
Joint ventures and associates	(2,418,482)	(662,253)	-	56,792	(3,023,943)
Securities	179,919,751	(2,007,369)	-	-	177,912,382
Land	16,669,053	737,748	-	-	17,406,801
Accrued expenses	(2,340,387)	(271,729)	-	188,348	(2,423,768)
Impairment loss on property, plant and equipment and intangible assets	283,174,980	42,977,615	-	(2,345,183)	323,807,412
Accumulated tax deficit	41,073,321	18,826,503	-	(96,688)	59,803,136
Carried forward tax credit	7,466,090	17,605,956	-	(1,037,953)	24,034,093
Others	20,021,768	11,238,576	-	124,859	31,385,203
Total	₩ 339,246,821	₩ 82,689,870	₩ 916,595	₩ 192,142	₩ 423,045,428
Deferred tax assets	₩ 339,803,608				₩ 427,190,167
Deferred tax liabilities	₩ (556,787)				₩ (4,144,739)

- (5) As of December 31, 2021 and 2020, temporary differences not recognized as deferred tax assets (liabilities) are as follows (Korean won in thousands):

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Deductible temporary differences:		
Unabsorbed capital allowances	₩ 3,023,308,822	₩ 3,508,603,583
Property, plant and equipment, etc.	417,851,327	520,300,644
Deficit on tax	343,266,221	328,398,041
Investments in subsidiaries	153,637,898	175,547,104
Taxable temporary differences:		
Investments in subsidiaries	(809,777,805)	(268,115,947)

Tax-exempt investment income arose from the investments in facility construction of OCIM Sdn. Bhd., a subsidiary, and ELPION Silicon Sdn. Bhd. The Company did not recognize the deferred tax asset because it is not probable that the asset, taking into account the expected future taxable income, will be realized in the foreseeable future.

The temporary differences related to property, plant and equipment comprise deductible impairment loss and depreciation expenses incurred on such assets of OCIM Sdn. Bhd. and ELPION Silicon Sdn. Bhd. The Company did not recognize the deferred tax asset because it is not probable that the asset, taking into account the expected future taxable income, will be realized in the foreseeable future.

With regard to the unused tax deficit of OCIM Sdn. Bhd., a subsidiary, and ELPION Silicon Sdn. Bhd., the Company did not recognize the deferred tax asset because it is not probable that the asset, taking into account the expected future taxable income, will be realized in the foreseeable future. With regard to the tax deficit of DCRE Co., Ltd., a subsidiary, the Company did not recognize the deferred tax asset because the tax deficit occurred prior to the introduction of consolidated taxation system.

Deferred tax assets (liabilities) are not recognized for taxable temporary differences associated with investments in subsidiaries, since the Parent 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.

28. EARNINGS (LOSS) PER SHARE:

(1) Controlling interests' basic net income (loss) per share from continuing operations and discontinued operations

Controlling interests' basic net income (loss) per share for the years ended December 31, 2021 and 2020, is calculated as follows (Korean won):

	2021	2020
Net income (loss) on owners of the Parent	₩ 647,647,564,537	₩ (246,150,678,002)
Weighted-average number of common shares outstanding	23,648,157	23,711,517
Net income (loss) on owners of the Parent per share	₩ 27,387	₩ (10,381)

The weighted-average number of common shares outstanding for the years ended December 31, 2021 and 2020, is calculated as follows:

	2021		
	Number of shares issued	Number of days outstanding	Weighted-average number of shares
January 1, 2021	23,648,157	365	8,631,577,197
Weighted total	23,648,157	365	8,631,577,197

The weighted-average number of common stocks is calculated by weighted average of the number of issued stocks by the distribution period, and treasury stocks held from the time of acquisition to the time of disposal are not included in the number of ordinary shares sold.

	2020		
	Number of shares issued	Number of days outstanding	Weighted-average number of shares
January 1, 2020	23,711,517	366	8,678,415,343
Weighted total	23,711,517	366	8,678,415,343

The weighted-average number of common stocks is calculated by weighted average of the number of issued stocks by the distribution period, and treasury stocks held from the time of acquisition to the time of disposal are not included in the number of ordinary shares sold.

(2) Controlling interests' diluted net income (loss) per share from continuing operations and discontinued operations

Controlling interests' diluted net income (loss) per share from continuing operations and discontinued operations for the years ended December 31, 2021 and 2020, is the same as the controlling interests' basic net income (loss) per share from continuing operations and discontinued operations because the Parent does not have any potential ordinary shares.

(3) Controlling interests' basic net income (loss) per share from continuing operations

	2021	2020
Net income (loss) on owners of the Parent	₩ 647,687,833,052	₩ (246,150,678,002)
Weighted-average number of common shares outstanding	23,648,157	23,711,517
Net income (loss) on owners of the Parent per share	₩ 27,389	₩ (10,381)

The weighted-average number of common shares outstanding for the years ended December 31, 2021 and 2020, is calculated as follows:

	2021		
	Number of shares issued	Number of days outstanding	Weighted-average number of shares
January 1, 2021	23,648,157	365	8,631,577,197
Weighted total	23,648,157	365	8,631,577,197

The weighted-average number of common stocks is calculated by weighted average of the number of issued stocks by the distribution period, and treasury stocks held from the time of acquisition to the time of disposal are not included in the number of ordinary shares sold.

	2020		
	Number of shares issued	Number of days outstanding	Weighted-average number of shares
January 1, 2020	23,711,517	366	8,678,415,343
Weighted total	23,711,517	366	8,678,415,343

The weighted-average number of common stocks is calculated by weighted average of the number of issued stocks by the distribution period, and treasury stocks held from the time of acquisition to the time of disposal are not included in the number of ordinary shares sold.

(4) Controlling interests' diluted net income (loss) per share from continuing operations

Controlling interests' diluted net income (loss) per share from continuing operations for the years ended December 31, 2021 and 2020, is the same as the controlling interests' basic net income (loss) per share from continuing operations because the Parent does not have any potential ordinary shares.

29. TRANSACTIONS WITH RELATED PARTIES:

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

	<u>Name of companies</u>
Joint ventures and associates	OCI-Ferro Co., Ltd., Heang Bok Do Si Photovoltaic Power Generation Co., Ltd., HYUNDAI OCI Co., Ltd., Sun Action Trackers LLC., BNO BIO Co, Ltd., SN BioScience Inc., Philko Peroxide Corporation., Philko-Chem Logistics, Inc. and P&O Chemical Co., Ltd.
Others (*1)	UNID Global Corporation, UNID Co., Ltd. and UNID LED Co., Ltd.,
Others (*1, *2)	SGC Energy Co., Ltd., SGC eTEC E&C Co., Ltd., SGC Solutions Co., Ltd., SGC Green Power Co., Ltd. and SGC Development Co., Ltd.

(*1) Others are not subject to related parties as defined in Paragraph 9 of K-IFRS 1024 'Related Parties.' However, transactions between such entries are classified as transactions between the Company and the related parties due to Securities & Futures Commission's decision that transaction between the groups of large-scale interrelated enterprises, which was designated by Fair Trade Commission.

(*2) Due to the split merger for the year ended December 31, 2020, others have been changed as follows: eTEC E&C Limited changed its name to SGC eTEC E&C Co., Ltd. Gunjang Energy Co., Ltd. was merged into the Sam Kwang Glass Co., Ltd. SGC Solutions Co., Ltd. was newly established as a result of split off from Sam Kwang Glass Co., Ltd. Samkwang Glass Co., Ltd. absorbed and merged Gunjang Energy Co., Ltd. and the investment sector of eTEC E&C Limited and changed its name to SGC Energy Co., Ltd. SMG Energy Co., Ltd. changed its name to SGC Green Power Co., Ltd., and SG Development Co., Ltd. changed its name to SGC Development Co., Ltd.

- (2) Transactions between the Company and related parties for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands). Transactions between the Company have been removed and are not disclosed:

1) Sales transaction and others in 2021

	<u>Sales</u>	<u>Other revenue</u>	<u>Total</u>
Joint ventures and associates:			
OCI-Ferro Co., Ltd.	₩ 470,281	₩ 5,765	₩ 476,046
Heang Bok Do Si Photovoltaic Power Generation Co., Ltd.	3,175	-	3,175
HYUNDAI OCI Co., Ltd.	21,363,654	-	21,363,654
Philko Peroxide Corporation	2,713,395	27,694	2,741,089
Philko-Chem Logistics, Inc.	683,590	-	683,590
BNO BIO Co., Ltd.	26,184	-	26,184
P&O Chemical Co., Ltd.	1,418,282	97,761	1,516,043
Others:			
UNID Global Corporation (*1)	128,609,920	-	128,609,920
UNID Co., Ltd.	395,217	-	395,217
SGC Energy Co., Ltd.	40,978	3,179,002	3,219,980
SGC eTEC E&C Co., Ltd.	146,492	-	146,492
SGC Solutions Co., Ltd.	6,144,112	-	6,144,112
SGC Green Power Co., Ltd.	21,200	-	21,200
Total	<u>₩ 162,036,480</u>	<u>₩ 3,310,222</u>	<u>₩ 165,346,702</u>

(*1) In accordance with the K-IFRS 1115 'Principal versus agent considerations,' sales transactions with UNID Global Corporation are recognized as a net amount, but major transactions on this note are presented as total.

2) Purchase transaction and others in 2021

	Purchase of merchandise and raw materials		Other expense		Total	
Joint ventures and associates:						
HYUNDAI OCI Co., Ltd.	₩	17,719,878	₩	-	₩	17,719,878
P&O Chemical Co., Ltd.		-		2,118		2,118
Others:						
UNID Global Corporation		21,644,108		-		21,644,108
UNID Co., Ltd.		1,914,567		-		1,914,567
SGC Energy Co., Ltd.		-		28,498,308		28,498,308
SGC Solutions Co., Ltd.		-		61,310		61,310
Total	₩	41,278,553	₩	28,561,736	₩	69,840,289

3) Sales transaction and others in 2020

	Sales		Other revenue		Total	
Joint ventures and associates:						
OCI-Ferro Co., Ltd.	₩	91,268	₩	791	₩	92,059
HYUNDAI OCI Co., Ltd.		11,530,906		-		11,530,906
Philko Peroxide Corporation		1,791,642		2,379		1,794,021
Philko-Chem Logistics, Inc.		422,581		-		422,581
BNO BIO Co., Ltd.		26,184		-		26,184
P&O Chemical Co., Ltd.		1,767,572		9,479,511		11,247,083
Others:						
Sam Kwang Glass Co., Ltd.		4,485,433		-		4,485,433
UNID Global Corporation (*1)		102,928,810		-		102,928,810
eTEC E&C Limited		162,753		-		162,753
Gunjang Energy Co., Ltd.		25,673		1,978,137		2,003,810
UNID Co., Ltd.		456,811		-		456,811
SMG Energy Co., Ltd.		17,200		-		17,200
SGC Solutions Co., Ltd.		813,283		-		813,283
SGC eTEC E&C Co., Ltd.		40,967		-		40,967
SGC Green Power Co., Ltd.		200		-		200
SGC Energy Co., Ltd.		1,720		425,280		427,000
Total	₩	124,563,003	₩	11,886,098	₩	136,449,101

(*1) In accordance with the K-IFRS 1115 'Principal versus agent considerations,' sales transactions with UNID Global Corporation are recognized as a net amount, but major transactions on this note are presented as total.

4) Purchase transaction and others in 2020

	Purchase raw materials		Other expense		Total	
Joint ventures and associates:						
HYUNDAI OCI Co., Ltd.	₩	11,630,566	₩	-	₩	11,630,566
Others:						
Sam Kwang Glass Co., Ltd.		-		41,575		41,575
UNID Global Corporation		17,073,244		-		17,073,244
Gunjang Energy Co., Ltd.		-		23,028,553		23,028,553
UNID Co., Ltd.		1,811,627		-		1,811,627
SGC Solutions Co., Ltd.		-		9,062		9,062
SGC Energy Co., Ltd.		-		4,329,865		4,329,865
Total	₩	30,515,437	₩	27,409,055	₩	57,924,492

- (3) Receivables and payables between the Company and related parties as of December 31, 2021 and 2020, are as follows (Korean won in thousands). Transactions between the Company have been removed and comments are not disclosed:

1) Accounts receivable and others as of December 31, 2021

	Accounts receivable	Other accounts receivable	Total
Joint ventures and associates:			
OCI-Ferro Co., Ltd.	₩ 71,718	₩ -	₩ 71,718
Heang Bok Do Si Photovoltaic Power Generation Co., Ltd.	3,493	-	3,493
HYUNDAI OCI Co., Ltd.	803,799	-	830,799
Philko Peroxide Corporation	740,826	4,505	745,331
Philko-Chem Logistics, Inc.	176,047	-	176,047
BNO BIO Co., Ltd.	2,400	-	2,400
P&O Chemical Co., Ltd.	274,271	923	275,194
Others:			
UNID Global Corporation	14,349,413	-	14,349,413
UNID Co., Ltd. (*1)	45,972	-	45,972
SGC Energy Co., Ltd. (*2)	938	130,548	131,486
SGC eTEC E&C Co., Ltd. (*3)	9,801	-	9,801
SGC Solutions Co., Ltd.	2,021,666	-	2,021,666
SGC Green Power Co., Ltd.	220	-	220
Total	<u>₩ 18,500,564</u>	<u>₩ 135,976</u>	<u>₩ 18,636,540</u>

(*1) The Company signed a real estate purchase contract with UNID Co., Ltd. and paid ₩91,106,832 thousand out of the total sales of ₩91,106,832 thousand and completed acquisition as of December 31, 2021.

(*2) The Company signed a real estate purchase contract with SGC Energy Co., Ltd. and paid ₩110,000,000 thousand out of the total sales of ₩110,000,000 thousand and completed acquisition as of December 31, 2021.

(*3) The Company signed a real estate purchase contract with SGC eTEC E&C Co., Ltd. and paid ₩88,942,000 thousand out of the total sales of ₩88,942,000 thousand and completed acquisition as of December 31, 2021.

2) Accounts payable and others as of December 31, 2021

	Accounts payable	Other accounts payable	Total
Joint ventures and associates:			
HYUNDAI OCI Co., Ltd	₩ 36,858,570	₩ 22,032	₩ 36,880,602
P&O Chemical Co., Ltd.	-	517,962	517,962
Others:			
UNID Global Corporation	11,740,607	231,880	11,972,487
UNID Co., Ltd.	533,148	-	533,148
SGC Energy Co., Ltd.	-	2,566,994	2,566,994
SGC Solutions Co., Ltd.	-	5,620	5,620
Total	<u>₩ 49,132,325</u>	<u>₩ 3,344,488</u>	<u>₩ 52,476,813</u>

3) Accounts receivable and others as of December 31, 2020

	Accounts receivable	Other accounts receivable	Total
Joint ventures and associates:			
HYUNDAI OCI Co., Ltd.	₩ 666,555	₩ -	₩ 666,555
Philko Peroxide Corporation	388,057	-	388,057
Philko-Chem Logistics, Inc.	53,856	-	53,856
BNO BIO Co., Ltd.	2,400	-	2,400
P&O Chemical Co., Ltd.	131,901	-	131,901
OCI-Ferro Co., Ltd.	5,736	-	5,736
Others:			
SGC Solutions Co., Ltd.	1,320,615	-	1,320,615
UNID Global Corporation	20,344,666	-	20,344,666
SGC eTEC E&C Co., Ltd. (*1)	15,812	24,093,964	24,109,776
SGC Energy Co., Ltd. (*2)	950	35,234,234	35,235,184
UNID Co., Ltd. (*3)	38,726	47,552,000	47,590,726
SGC Green Power Co., Ltd.	110	-	110
Total	₩ 22,969,384	₩ 106,880,198	₩ 129,849,582

(*1) The Company signed a real estate purchase contract with SGC eTEC E&C Co., Ltd. and paid ₩24,000,000 thousand out of the total sales of ₩88,942,000 thousand for the year ended December 31, 2020.

(*2) The Company signed a real estate purchase contract with SGC Energy Co., Ltd. and paid ₩35,000,000 thousand out of the total sales of ₩110,000,000 thousand for the year ended December 31, 2020.

(*3) The Company signed a real estate purchase contract with UNID Co., Ltd. and paid ₩47,552,000 thousand out of the total sales of ₩91,106,832 thousand for the year ended December 31, 2020.

4) Accounts payable and others as of December 31, 2020

	Accounts payable	Other accounts payable	Total
Joint ventures and associates:			
HYUNDAI OCI Co., Ltd	₩ 23,146,732	₩ 30,381	₩ 23,177,113
Others:			
SGC Solutions Co., Ltd.	-	5,878	5,878
UNID Global Corporation	6,095,967	148,440	6,244,407
SGC eTEC E&C Co., Ltd.	-	26,269	26,269
SGC Energy Co., Ltd.	-	2,344,402	2,344,402
UNID Co., Ltd.	364,808	-	364,808
Total	₩ 29,607,507	₩ 2,555,370	₩ 32,162,877

(4) There are no loans and borrowing transactions between the Company and related parties for the years ended December 31, 2021 and 2020.

(5) Compensation to management

The Parent recorded payroll of ₩3,001,954 thousand and provision for severance indemnities of ₩809,788 thousand as compensation for the key management of the Parent for year ended December 31, 2021.

(6) Guarantees provided to related parties

As of December 31, 2021, there are no guarantees provided to related parties. However, the entire shares of Heang Bok Do Si Photovoltaic Power Generation Co., Ltd. are pledged as collateral for the borrowings.

(7) Equity transactions between the Company and related parties for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	December 31, 2021	December 31, 2020	
SGC Energy Co., Ltd.	-	35,000,000	The Company received common stocks of SGC Development Co., Ltd. from SGC Energy Co., Ltd. as a collateral and the collateral limit amount is ₩42,000,000 thousand. The collateral was released as real estate acquisition was completed for the year ended December 31, 2021.
UNID Co., Ltd.	-	76,084,000	The Company received land and buildings from UNID Co., Ltd. as a collateral and the collateral limit amount is ₩91,300,800 thousand. The collateral was released as real estate acquisition was completed for the year ended December 31, 2021.

(8) Equity transactions between the Company and related parties for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021	2020
Paid-in capital increase and capital investment		
P&O Chemical Co., Ltd.	₩ 25,921,000	₩ 14,700,000
Total	₩ 25,921,000	₩ 14,700,000

(9) Supplemental fund to related parties

Details of supplemental fund to subsidiaries and associates by the Company as of December 31, 2021 and 2020, are as follows (Korean won in thousands):

Company	Guarantees institution	December 31, 2021	December 31, 2020	Purpose
HYUNDAI OCI Co., Ltd.	KDB Bank and others	₩ 160,000,000	₩ 160,000,000	Supplemental fund

30. FINANCIAL INSTRUMENTS:

(1) Categories of financial instruments as of December 31, 2021, are as follows (Korean won in thousands):

	Account	December 31, 2021
Financial assets measured at FVTPL	Current derivative assets	₩ 75,798
	Short-term financial instruments	391,651,547
	Long-term financial assets	28,964,933
Financial assets measured at FVTOCI	Long-term financial instruments	28,526,602
Financial assets measured at amortized cost	Cash and cash equivalents	698,696,135
	Trade and other accounts receivable	553,037,117
	Long-term trade and other accounts receivable	2,856,945
	Short-term financial instruments	11,694,578
	Long-term financial assets	5,001,329
	Total	<u>₩ 1,720,504,984</u>
Financial liabilities measured at FVTPL	Current derivative liabilities	₩ 2,021,285
	Short-term financial liabilities	574,171,441
Financial liabilities measured at amortized cost	Trade and other accounts payable	412,017,739
	Long-term financial liabilities	1,233,217,539
	Long-term trade and other accounts payable	21,744,171
	Total	<u>₩ 2,243,172,175</u>

Categories of financial instruments as of December 31, 2020, are as follows (Korean won in thousands):

	Account	December 31, 2020
Financial assets measured at FVTPL	Current derivative assets	₩ 301,483
	Short-term financial instruments	183,478,428
	Long-term financial assets	19,321,690
Financial assets measured at amortized cost	Cash and cash equivalents	443,551,390
	Trade and other accounts receivable	329,259,301
	Long-term trade and other accounts receivable	27,741,630
	Short-term financial instruments	11,190,730
	Long-term financial assets	49,049,745
	Total	<u>₩ 1,063,894,397</u>
Financial liabilities measured at FVTPL	Current derivative liabilities	₩ 710,654
	Short-term financial liabilities	539,415,156
Financial liabilities measured at amortized cost	Trade and other accounts payable	270,892,465
	Long-term financial liabilities	1,118,677,529
	Long-term trade and other accounts payable	24,327,977
	Total	<u>₩ 1,954,023,781</u>

- (2) Fair values of financial instruments as of December 31, 2021 and 2020, are as follows (Korean won in thousands):

	December 31, 2021		December 31, 2020	
	Carrying amounts	Fair value	Carrying amounts	Fair value
Financial assets:				
Cash and cash equivalents	₩ 698,696,135	₩ 698,696,135	₩ 443,551,390	₩ 443,551,390
Short-term financial assets	403,346,125	403,346,125	194,669,158	194,669,158
Trade and other accounts receivable	553,037,117	553,037,117	329,259,301	329,259,301
Current derivative assets	75,798	75,798	301,483	301,483
Long-term financial assets	62,492,864	62,492,864	68,371,435	68,371,435
Long-term trade and other accounts receivable	2,856,945	2,856,945	27,741,630	27,741,630
Total	₩ 1,720,504,984	₩ 1,720,504,984	₩ 1,063,894,397	₩ 1,063,894,397
Financial liabilities:				
Short-term financial liabilities	₩ 574,171,441	₩ 574,171,441	₩ 539,415,156	₩ 539,415,156
Trade and other accounts payable	412,017,739	412,017,739	270,892,465	270,892,465
Current derivative liabilities	2,021,285	2,021,285	710,654	710,654
Long-term financial liabilities	1,233,217,539	1,233,217,539	1,118,677,529	1,118,677,529
Long-term trade and other accounts payable	21,744,171	21,744,171	24,327,977	24,327,977
Total	₩ 2,243,172,175	₩ 2,243,172,175	₩ 1,954,023,781	₩ 1,954,023,781

Meanwhile, carrying amounts of other financial assets and financial liabilities measured at amortized cost are regarded as the nearest amounts of fair values.

- (3) Restricted financial instruments as of December 31, 2021 and 2020, are as follows (Korean won in thousands):

	December 31,	December 31,	Restriction
	2021	2020	
Cash and cash equivalents	₩ 167,140,082	₩ 63,703,086	Pledged as collateral for borrowings
Short-term financial instruments	11,690,078	11,063,480	Pledged as collateral for foreign currency transactions
Short-term financial instruments	40,000,000	-	Collateral deposit
Long-term financial instruments	-	40,000,000	Collateral deposit
Long-term financial instruments	13,500	13,500	Checking account deposits, etc.
Long-term financial instruments	3,852,875	7,896,745	Collateral deposits, etc.

(4) Financial income and expense

1) Financial income and expense for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021	2020
Financial income:		
Interest income	₩ 8,597,415	₩ 11,307,483
Dividend income	1,889	393,094
Gains on disposal of financial assets measured at FVTPL	157,505	10,095,543
Gain on valuation of financial assets measured at FVTPL	2,829,758	17,758,108
Gain on foreign currency transactions	31,987,404	26,975,759
Gain on foreign currency translation	4,681,482	16,819,515
Gain on transactions of derivatives	1,372,079	5,687,273
Gain on valuation of derivatives	73,723	301,483
Subtotal	<u>49,701,255</u>	<u>89,338,258</u>
Financial expense:		
Interest expense	(44,046,646)	(52,364,481)
Capitalized financial expenses	8,089,550	4,857,580
Loss on disposal of financial assets measured at FVTPL	(340,049)	(1,071,087)
Loss on valuation of financial assets measured at FVTPL	(7,134,133)	-
Loss on foreign currency transactions	(28,879,657)	(29,221,411)
Loss on foreign currency translation	(6,334,136)	(9,004,673)
Loss on transactions of derivatives	(1,515,624)	(7,207,610)
Loss on valuation of derivatives	(2,021,285)	(370,224)
Others	(705,511)	(608,749)
Subtotal	<u>(82,887,491)</u>	<u>(94,990,655)</u>
Total	<u>₩ (33,186,236)</u>	<u>₩ (5,652,397)</u>

2) Details of financial income and expense classified by financial instruments for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021	2020
Interest income:		
Cash and cash equivalents/long-term and short-term financial assets	₩ 8,588,733	₩ 3,505,725
Financial assets measured at amortized cost (Public bond)	8,682	9,393
Trade and other accounts receivable	-	7,792,365
Total	<u>₩ 8,597,415</u>	<u>₩ 11,307,483</u>
Dividend income:		
Financial assets measured at FVTPL	₩ 1,889	₩ 393,094
Gain on foreign currency translation:		
Cash and cash equivalents	₩ 408,872	₩ 305,835
Trade and other accounts receivable	2,288,823	94,905
Long-term and short-term financial liabilities	1,863,591	15,389,897
Trade and other accounts payable	120,196	1,028,878
Total	<u>₩ 4,681,482</u>	<u>₩ 16,819,515</u>
Interest expense:		
Long-term and short-term financial liabilities:		
Interest expense on bonds	₩ (8,940,310)	₩ (11,318,226)
Long-term and short-term financial liabilities:		
Interest expense on borrowings	(34,264,357)	(40,101,214)
Capitalized financial expenses	8,089,550	4,857,580
Interest expense by effective interest method	(211,654)	(392,715)
Lease liabilities	(630,325)	(552,326)
Total	<u>₩ (35,957,096)</u>	<u>₩ (47,506,901)</u>
Loss on foreign currency translation:		
Cash and cash equivalents	₩ (805,178)	₩ (2,231,330)
Trade and other accounts receivable	(1,346,529)	(6,079,551)
Long-term and short-term financial liabilities	(3,739,361)	(676,401)
Trade and other accounts payable	(443,068)	(17,391)
Total	<u>₩ (6,334,136)</u>	<u>₩ (9,004,673)</u>

31. RISK MANAGEMENT:

(1) Capital risk management

The Company manages its capital to maintain its ability to continuously provide return to its shareholders and interested parties. Furthermore, the Company puts an effort toward reducing capital expenses.

The Company monitors capital using a debt ratio, which is net debt divided by total capital, plus net debt. Net debt includes long-term and short-term borrowings, less cash and cash equivalents.

In addition, items managed as capital by the Company as of December 31, 2021 and 2020, are as follows (Korean won in thousands):

	December 31, 2021	December 31, 2020
Total borrowings	₩ 1,808,724,566	₩ 1,659,499,541
Less: Cash and cash equivalents	698,696,135	443,551,390
Borrowings, net (A)	1,110,028,431	1,215,948,151
Total liabilities (B)	2,580,268,702	2,051,507,407
Total shareholders' equity (C)	3,123,792,411	2,385,728,643
Net borrowings to equity ratio (D=A/C)	35.53%	50.97%
Debt ratio (E=B/C)	82.60%	85.99%

(2) Financial risk management

The Company is exposed to various financial risks, such as market risk (foreign currency, interest rate and price risk), credit risk and liquidity risk. The purpose of risk management of the Company is to identify the potential risks to financial performance and minimize those risks to a degree acceptable to the Company.

The Board of Directors approved the Company's financial risk management policy to be managed by the treasury department of the Parent, which collaborates with other departments to identify, assess and evade those financial risks.

1) Foreign currency risk management

The Company is exposed to exchange rate fluctuation since it undertakes transactions denominated in foreign currencies.

The carrying amounts of monetary assets and liabilities denominated in foreign currencies other than the functional currency as of December 31, 2021 and 2020, are as follows (Korean won in thousands):

Currency	2021		2020	
	Assets	Liabilities	Assets	Liabilities
USD	₩ 416,020,740	₩ 138,509,336	₩ 162,456,537	₩ 134,927,083
EUR	1,464,537	65,066	2,335,282	1,238,737
JPY	963,927	287,219	375,421	312,624
SGD	-	10,029	-	-
CNY	49,813	3,734	426,884	-
HKD	-	1,900	-	-
Total	₩ 418,499,017	₩ 138,877,284	₩ 165,594,124	₩ 136,478,444

The Company internally assesses foreign currency risk from changes in exchange rates on a regular basis. The Company's sensitivity to a 10% increase and decrease in the KRW (functional currency of the Company) against major foreign currencies as of December 31, 2021 and 2020, is as follows (Korean won in thousands):

Currency	2021		2020	
	Gain (loss) from 10% increase against foreign currency	Gain (loss) from 10% decrease against foreign currency	Gain (loss) from 10% increase against foreign currency	Gain (loss) from 10% decrease against foreign currency
USD	₩ 27,751,140	₩ (27,751,140)	₩ 2,752,945	₩ (2,752,945)
EUR	139,947	(139,947)	109,655	(109,655)
JPY	67,671	(67,671)	6,280	(6,280)
SGD	(1,003)	1,003	-	-
CNY	4,608	(4,608)	42,688	(42,688)
HKD	(190)	190	-	-
Total	₩ 27,962,173	₩ (27,962,173)	₩ 2,911,568	₩ (2,911,568)

Sensitivity analysis mentioned above is conducted for monetary assets and liabilities denominated in foreign currencies other than the functional currency as of December 31, 2021 and 2020.

The Company has a financial policy to enter into forward foreign exchange contracts to manage foreign currency risk from receivables and payables settled with foreign currency.

2) Interest rate risk management

The Company borrows funds on floating interest rates and is exposed to cash flow risk arising from interest rate changes. The book value of liability exposed to interest rate risk as of December 31, 2021 and 2020, is as follows (Korean won in thousands):

	December 31, 2021	December 31, 2020
Borrowings (floating interest rates)	₩ 342,324,057	₩ 443,026,868

The Company internally assesses the cash flow risk from changes in interest rates on a regular basis. When all the other variables are constant, the effect of 1% change in interest rate, to net income as of December 31, 2021 and 2020, is as follows (Korean won in thousands):

		2021			
		1% increase		1% decrease	
		Gain (loss)	Net asset	Gain (loss)	Net asset
Borrowings (floating interest rates)	₩	(3,423,241)	₩ (3,423,241)	₩ 3,423,241	₩ 3,423,241
		2020			
		1% increase		1% decrease	
		Gain (loss)	Net asset	Gain (loss)	Net asset
Borrowings (floating interest rates)	₩	(4,430,269)	₩ (4,430,269)	₩ 4,430,269	₩ 4,430,269

On the other hand, in order to manage interest rate risk, the Company has maintained an appropriate balance of fixed-rate debt and variable interest rate borrowings.

3) Price risk management

The Company is exposed to price risks from financial assets measured at FVTPL (investments in equity instruments). As of December 31, 2021 and 2020, fair value of financial assets measured at FVTPL (investments in equity instruments) is ₩28,964,934 thousand and ₩19,321,691 thousand and fair value of financial assets measured at FVOCI (investments in equity instruments) is ₩28,526,601 thousand, and when all the other variables are constant and when the price of equity instrument changes by 10%, the effect on equity will be ₩5,749,154 thousand and ₩1,932,169 thousand (before tax effect).

4) Credit risk management

Credit risk refers to risk of financial losses to the Company when the counterparty defaults on the obligations of the contract. Credit risk arises from cash and cash equivalents, derivatives, bank and financial institution deposits, as well as receivables and firm commitments. As for banks and financial institutions, the Company makes transactions with reputable financial institutions; therefore, the credit risk from them is limited. For ordinary transactions, customer's financial status, credit history and other factors are considered to evaluate their credit status.

5) Liquidity risk management

The Company establishes short-term and long-term fund management plans. The Company then analyzes and reviews actual cash outflow and its budget to match the maturity profiles of financial assets and liabilities. The Company believes that financial liabilities may be redeemed by cash flow arising from operating activities and financial assets.

Maturity analysis of non-derivative financial liabilities according to their remaining maturity as of December 31, 2021 and 2020, is as follows (Korean won in thousands):

		2021			
		Within 1 year	1 year–5 years	After 5 years	Total
Floating interest rates financial liabilities	₩	232,322,098	₩ 85,425,393	₩ 41,193,007	₩ 358,940,498
Fixed interest rates financial liabilities		392,867,775	520,597,914	777,663,056	1,691,128,745
Interest-free financial liabilities		409,646,432	11,435,886	-	421,082,318
Lease liabilities		4,476,520	7,179,248	6,566,609	18,222,377
Total	₩	1,039,312,825	₩ 624,638,441	₩ 825,422,672	₩ 2,489,373,938

	2020			
	Within 1 year	1 year–5 years	After 5 years	Total
Floating interest rates financial liabilities	₩ 192,969,972	₩ 220,552,016	₩ 50,836,430	₩ 464,358,418
Fixed interest rates financial liabilities	403,451,186	431,630,062	540,020,025	1,375,101,273
Interest-free financial liabilities	257,351,060	13,141,607	-	270,492,667
Lease liabilities	4,228,922	7,480,127	6,924,552	18,633,601
Total	₩ 858,001,140	₩ 672,803,812	₩ 597,781,007	₩ 2,128,585,959

Maturity analysis above is based on the undiscounted cash flows of principal and interest paid by the earliest maturity dates.

Maturity analysis of non-derivative financial assets according to their remaining maturity as of December 31, 2021 and 2020, is as follows (Korean won in thousands):

	2021			
	Within 1 year	1 year–5 years	After 5 years	Total
Floating interest rates financial assets	₩ 632,969,648	₩ -	₩ -	₩ 632,969,648
Fixed interest rates financial assets	471,649,336	4,995,850	-	476,645,186
Interest-free financial assets	570,371,037	2,820,945	-	573,191,982
Total	₩ 1,674,990,021	₩ 7,816,795	₩ -	₩ 1,682,806,816

	2020			
	Within 1 year	1 year–5 years	After 5 years	Total
Floating interest rates financial assets	₩ 402,537,543	₩ 1,000,000	₩ -	₩ 403,537,543
Fixed interest rates financial assets	236,210,372	48,081,320	-	284,291,692
Interest-free financial assets	349,683,003	24,445,630	-	374,128,633
Total	₩ 988,430,918	₩ 73,526,950	₩ -	₩ 1,061,957,868

Maturity analysis above is based on the undiscounted cash flows of principal and interest received by the earliest maturity dates. The Company's liquidity risk management is based on the net assets and net debt, and therefore, the Company needs to include information on non-derivative financial assets in order to understand the liquidity risk management.

Maturity analysis of derivative financial instrument according to its remaining maturity as of December 31, 2021 and 2020, is as follows (Korean won in thousands):

	2021			
	Within 1 year	1 year–5 years	After 5 years	Total
Foreign exchange forward contracts:	₩ (1,686,349)	₩ -	₩ -	₩ (1,686,349)
Inflow	87,259,596	-	-	87,259,596
Outflow	(88,945,945)	-	-	(88,945,945)
Total	₩ (1,686,349)	₩ -	₩ -	₩ (1,686,349)

	2020			
	Within 1 year	1 year–5 years	After 5 years	Total
Foreign exchange forward contracts:	₩ 297,087	₩ -	₩ -	₩ 297,087
Inflow	26,329,970	-	-	26,329,970
Outflow	(26,032,883)	-	-	(26,032,883)
Total	₩ 297,087	₩ -	₩ -	₩ 297,087

The maturity analysis of derivative financial instrument above is based on undiscounted gross cash inflows and outflow. In case the amounts to be paid or received are not fixed, the cash flows are calculated based on the estimated interest rate generated from the yield curve as of December 31, 2021 and 2020.

(3) Measurement of fair value

1) Procedures, techniques and assumptions that are applied to measure the fair value

- The fair value of a listed stock is a quoted price in an active market.
- The fair value of financial assets and liabilities traded on active markets are determined with reference to quoted market prices (public bonds and non-collateral corporate bonds).
- The fair value of derivative instruments is calculated by using the declared value. If the Company cannot use the declared value, i) non-option derivative instruments; perform discounted cash flow analysis by using the applicable yield curve with respect to the period of financial instruments and ii) option derivative instruments; use the option-pricing model. Currency forward contracts are measured by using yield curve generated from the declared interest rate that declared forward exchange rate and expiration of contracts are coincided. Interest swaps are measured by using estimated and discounted present value of future cash flows based on applicable yield curve generated from declared interest rate.
- Except those described above, the fair values of other financial assets and liabilities are determined based on discounted cash flow analysis and estimated by using a generally accepted pricing model.

In particular, significant assumptions used to determine the fair value of the following financial assets and liabilities are described below:

- Unlisted stocks:

Unlisted stocks measured at fair value are included in the Company's consolidated financial statements. The fair value of unlisted stock is estimated by discounted cash flow model and other applicable valuation methods and it includes assumptions that are not related to observable market price or ratio.

- Short-term financial instruments:

The fair values of short-term financial instruments are determined with reference to observable inputs, such as an interest rate and a credit rate, for each asset or liability.

2) Fair value level

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3, based on the degree to which the fair value is observable, as described below:

- Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3) Financial instruments that are measured subsequent to initial recognition at fair value as of December 31, 2021 and 2020, are as follows (Korean won in thousands):

		December 31, 2021			
		Level 1	Level 2	Level 3	Total
Financial assets measured at FVTPL:					
Short-term financial instruments	₩	-	₩ 391,651,547	₩ -	₩ 391,651,547
Derivative assets		-	75,798	-	75,798
Financial assets measured at FVTPL (marketable)		14,981,336	-	-	14,981,336
Financial assets measured at FVTPL (non-marketable)		-	-	13,982,358	13,982,358
Financial assets measured at FVTPL (equity investment)		-	-	1,240	1,240
Financial assets measured at FVTOCI (marketable)		28,526,602	-	-	28,526,602
Total	₩	43,507,938	₩ 391,727,345	₩ 13,983,598	₩ 449,218,881
Financial assets measured at FVTPL:					
Derivative liabilities	₩	-	₩ 2,021,285	₩ -	₩ 2,021,285
Total	₩	-	₩ 2,021,285	₩ -	₩ 2,021,285

		December 31, 2020			
		Level 1	Level 2	Level 3	Total
Financial assets measured at FVTPL:					
Short-term financial instruments	₩	-	₩ 183,478,428	₩ -	₩ 183,478,428
Derivative assets		-	301,483	-	301,483
Financial assets measured at FVTPL (marketable)		12,613,828	-	-	12,613,828
Financial assets measured at FVTPL (non-marketable)		-	-	2,709,076	2,709,076
Financial assets measured at FVTPL (equity investment)		-	-	3,998,786	3,998,786
Total	₩	12,613,828	₩ 183,779,911	₩ 6,707,862	₩ 203,101,601
Financial assets measured at FVTPL:					
Derivative liabilities	₩	-	₩ 710,654	₩ -	₩ 710,654
Total	₩	-	₩ 710,654	₩ -	₩ 710,654

4) Changes in Level 3 financial assets for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

		2021						
		Beginning balance	Income	Other comprehensive gain	Purchase	Transfer	Disposal	Ending balance
Financial assets measured at FVTPL		₩ 6,707,863	₩ 186,522	₩ 393,850	₩ 7,256,140	₩ -	₩ (560,777)	₩ 13,983,598

		2020						
		Beginning balance	Income	Other comprehensive gain	Purchase	Transfer	Disposal	Ending balance
Financial assets measured at FVTPL		₩ 13,567,507	₩ -	₩ 1,870,649	₩ 1,200,000	₩ (9,454,592)	₩ (475,701)	₩ 6,707,863

32. BORROWING COST:

Capitalized borrowing cost recorded for the years ended December 31, 2021 and 2020, is as follows (Korean won in thousands):

	2021	2020
Construction in progress	₩ 8,089,550	₩ 4,857,580

The Company calculated it by applying a capitalization interest rate of 1.66% per year (3.49% in the previous year).

33. LEASES:

(1) Amount recognized in Consolidated statements of financial position

1) Right-of-use assets

The carrying amounts of lease assets as of December 31, 2021, and 2020, are as follows (Korean won in thousands):

	December 31, 2021					
	Land	Buildings and structures	Machinery and equipment	Vehicle	Others	Total
Right-of-use assets (*1)	₩ 32,211,646	₩ 9,259,509	₩ 1,884,717	₩ 7,088,100	₩ 167,109	₩ 50,611,081
Accumulated depreciation	(5,611,386)	(5,119,217)	(291,182)	(2,818,647)	(101,873)	(13,942,305)
Carrying amounts	₩ 26,600,260	₩ 4,140,292	₩ 1,593,535	₩ 4,269,453	₩ 65,236	₩ 36,668,776

(*1) Right-of-use assets increased by ₩3,517,300 thousand for the year ended December 31, 2021.

	December 31, 2020					
	Land	Buildings and structures	Machinery and equipment	Vehicle	Others	Total
Right-of-use assets (*1) (*2)	₩ 32,031,553	₩ 8,182,666	₩ 1,650,279	₩ 7,320,654	₩ 165,802	₩ 49,350,954
Accumulated depreciation	(4,843,485)	(2,906,176)	(963,617)	(2,284,912)	(58,951)	(11,057,141)
Accumulated impairment loss	(317,193)	-	-	-	-	(317,193)
Carrying amounts	₩ 26,870,875	₩ 5,276,490	₩ 686,662	₩ 5,035,742	₩ 106,851	₩ 37,976,620

(*1) Right-of-use assets increased by ₩6,784,256 thousand for the year ended December 31, 2020.

(*2) The amount of right-of-use assets due to the new interpretation for lease period is ₩ 2,357,177 thousand.

2) Lease liabilities

The carrying amounts of lease liabilities as of December 31, 2021 and 2020, are as follows (Korean won in thousands):

Lease liabilities	December 31, 2021	December 31, 2020
Current lease liabilities	₩ 4,052,624	₩ 4,019,867
Non-current lease liabilities	10,327,499	11,289,163
Total	₩ 14,380,123	₩ 15,309,030

(2) Amount recognized in Consolidated statements of income

Details of expense recognized in the consolidated statements of income (loss) for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021	2020
Depreciation of right-of-use assets:		
Land	₩ 779,905	₩ 926,207
Buildings and structures	2,442,054	2,166,897
Machinery and equipment	524,710	697,918
Vehicle	1,482,552	1,681,448
Others	42,922	22,660
Total	₩ 5,272,143	₩ 5,495,130
Interest expense in lease liabilities (included in finance expense)	₩ 630,325	₩ 552,326
Short-term lease	₩ 786,929	₩ 1,331,674
Low-value-based lease (except for short-term lease)	₩ 500,982	₩ 507,702
Impairment of right-of-use assets (land)	₩ -	₩ 324,632

Cash outflows used in repayment of lease liabilities are ₩4,616,170 thousand and ₩4,886,257 thousand for the years ended December 31, 2021 and 2020, respectively.

(3) Aging of lease liabilities

Details of aging of lease liabilities based on the payment schedule as of December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021	
	Undiscounted minimum lease payments	Present value of minimum lease payments
Within one year	₩ 4,476,520	₩ 4,052,624
One year to five years	7,179,248	6,258,401
More than five years	6,566,609	4,069,098
Total	₩ 18,222,377	₩ 14,380,123
	2020	
	Undiscounted minimum lease payments	Present value of minimum lease payments
Within one year	₩ 4,228,922	₩ 4,019,867
One year to five years	7,480,127	6,999,806
More than five years	6,924,552	4,289,357
Total	₩ 18,633,601	₩ 15,309,030

34. SUPPLEMENTAL CASH FLOW INFORMATION:

- (1) Cash flows from operating activities for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021	2020
	₩ 652,075,833	₩ (251,164,047)
Net income (loss)	151,485,774	345,977,017
Adjustments:		
Income tax benefit	(40,174,703)	(98,989,688)
Retirement benefits	15,286,425	15,534,444
Depreciation	130,925,397	133,119,315
Amortization of intangible assets	5,129,142	5,536,473
Bad debt expenses (reversal)	(903,700)	(3,037,384)
Financial income	(17,382,226)	(59,116,114)
Financial expense	51,786,700	57,955,978
(Reversal of) loss on valuation of inventories	9,437,560	(23,674,122)
Loss from inventory shortages	4,132	42,440
Gain on investments in joint ventures and associates	(16,967,022)	(7,362,520)
Gain on disposal of investments in joint ventures and associates	(7,060)	(571,554)
Gain on disposal of subsidiaries	(253,296)	-
Gain on disposal of property, plant and equipment	(294,506)	(7,736,436)
Gain on disposal of investment property	-	(11,089,272)
Gain on disposal of intangible assets	-	(36,364)
Gain on exemption of debts	-	(651)
Other income	(44,479)	(2,508,388)
Other bad debt expenses	1,237,811	4,837,673
Loss on disposal of property, plant and equipment	2,443,074	2,365,885
Loss on disposal of intangible assets	23,218	44,503
Impairment loss on investment properties and property, plant and equipment	2,511,776	263,018,360
Impairment loss on intangible assets	-	2,409,263
Impairment loss on other assets	3,433,248	-
Impairment loss on asset held for sale	-	463,111
Reversal of property, plant and equipment Impairment	(145,991)	(2,782,303)
Reversal of intangible assets Impairment	(542,509)	(76,435)
Long-term employee benefits	370,623	442,681
Additional provisions	5,453,622	77,188,122
Other expense	158,538	-
Changes in operating assets and liabilities:	(401,577,778)	(169,456,236)
Decrease (increase) in trade accounts receivable	(176,364,997)	42,294,757
Decrease (increase) in other accounts receivable	(13,555,974)	14,984,782
Decrease in current derivative assets	301,483	1,222,920
Decrease (increase) in inventories	(177,631,919)	136,881,062
Increase in other current assets	(247,674,975)	(157,817,472)
Increase in non-current trade and other accounts receivable	(714,795)	(3,068,085)
Decrease in other non-current assets	2,615	247,689
Increase (decrease) in trade accounts payable	76,350,368	(38,585,575)
Increase (decrease) in other accounts payable	6,192,802	(30,790,051)
Decrease in current derivative liabilities	(5,578)	(39,940)
Increase (decrease) in other current liabilities	148,784,299	(3,531,390)
Increase (decrease) in non-current trade and other accounts payables	962,505	(3,313,199)
Decrease in current provisions	(20,560,123)	(93,339,780)
Decrease in non-current provisions	(1,429,069)	(1,955,123)
Increase (decrease) in other non-current liabilities	41,273,465	(9,789,232)
Decrease (increase) in retirement benefit plan assets	(25,597,666)	31,243,946
Retirement benefits paid	(11,910,219)	(54,101,545)
Cash flows from operating activities	₩ 401,983,829	₩ (74,643,266)

- (2) Significant transactions not affecting cash flows for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021	2020
Reclassification of construction in progress to land	93,645	166,308
Reclassification of construction in progress to building and structures	11,336,074	12,062,795
Reclassification of construction in progress to machinery	48,874,694	54,688,768
Reclassification of construction in progress to other property, plant and equipment	770,895	2,828,141
Reclassification of property, plant and equipment to inventories	787,070	-
Reclassification of property, plant and equipment to investment properties	1,974,165	-
Reclassification of property, plant and equipment to asset held for sale	3,989,486	8,263,111
Reclassification of inventories to property, plant and equipment	4,444,745	3,581,516
Trade accounts payable related to acquisition of inventories, etc.	42,075,366	-
Other accounts payable related to acquisition of property, plant and equipment, etc.	14,633,701	(17,260,524)
Other accounts payable related to acquisition of intangible assets, etc.	16,590	(667,990)
Reclassification of investment properties to property, plant and equipment	-	27,110,160
Reclassification of current portion of long-term borrowings	203,446,365	303,437,757
Reclassification of current portion of long-term debentures	90,000,000	100,000,000
Reclassification of current portion of long-term financial instruments	43,711,020	-
Reclassification of current lease liabilities due to changes in accounting policy	-	52,330
Reclassification of non-current lease liabilities due to changes in accounting policy	-	2,304,847
Acquisition of right-of-use assets	3,517,300	6,784,256
Reclassification of current portion of non-current lease liabilities	3,856,816	4,296,180
Reclassification of advance payments to other accounts receivable	-	13,986,218
Reclassification of advance payments to inventories	417,422,551	18,726,156
Reclassification of advance payments to investment properties	73,000	-
Reclassification of long-term advance received to accounts receivable	-	29,633,587
Reclassification of current portion of long-term advance received	21,434,799	19,767,327
Reclassification of current portion of long-term other accounts payable	3,346,282	1,624,533
Write-off of trade accounts receivable	2,011,734	-
Trade of Treasury stock and financial assets measured at FVTOCI	31,458,269	-
Reclassification of inventories (sites) to property, plant and equipment, etc.	85,949,457	-

(3) Details of changes in liabilities arising from financing activities for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

Classification	2021						Ending balance
	Beginning balance	Changes due to cash flows from financing activities	Effect of foreign currency translation	Reclassification	Others		
Short-term borrowings	₩ 157,734,280	₩ 188,255,253	₩ (609,729)	₩ -	₩ -	₩ 345,379,804	
Current portion of long-term debts	381,680,876	(443,961,366)	(2,325,672)	293,446,365	(48,567)	228,791,636	
Long-term borrowings	889,338,490	311,069,837	(126,623)	(203,446,365)	(22,703)	996,812,636	
Debentures	229,339,040	96,642,540	-	(90,000,000)	423,324	236,404,904	
Current lease liabilities	4,019,867	(4,616,170)	(251,263)	3,856,816	1,043,374	4,052,624	
Non-current lease liabilities	11,289,163	-	530,997	(3,856,816)	2,364,155	10,327,499	
Dividends payable	10,861	(66)	-	-	66	10,861	
Total	<u>₩ 1,673,412,577</u>	<u>₩ 147,390,028</u>	<u>₩ (2,782,290)</u>	<u>₩ -</u>	<u>₩ 3,759,649</u>	<u>₩ 1,821,779,964</u>	

Classification	2020						Ending balance
	Beginning balance	Effect of changes in accounting policy	Changes due to cash flows from financing activities	Effect of foreign currency translation	Reclassification	Others	
Short-term borrowings	₩ 177,629,614	₩ -	₩ (24,479,313)	₩ 4,583,979	₩ -	₩ -	₩ 157,734,280
Current portion of long-term debts	238,558,562	-	(255,264,615)	(4,735,463)	403,437,757	(315,365)	381,680,876
Long-term borrowings	917,432,003	-	287,080,601	(10,877,451)	(303,437,757)	(858,906)	889,338,490
Debentures	250,000,000	-	79,604,180	-	(100,000,000)	(265,140)	229,339,040
Current lease liabilities	4,009,439	52,330	(4,886,257)	114,942	4,296,180	433,233	4,019,867
Non-current lease liabilities	9,801,610	2,304,847	-	(514,959)	(4,296,180)	3,993,845	11,289,163
Dividends payable	10,861	-	(683,504)	-	-	683,504	10,861
Total	<u>₩1,597,442,089</u>	<u>₩ 2,357,177</u>	<u>₩ 81,371,092</u>	<u>₩ (11,428,952)</u>	<u>₩ -</u>	<u>₩ 3,671,171</u>	<u>₩1,673,412,577</u>

35. ASSET HELD FOR SALE AND LIABILITIES:

The Company is in the process of selling property, plant and equipment of OCI Specialty Co., Ltd., its subsidiary with and P&O Chemical Co., Ltd.

Asset held for sale and liabilities for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021	2020
	<u>OCI Specialty Co., Ltd.</u>	<u>OCI Specialty Co., Ltd.</u>
Asset held for sale	₩ 3,989,486	₩ 7,800,000
Others current assets	3,989,486	7,800,000
Liabilities from asset held for sale	517,962	780,000
Others current liabilities	517,962	780,000
Net asset from asset held for sale	<u>₩ 3,471,524</u>	<u>₩ 7,020,000</u>

36. DISCONTINUED OPERATIONS:

(1) Discontinued operations

As approved by the board of directors on November 17, 2017, the Parent decided to discontinue the production and sales of ELPION Silicon Sdn. Bhd., a subsidiary of OCI Specialty Co., Ltd., for the purpose of improving the Company's business performance.

Details of financial performance from discontinued operations included in the consolidated statements of income of the Company for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021	2020
	<u>ELPION Silicon Sdn. Bhd.</u>	<u>ELPION Silicon Sdn. Bhd.</u>
Sales	₩ -	₩ -
Cost of sales	-	-
Selling and administrative expenses	(34,680)	(53,768)
Operating loss	(34,680)	(53,768)
Other non-operating income	(2,949)	21,310
Income tax expense	13,951	-
Loss from discontinued operations	<u>₩ (51,580)</u>	<u>₩ (32,458)</u>
Owners of the Company	₩ (40,269)	₩ (25,340)
Non-controlling interests	(11,311)	(7,118)

(2) Cash flows from discontinued operations

Cash flows from discontinued operations for the years ended December 31, 2021 and 2020, are as follows (Korean won in thousands):

	2021	2020
	<u>ELPION Silicon Sdn. Bhd.</u>	<u>ELPION Silicon Sdn. Bhd.</u>
Net cash flows used in operating activities	₩ (33,711)	₩ 140,549
Net cash flows provided by investing activities	-	5,671
Net cash flows used in financing activities	-	-

37. DISPOSAL OF SUBSIDIARY:

The Company disposed of Tangshan OCI Chemical Co., Ltd., a subsidiary, for the year ended December 31, 2021.

- (1) Fair value of disposal consideration is as follows (Korean won in thousands):

Cash and cash equivalents received	₩	8,948,924
Total	₩	<u>8,948,924</u>

- (2) Details of carrying amounts of the subsidiary's assets and liabilities are as follows (Korean won in thousands) as of the day without loss of control:

CURRENT ASSETS:	₩	3,467,269
Cash and cash equivalents		876,531
Trade and other accounts receivable		627,531
Inventories		1,030,853
Other current assets		932,354
NON-CURRENT ASSETS:		19,043,249
Long-term trade and other accounts receivable		25,088
Property, plant and equipment		19,018,161
CURRENT LIABILITIES:		13,811,654
Short-term borrowings		12,685,286
Trade and other accounts payable		1,126,368
NON-CURRENT LIABILITIES:		3,236
Long-term trade and other accounts payable		3,236
Total carrying value of disposed net asset	₩	<u>8,695,628</u>

- (3) Gain on disposal of a subsidiary is as follows (Korean won in thousands):

Fair value of disposal consideration	₩	8,948,924
Carrying value of disposed net asset		8,695,628
Gain on disposal of a subsidiary	₩	<u>253,296</u>

- (4) Net cash flows from disposal of a subsidiary is as follows (Korean won in thousands):

Cash and cash equivalents received	₩	8,948,924
Less: cash and cash equivalents disposed		(876,531)
Net cash flows	₩	<u>8,072,393</u>

38. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS:

The consolidated financial statements of the Company were approved by the board of directors on March 2, 2022 and will be finally approved at the shareholders' meeting on March 23, 2022.

39. SUBSEQUENT EVENTS:

- (1) On January 12, 2022, OCI Specialty Co., Ltd., a subsidiary, has entered into an agreement with Shinsung ENG Co., Ltd. in relation to the advance payment of the wafer supply contract. The agreement is to return 50% of the remaining advance payment of ₩8,465 million in the wafer supply contract and to terminate the contract.
- (2) On January 13, 2022, OCIM Sdn. Bhd., a subsidiary, established OCIKumho Sdn. Bhd.
- (3) On January 12, 2022, OCI Solar Power LLC, a subsidiary, established OCI San Antonio Hillsboro Solar LLC as its subsidiary.
- (4) On January 12, 2022, OCI Solar Power LLC, a subsidiary, liquidated OCI San Antonio Sunray LLC, a subsidiary of OCI San Antonio Sunray LLC.
- (5) OCI Solar Power LLC, a subsidiary, established OCI San Antonio Three W Solar LLC as its subsidiary and OCI San Antonio Three W Solar LLC, a subsidiary, established Three W Solar LLC as its subsidiary on February 10, 2022.
- (6) On February 22, 2022, the Company decided to acquire additional shares of Bukwang Pharmaceutical Co., Ltd. for the purpose of expanding its entry into the bio business (number of shares: 7,730,334, acquisition amount: ₩ 146,103 million and percentage of ownership: 10.88%), and the Company's stake will increase to 10.90% after the investment.