

# **LX International Corp. AND ITS SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
AS OF AND FOR THE YEARS ENDED  
DECEMBER 31, 2023 AND 2022**

**ATTACHMENT: INDEPENDENT AUDITORS' REPORT**

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## Independent Auditor's Report

### English Translation of Independent Auditor's Report Originally Issued in Korean on March 13, 2024

To the Shareholders and the Board of Directors of  
LX International Corp.:

#### Report on the Audited Consolidated Financial Statements

##### Audit Opinion

We have audited the consolidated financial statements of LX International Corp. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, all expressed in Korean won, for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with Korean International Financial Reporting Standards ("K-IFRSs").

We have also audited, in accordance with the Korean Standards on Auditing ("KSAs"), the internal control over financial reporting of the Group as of December 31, 2023, based on the Conceptual Framework for Design and Operation of Internal Control Over Financial Reporting, and our report dated March 13, 2024, expressed an unqualified opinion.

##### Basis for Audit Opinion

We conducted our audit in accordance with the KSAs. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Impairment Assessment of Goodwill and Overseas Resource Development Assets

##### Reason for determining as a key audit matter

As of December 31, 2023, the Group recognized a total of ₩690,739 million in intangible assets, comprising ₩374,850 million in overseas resource development assets and ₩315,889 million in goodwill. The Group annually assesses whether there is any indication that overseas resource development assets may be impaired. If any such indication exists, the Group estimates the recoverable amount of the assets and recognizes impairment losses if necessary. For goodwill, impairment assessment is conducted annually and impairment losses are recognized if necessary.

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The Group performs impairment assessments considering the value in use, which is based on the discounted cash flow method for goodwill, and the indication that overseas resource development assets may be impaired. The value in use involves significant judgments and estimates by the Group's management, such as discount rates, growth rates and future cash flow forecasts. Hence, we determined the impairment assessment of goodwill and overseas resource development assets as a key audit matter.

How the key audit matter was addressed in the audit

The main audit procedures we performed in relation to this matter are as follows:

- Understanding and evaluating the Group's policies, processes and internal controls related to the review of impairment indicators and impairment assessment.
- Evaluating the qualifications and independence of external experts utilized by the Group for impairment assessment.
- Questionnaire and document inspection regarding the future expected cash flows used by the Group for impairment assessment.
  - Retrospective review of the accuracy of forecasts by comparing past forecasts with actual results.
  - Questioning the assumptions applied to future cash flow estimates and independent review of the feasibility of these assumptions.
- Use of the auditor's internal experts to verify the appropriateness of the discount rates and assumptions used in the valuation model.

## Other Matters

The consolidated financial statements of the Group as of and for the year ended December 31, 2022, were audited by Ernst and Young, in accordance with KSAs, whose report dated March 15, 2023, expressed an unqualified opinion.

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

Management is responsible for the preparation of the accompanying consolidated financial statements in accordance with K-IFRSs, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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- related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We are solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ki Hyeon Kim.

*Deloitte IDNJIN LLC*

March 13, 2024

This report is effective as of March 13, 2024, the auditor's report date. Certain subsequent events or circumstances may have occurred between the auditor's report date and the time the auditor's report is read. Such events or circumstances could significantly affect the consolidated financial statements and may result in modifications to the auditor's report.

# **LX International Corp. and its Subsidiaries (the “Group”)**

Consolidated financial statements  
as of and for the years ended December 31, 2023 and 2022

“The accompanying consolidated financial statements, including all footnotes and disclosures, have been prepared by, and are the responsibility of, the Group.”

**Chun-sung Yoon**  
**Chief Executive Officer (CEO)**  
**LX International Corp.**

**LX International Corp. and its Subsidiaries**  
**Consolidated statements of financial position**  
**As of December 31, 2023 and 2022**

(Korean won in millions)

	Notes	December 31, 2023	December 31, 2022
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4, 5, 25, 26, 30	₩ 1,138,908	₩ 1,550,675
Short-term financial instruments	4, 11, 25, 26	48,889	49,952
Trade accounts receivable, net	4, 11, 23, 25, 26, 30	1,266,520	1,374,878
Contract assets	16	28,428	21,476
Other accounts receivable, net	4, 6, 11, 25, 26	222,297	202,984
Accrued income, net	4, 11, 23, 25, 26	11,812	5,109
Advance payments		133,012	179,605
Prepaid expenses	30	84,835	105,967
Other current assets	4, 11, 23, 30	175,248	288,429
Inventories, net	7	904,844	698,350
Non-current assets held for sale	32	18,982	4,779
<b>Total current assets</b>		<b>4,033,775</b>	<b>4,482,204</b>
<b>Non-current assets</b>			
Investment assets	4, 8, 11, 25, 26	337,013	301,741
Investments in associates	8	514,657	391,931
Property, plant and equipment, net	9, 29, 30	1,584,116	1,163,340
Investment properties, net	9	4,204	4,972
Intangible assets, net	10, 28	1,235,582	1,069,927
Deferred tax assets	22	48,958	43,334
Other non-current assets	4, 5, 11, 19, 25, 26, 29	237,036	261,558
<b>Total non-current assets</b>		<b>3,961,566</b>	<b>3,236,803</b>
<b>Total assets</b>		<b>₩ 7,995,341</b>	<b>₩ 7,719,007</b>

(Continued)

**LX International Corp. and its Subsidiaries**  
**Consolidated statements of financial position**  
**As of December 31, 2023 and 2022 (cont'd)**

(Korean won in millions)

	Notes	December 31, 2023	December 31, 2022	
<b>Liabilities</b>				
<b>Current liabilities</b>				
Short-term borrowings	4, 12, 25, 26	₩ 130,852	₩ 281,802	
Trade accounts payable	4, 23, 25, 26, 30	1,275,508	1,148,951	
Other accounts payable	4, 6, 23, 25, 26, 30	366,110	358,628	
Advance received	16, 30	124,528	129,762	
Withholdings	4, 25, 26, 30	31,583	212,805	
Current tax liabilities		39,056	118,169	
Accrued expenses	4, 25, 26, 30	112,899	157,040	
Current portion of bonds and long-term borrowings	4, 12, 25, 26	313,995	301,170	
Unearned revenue	16	62,333	84,705	
Deposits received	4, 25, 26	5,607	5,564	
Lease liabilities	4, 25, 26, 29, 30	124,734	106,770	
Liabilities directly associated with assets held for sale	32	5,655	5,655	
Other current liabilities	13, 30	15,568	24,005	
<b>Total current liabilities</b>		<b>2,608,428</b>	<b>2,935,026</b>	
<b>Non-current liabilities</b>				
Bonds payable	4, 12, 25, 26	668,695	468,998	
Long-term borrowings	4, 12, 25, 26, 30	1,092,433	874,902	
Defined benefit liabilities	19	11,255	8,565	
Deferred tax liabilities	22	168,380	109,255	
Lease liabilities	4, 25, 26, 29, 30	216,396	162,950	
Provisions	13, 30	139,860	116,220	
Other liabilities	4, 6, 25, 26, 30	14,939	6,616	
<b>Total non-current liabilities</b>		<b>2,311,958</b>	<b>1,747,506</b>	
<b>Total liabilities</b>		<b>4,920,386</b>	<b>4,682,532</b>	
<b>Equity</b>				
Capital stocks	14	193,800	193,800	
Capital surplus	14	99,651	100,871	
Other components of equity	14	(41,300)	(41,300)	
Accumulated other comprehensive loss	14	54,295	41,723	
Retained earnings	14	1,965,716	1,966,092	
Equity attributable to owners of the parent		2,272,162	2,261,186	
Non-controlling interests		802,793	775,289	
<b>Total equity</b>		<b>3,074,955</b>	<b>3,036,475</b>	
<b>Total liabilities and equity</b>	₩	<b>7,995,341</b>	₩	<b>7,719,007</b>

(Concluded)

**The accompanying notes are an integral part of the consolidated financial statements**

**LX International Corp. and its Subsidiaries**  
**Consolidated statements of profit or loss**  
**For the years ended December 31, 2023 and 2022**

(Korean won in millions)

	Notes	2023		2022	
<b>Sales</b>	3, 16, 23	₩	4,514,350	₩	8,759,549
Cost of sales	18, 23, 28		(13,138,717)		(16,924,063)
<b>Gross profit</b>			1,375,633		1,835,486
Selling and administrative expenses	17, 28, 23		(942,523)		(869,943)
<b>Operating profit</b>	3		433,110		965,543
Financial income	4, 20, 23		421,517		709,296
Financial costs	4, 20		(520,968)		(732,314)
Share of profit of associates	8, 20		137,263		97,492
Other non-operating expenses, net	4, 20, 23		(128,124)		93,171
<b>Profit before income tax expense</b>			342,798		1,133,188
Income tax expense	22		(149,439)		(353,877)
<b>Profit for the year</b>			₩ 193,359		₩ 779,311
<b>Attributable to:</b>					
Owners of the parent		₩	17,083	₩	15,224
Non-controlling interests			76,276		264,087
<b>Earnings per share attributable to owners of the parent</b>					
<b>(in Korean won):</b>					
Basic earnings per share	14	₩	3,255	₩	4,325
Diluted earnings per share	14		3,255		14,325

**The accompanying notes are an integral part of the consolidated financial statements.**

**LX International Corp. and its Subsidiaries**  
**Consolidated statements of comprehensive income**  
**For the years ended December 31, 2023 and 2022**

(Korean won in millions)

	<b>Notes</b>	<b>2023</b>	<b>2022</b>
<b>Profit for the year</b>		₩ 193,359	₩ 779,311
<b>Other comprehensive income (loss)</b>			
Items that may be reclassified subsequently to profit or loss:			
Loss on valuation of cash flow hedge derivatives	4, 6	(586)	14,546
Equity adjustments in equity method	9	(2,959)	(15,244)
Change in retained earnings in equity method	9	(112)	(36)
Exchange differences on translation of foreign operations		33,726	37,434
		<u>30,070</u>	<u>36,700</u>
Items that will not be reclassified subsequently to profit or loss:			
Gain (loss) on valuation of financial assets designated at fair value through other comprehensive income ("OCI")	4, 8	26,092	(11,797)
Remeasurement of net defined benefit liability	19	(13,229)	17,828
		<u>12,863</u>	<u>6,031</u>
<b>Other comprehensive income for the year, net of tax</b>		<u>42,932</u>	<u>42,731</u>
<b>Total comprehensive income for the year, net of tax</b>		<u>₩ 236,291</u>	<u>₩ 822,042</u>
Total comprehensive income attributable to:			
Owners of the parent company		₩ 120,099	₩ 568,523
Non-controlling interests		116,192	253,518

**The accompanying notes are an integral part of the consolidated financial statements.**

**LX International Corp. and its Subsidiaries**  
**Consolidated statements of changes in equity**  
**For the years ended December 31, 2023 and 2022**

(Korean won in millions)

	Attributable to the equity holders of the Parent Company								
	Share capital	Capital surplus	Other components of equity	Accumulated other comprehensive income (loss)	Retained earnings	Subtotal	Non-controlling interests	Total	
<b>As of January 1, 2022</b>	₩ 193,800	₩ 100,443	₩ (41,300)	₩ (201)	₩ 1,522,220	₩ 1,774,962	₩ 609,282	₩ 2,384,244	
<b>Comprehensive income (loss) for the period:</b>									
Profit for the year	-	-	-	-	515,224	515,224	264,087	779,311	
Gain on valuation of derivatives designated as cash flow hedges	-	-	-	13,818	-	13,818	728	14,546	
Equity adjustments in equity method	-	-	-	(15,941)	-	(15,941)	697	(15,244)	
Exchange differences on translation of foreign operations	-	-	-	31,820	-	31,820	5,614	37,434	
Gain (loss) on valuation of financial assets designated at fair value through OCI	-	-	-	12,227	(13)	12,214	(24,011)	(11,797)	
Remeasurement loss on defined benefit plans	-	-	-	-	11,423	11,423	6,404	17,827	
Change in retained earnings in equity method	-	-	-	-	(36)	(36)	-	(36)	
<b>Total comprehensive income</b>	-	-	-	41,924	526,598	568,522	253,519	822,041	
<b>Transactions with owners of the Parent Company recognized directly in equity:</b>									
Dividends	-	-	-	-	(82,726)	(82,726)	(89,014)	(171,740)	
Change in the scope of consolidation	-	417	-	-	-	417	(417)	-	
Capital increase of subsidiaries	-	11	-	-	-	11	1,919	1,930	
<b>Total transactions with owners of the Parent Company Recognized</b>	-	428	-	-	(82,726)	(82,298)	(87,512)	(169,810)	
<b>As of December 31, 2022</b>	₩ 193,800	₩ 100,871	₩ (41,300)	₩ 41,723	₩ 1,966,092	₩ 2,261,186	₩ 775,289	₩ 3,036,475	
<b>As of January 1, 2023</b>	₩ 193,800	₩ 100,871	₩ (41,300)	₩ 41,723	₩ 1,966,092	₩ 2,261,186	₩ 775,289	₩ 3,036,475	
<b>Comprehensive income (loss) for the period:</b>									
Profit for the year	-	-	-	-	117,083	117,083	76,276	193,359	
Gain on valuation of derivatives designated as cash flow hedges	-	-	-	(557)	-	(557)	(29)	(586)	
Equity adjustments in equity method	-	-	-	(2,962)	-	(2,962)	3	(2,959)	
Exchange differences on translation of foreign operations	-	-	-	23,774	-	23,774	9,952	33,726	
Gain (loss) on valuation of financial assets designated at fair value through OCI	-	-	-	(7,683)	1	(7,682)	33,774	26,092	
Remeasurement loss on defined benefit plans	-	-	-	-	(9,444)	(9,444)	(3,785)	(13,229)	
Change in retained earnings in equity method	-	-	-	(11)	(101)	(112)	-	(112)	
<b>Total comprehensive income</b>	-	-	-	12,561	107,539	120,100	116,191	236,291	
<b>Transactions with owners of the Parent Company recognized directly in equity:</b>									
Dividends	-	-	-	-	(107,904)	(107,904)	(85,671)	(193,575)	
Change in the scope of consolidation	-	-	-	11	(11)	-	-	-	
Capital increase of subsidiaries and acquisition of shares	-	(1,220)	-	-	-	(1,220)	(3,016)	(4,236)	
<b>Total transactions with owners of the Parent Company Recognized</b>	-	(1,220)	-	11	(107,915)	(109,124)	(88,687)	(197,811)	
<b>As of December 31, 2023</b>	₩ 193,800	₩ 99,651	₩ (41,300)	₩ 54,295	₩ 1,965,716	₩ 2,272,162	₩ 802,793	₩ 3,074,955	

The accompanying notes are an integral part of the consolidated financial statements.

**LX International Corp. and its Subsidiaries**  
**Consolidated statements of cash flows**  
**For the years ended December 31, 2023 and 2022**

(Korean won in millions)

	<b>Notes</b>	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities:</b>			
Profit for the year		₩ 193,359	₩ 779,311
Non-cash adjustments to reconcile profit for the year to net cash provided by operating activities	27	611,381	498,349
Working capital adjustments	27	37,092	156,046
Interest received		38,055	23,289
Interest paid		(105,148)	(63,890)
Dividends received		49,535	99,198
Income taxes paid		(285,935)	(269,417)
<b>Net cash provided by operating activities</b>		<b>538,339</b>	<b>1,222,886</b>
<b>Cash flows from investing activities:</b>			
Decrease in financial instruments		102,779	61,404
Decrease in loans		159	26,038
Decrease in guarantee deposits		18,175	67,392
Proceeds from disposal of long-term equity instruments		2	105
Proceeds from disposal of investments in associates	8	6,537	13,640
Proceeds from disposal of assets held for sale	8	-	3,495
Proceeds from disposal of property, plant and equipment	31	12,435	5,949
Proceeds from disposal of intangible assets	9	91	2,576
Net cash flow from disposal of subsidiary	10	-	1,773
Government grants received		-	454
Net cash flow from business combination		(567,866)	(87,510)
Increase in financial instruments	30	(93,703)	(73,146)
Increase in loans		(16,749)	(7,291)
Increase in guarantee deposits		(20,387)	(79,751)
Acquisition of long-term equity instruments	8	-	(162,180)
Acquisition of investments in associates	8	(36,340)	(50,200)
Acquisition of property, plant and equipment	9	(97,302)	(133,307)
Acquisition of intangible assets	10	(78,996)	(75,654)
Settlement of derivatives		(6,071)	(35,773)
<b>Net cash used in investing activities</b>		<b>(777,236)</b>	<b>(521,986)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from finance liabilities	27	2,398,847	2,680,280
Repayment of finance liabilities	27	(2,223,437)	(2,367,908)
Payment of principal portion of lease liabilities	27, 29	(155,112)	(122,604)
Settlement of derivatives		-	1,879
Cash outflows from other financing activities		(4,236)	-
Dividends paid		(193,576)	(171,740)
<b>Net cash (used in) provided by financing activities</b>		<b>(177,514)</b>	<b>19,907</b>
Net (decrease) increase in cash and cash equivalents		(416,411)	720,807
Cash and cash equivalents at the beginning of year		1,550,675	841,883
Effects of exchange rate changes on cash and cash equivalents		4,644	(12,015)
<b>Cash and cash equivalents at the end of year</b>		<b>₩ 1,138,908</b>	<b>₩ 1,550,675</b>

**The accompanying notes are an integral part of the consolidated financial statements.**

**LX International Corp. and its Subsidiaries**  
**Notes to the consolidated financial statements**  
**As of and for the years ended December 31, 2023 and 2022**

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**1. GENERAL:**

LX International Corp. (“LXI” or the “Parent Company”) and its 90 subsidiaries, including LX International (America) Inc. (collectively, the “Group”), prepare the consolidated financial statements in accordance with Korean International Financial Reporting Standard (“K-IFRS”) 1110 Consolidated Financial Statements, and general information on the Group is as follows:

**1.1 Company Information**

The Parent Company was established on November 26, 1953, to engage in the import and export business. It changed its name to Bando Corporation in June 1956, to Lucky Industries Co., Ltd. in January 1984 and to LG International Corp. in March 1995. Its current name was adopted on July 1, 2022.

LXI listed its common stock on the Korea Exchange in January 1976 and was designated as a general trading company by the Korean Government on November 12, 1976.

LXI is currently engaged in the import and export of goods, and other business activities. The LXI headquarters is located in Seoul and operates 16 overseas branch offices, 5 liaison offices and 91 subsidiaries (including 62 sub-subsidiaries) as of December 31, 2023.

LX Holdings Corp. holds 24.69% of the Company's common stock as of the end of the reporting period. The remaining equity shares are held by institutional investors, overseas investors, minority shareholders and so on.

**LX International Corp. and its Subsidiaries**  
**Notes to the consolidated financial statements**  
**As of and for the years ended December 31, 2023 and 2022**

**1.2 Consolidated Subsidiaries**

Subsidiaries included in consolidation are as follows:

	Location	Equity ownership (%)		Reporting date	Principal activity	Basis of control
		2023	2022			
LX International (America), Inc.	USA	100.00	100.00	Dec. 31	Export and import	Ownership over 50%
LHC Solar LLC	USA	100.00	100.00	Dec. 31	Solar energy	Ownership over 50%
LX International Japan Ltd.	Japan	100.00	100.00	Dec. 31	Export and import	Ownership over 50%
LX International (HK) Ltd.	Hong Kong	100.00	100.00	Dec. 31	Export and import	Ownership over 50%
LX International (Singapore) Pte. Ltd.	Singapore	100.00	100.00	Dec. 31	Export and import	Ownership over 50%
LX International (Deutschland) GmbH	Deutschland	100.00	100.00	Dec. 31	Export and import	Ownership over 50%
LX International (Shanghai) Corp.	China	100.00	100.00	Dec. 31	Export and import	Ownership over 50%
Yantai LX International VMI Co., Ltd. (*1)	China	-	100.00	Dec. 31	Hub	Ownership over 50%
Bowen Investment (Australia) Pty Ltd.	Australia	100.00	100.00	Dec. 31	Coal mining	Ownership over 50%
PT. Batubara Global Energy (“BGE”)	Indonesia	100.00	100.00	Dec. 31	Coal mining	Ownership over 50%
PT. Megaprima Persada (“MPP”)	Indonesia	75.00	75.00	Dec. 31	Coal mining	Ownership over 50%
PT. Mega Global Energy (“MGE”)	Indonesia	100.00	100.00	Dec. 31	Coal mining	Ownership over 50%
PT. Ganda Alam Makmur (“GAM”)	Indonesia	60.00	60.00	Dec. 31	Coal mining	Ownership over 50%
LX International India Private Limited	India	100.00	100.00	Mar. 31	Export and import	Ownership over 50%
PT. Green Global Lestari (“GGL”)	Indonesia	100.00	100.00	Dec. 31	Palm oil	Ownership over 50%
PT. Parna Agromas (“PAM”)	Indonesia	100.00	95.00	Dec. 31	Palm oil	Ownership over 50%
PT. Grand Utama Mandiri (“GUM”)	Indonesia	100.00	100.00	Dec. 31	Palm oil	Ownership over 50%
PT. Tintin Boyok Sawit Makmur (“TBSM”)	Indonesia	100.00	100.00	Dec. 31	Palm oil	Ownership over 50%
PT. Tintin Boyok Sawit Makmur Dua (“TBSMD”)	Indonesia	100.00	100.00	Dec. 31	Palm oil	Ownership over 50%
PT. Green Global Utama (“GGU”)	Indonesia	100.00	100.00	Dec. 31	Palm oil	Ownership over 50%
PT. LX International Indonesia (“LXII”)	Indonesia	100.00	100.00	Dec. 31	Service	Ownership over 50%
PT. Binsar Natorang Energi (“BNE”)	Indonesia	95.00	95.00	Dec. 31	Hydroelectric power	Ownership over 50%
PT. Energy Metal Indonesia (“EMI”)	Indonesia	100.00	100.00	Dec. 31	Nickel	Ownership over 50%
PT. Global Investment Institusi (“GII”)	Indonesia	100.00	100.00	Dec. 31	Health care	Ownership over 50%
PT. Satu Gen Indonesia (“SGI”)	Indonesia	51.00	51.00	Dec. 31	Health care	Ownership over 50%
PT. SLX Global Healthcare (“SLX”)	Indonesia	51.00	51.00	Dec. 31	Health care	Ownership over 50%
Steel Flower Electric & Machinery (Tianjin) Co., Ltd.	China	100.00	100.00	Dec. 31	Steel frames	Ownership over 50%
Philco Resources Ltd. (Rapu-Rapu)	Malaysia	60.00	60.00	Dec. 31	Copper mining	Ownership over 50%
Resource Investment (Hong Kong) Ltd. (Xinzhen)	Hong Kong	100.00	100.00	Dec. 31	Coal mining	Ownership over 50%
LX International Yakutsk, LLC	Russia	100.00	100.00	Dec. 31	Real estate	Ownership over 50%
Korea Carbon International Co., Ltd. (Shaanxi BBM)	Hong Kong	60.00	60.00	Dec. 31	Renewable plant	Ownership over 50%
Colmineral, S.A. de. C.V.	Mexico	100.00	100.00	Dec. 31	Iron ore	Ownership over 50%
Fertilizer Resources Investment Ltd.	Hong Kong	100.00	100.00	Dec. 31	Fertilizer	Ownership over 50%
PT. Kinarya Prima Utama (“KPU”) (*4)	Indonesia	100.00	-	Dec. 31	Hydroelectric power	Ownership over 50%
PT. Energy Battery Indonesia (“EBI”) (*4)	Indonesia	100.00	-	Dec. 31	Nickel	Ownership over 50%
Dangjin Tank Terminal Co., Ltd.	Korea	100.00	100.00	Dec. 31	Storage	Ownership over 50%
Eco & logis Busan Co., Ltd.	Korea	100.00	100.00	Dec. 31	Logistics and Warehouse	Ownership over 50%
Haiphong Steel Flower Electrical & Machinery Company Limited	Vietnam	100.00	100.00	Dec. 31	Steel frames	Ownership over 50%

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	Location	Equity ownership (%)		Reporting date	Principal activity	Basis of control
		2023	2022			
Poseung Green Power Co., Ltd. (*2)	Korea	100.00	100.00	Dec. 31	Renewable plant	Ownership over 50%
Ordos Lezheng Trading Company Limited	China	100.00	100.00	Dec. 31	Coal mining	Ownership over 50%
Lx Glass Co., Ltd. (formerly, Hankuk Glass Industries Inc.) (*4, *6)	Korea	100.00	-	Dec. 31	Plate glass	Ownership over 50%
LX Pantos Logistics Co., Ltd.	Korea	51.00	51.00	Dec. 31	Logistics	Ownership over 50%
LX Pantos Busan Newport Logistics Center Co., Ltd. (*3)	Korea	100.00	100.00	Dec. 31	Warehouse	Ownership over 50%
Helistar Air Co., Ltd. (*3)	Korea	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
Hanultari Co., Ltd. (*3)	Korea	100.00	100.00	Dec. 31	Other food retail	Ownership over 50%
LX PANTOS LOGISTICS (QINGDAO) CO., LTD. (*3)	China	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS LOGISTICS (SHANGHAI) CO., LTD. (*3)	China	100.00	100.00	Dec. 31	Warehouse	Ownership over 50%
LX PANTOS LOGISTICS (NINGBO) CO., LTD. (*3)	China	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS LOGISTICS (SHENZHEN) CO., LTD. (*3)	China	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS LOGISTICS (HONG KONG) CO., LTD. (*3)	Hong Kong	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS LOGISTICS TAIWAN CO., LTD. (*3)	Taiwan	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
PT. LX PANTOS INDONESIA (*3)	Indonesia	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
PT. LX PANTOS JAKARTA (*3)	Indonesia	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS SINGAPORE PTE. LTD. (*3)	Singapore	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS (THAILAND) CO., LTD. (*3)	Thailand	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS MALAYSIA SDN. BHD. (*3)	Malaysia	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS INDIA PVT. LTD. (*3)	India	100.00	100.00	Mar. 31	Logistics	Ownership over 50%
LX PANTOS (CAMBODIA) CO., LTD. (*3)	Cambodia	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS VIETNAM CO., LTD. (*3)	Vietnam	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS AUSTRALIA PTY LTD. (*3)	Australia	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS PHILIPPINES, INC. (*3, *5)	Philippines	100.00	40.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS HOLDINGS (THAILAND) CO., LTD. (*3)	Thailand	48.50	48.50	Dec. 31	Logistics	De facto control
LX PANTOS U.K. LTD. (*3)	UK	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS NETHERLANDS B.V. (*3)	Netherlands	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS FRANCE S.A.R.L. (*3)	France	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS POLAND SP. Z O. O. (*3)	Poland	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS GERMANY GMBH (*3)	Deutschland	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS SPAIN, SLU (*3)	Spain	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS TURKEY LOJISTIK VE TICARET LTD. STI. (*3)	Turkey	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS SWEDEN AB (*3)	Sweden	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS MEXICO S.A. DE C.V. (*3)	Mexico	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS LOGISTICA DO BRASIL LTDA. (*3)	Brazil	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS COLOMBIA S.A.S (*3)	Colombia	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS CHILE SPA (*3)	Chile	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS PANAMA, S.A. (*3)	Panama	100.00	100.00	Dec. 31	Logistics	Ownership over 50%

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	Location	Equity ownership (%)		Reporting date	Principal activity	Basis of control
		2023	2022			
LX PANTOS ARGENTINA S.A. (formerly, Pantos Logistics AR S.A.) (*3, *6)	Argentina	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS SOLUCOES LOGISTICAS DO BRASIL LTDA. (*3)	Brazil	100.00	100.00	Dec. 31	Warehouse	Ownership over 50%
LX PANTOS RUS LLC (formerly, FNS CIS LLC) (*3, *6)	Russia	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
PANTOS LOGISTICS KAZAKHSTAN LTD. (*3)	Kazakhstan	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
PANTOS LOGISTICS UKRAINE LTD. (*3)	Ukraine	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
PANTOS LOGISTICS L.L.C. (DUBAI) (*3)	Dubai	49.00	49.00	Dec. 31	Logistics	De facto control
LX PANTOS ARABIA CO., LTD. (*3)	Saudi Arabia	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS JAPAN INC. (*3)	Japan	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS LOGISTICS (BEIJING) CO., LTD. (*3)	China	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS SOLUTIONS INDIA PVT., LTD. (*3)	India	100.00	100.00	Mar. 31	Logistics	Ownership over 50%
LX PANTOS AMERICA, INC. (*3)	USA	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LX PANTOS EGYPT, S.A.E. (formerly, Hi Logistics Egypt S.A.E.) (*3, *6, *7)	Egypt	99.26	99.26	Dec. 31	Logistics	Ownership over 50%
LX PANTOS HUNGARY KFT. (*3)	Hungary	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
PT. PANTOS EXPRESS INDONESIA (*3)	Indonesia	49.00	49.00	Dec. 31	Logistics	De facto control
LX PANTOS USA, INC. (*3)	USA	100.00	100.00	Dec. 31	Logistics	Ownership over 50%
LPIC TN LLC (*3)	USA	100.00	100.00	Dec. 31	Warehouse	Ownership over 50%
BOXLINKS LLC (*3, *5)	USA	100.00	-	Dec. 31	Logistics	Ownership over 50%

(Concluded)

(\*1) For the year ended December 31, 2023, it was liquidated.

(\*2) Poseung Green Power Co., Ltd. issued preferred stocks with voting rights in addition to common shares, and the parent's voting rights are 69.97% of the total number of voting shares.

(\*3) As of December 31, 2023, the entities are subsidiaries of LX Pantos Logistics Co., Ltd., and the equity ownerships presented above are simple sums of equity interests held by LX Pantos Logistics Co., Ltd. and its subsidiaries.

(\*4) For the year ended December 31, 2023, the Group newly established and acquired EBI and acquired 100% shares of KPU and LX Glass Co., Ltd. As a result, these entities have been added as a consolidated subsidiary.

(\*5) For the year ended December 31, 2023, the Group acquired a 100% stake in LX PANTOS PHILIPPINES, INC. and BOXLINKS LLC and added them as its subsidiaries.

(\*6) For the year ended December 31, 2023, the name of the subsidiary was changed.

(\*7) For the year ended December 31, 2023, the Group acquired an additional 0.37% stake in LX PANTOS EGYPT, S.A.E.

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**1.3 Summarized Financial Information of Subsidiaries**

The summarized financial information of consolidated subsidiaries (before elimination of intragroup transactions) is as follows (Korean won in millions):

	2023				
	Assets	Liabilities	Equity	Revenue	Profit (loss) for the year
LX International (America), Inc.	₩ 294,119	₩ 242,443	₩ 51,676	₩ 1,296,757	₩ 2,075
LHC Solar LLC	3,475	724	2,751	354	(1)
LX International Japan Ltd.	62,976	57,203	5,773	317,252	659
LX International (HK) Ltd.	74,300	58,930	15,370	301,863	1,618
LX International (Singapore) Pte. Ltd.	459,529	426,542	32,987	2,412,241	5,438
LX International (Deutschland) GmbH	15,870	3,445	12,425	10,211	776
LX International (Shanghai) Corp.	11,568	1,647	9,921	9,124	683
Yantai LX International VMI Co., Ltd.	-	-	-	-	(21)
Bowen Investment (Australia) Pty Ltd.	188,970	78,853	110,117	105,170	16,963
PT. BGE	266,440	158,881	107,559	1,201,649	19,950
PT. MPP	27,700	27,983	(283)	10,571	(232)
PT. MGE	36,981	16,077	20,904	107,602	21,716
PT. GAM	797,308	227,305	570,003	686,570	65,885
LX International India Private Limited	3,834	1,664	2,170	1,313	263
PT. GGL	166,621	34,414	132,207	-	1,405
PT. PAM	86,960	26,463	60,497	93,630	3,984
PT. GUM	74,870	35,490	39,380	42,045	(373)
PT. TBSM	50,364	15,401	34,963	57,620	777
PT. TBSMD	12,066	1,990	10,076	6,237	(1,202)
PT. GGU	151,123	137,314	13,809	836,197	4,631
PT. LXII	6,980	15,621	(8,641)	10,311	1,699
PT. BNE	264,169	148,046	116,123	24,563	5,960
PT. EMI	30,182	36,528	(6,346)	31,807	(4,634)
PT. GII	8,887	3,930	4,957	4,945	(1,303)
PT. SGI	314	-	314	-	(159)
PT. SLX	2,006	1,690	316	705	(2,943)
Steel Flower Electric & Machinery (Tianjin) Co., Ltd.	37,790	14,642	23,148	110,138	4,345
Philco Resources Ltd. (Rapu-Rapu)	1,033	1,084	(51)	-	(219)
Resource Investment (Hong Kong) Ltd. (Xinzhen)	109,094	56	109,038	-	(1,609)
LX International Yakutsk, LLC	8,166	18,027	(9,861)	1,174	(798)
Korea Carbon International Co., Ltd. (Shaanxi BBM)	9,370	9,370	-	-	-
Colmineral, S.A. de. C.V.	4	-	4	-	-
Fertilizer Resources Investment Ltd.	185,634	25	185,609	-	22,647
PT. KPU	850	-	850	-	-
PT. EBI	836	-	836	-	-
Dangjin Tank Terminal Co., Ltd.	100,078	10,192	89,886	-	(2,777)
Eco & logis Busan Co., Ltd.	43,309	507	42,802	-	(1,981)
Haiphong Steel Flower Electrical & Machinery Company Limited	37,039	28,033	9,006	72,530	2,843
Poseung Green Power Co., Ltd.	263,150	191,782	71,368	55,048	(5,244)
Ordos Lezheng Trading Company Limited	154,581	-	154,581	81	104,601

(Continued)

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	2023				
	Assets	Liabilities	Equity	Revenue	Profit (loss) for the year
LX Glas Co., Ltd. (formerly, Hankuk Glass Industries Inc.)	₩ 571,884	₩ 221,583	₩ 350,301	₩ 354,864	₩ 12,685
LX Pantos Logistics Co., Ltd.	1,711,417	887,764	823,653	3,637,728	135,873
LX Pantos Busan Newport Logistics Center Co., Ltd.	13,065	3,631	9,434	19,192	657
Helistar Air Co., Ltd.	19,439	16,131	3,308	108,918	775
Hanultari Co., Ltd.	503	193	310	1,332	194
LX PANTOS LOGISTICS (QINGDAO) CO., LTD.	130,353	75,810	54,543	482,095	7,163
LX PANTOS LOGISTICS (SHANGHAI) CO., LTD.	93,096	65,120	27,976	277,900	3,612
LX PANTOS LOGISTICS (NINGBO) CO., LTD.	2,083	104	1,979	941	22
LX PANTOS LOGISTICS (SHENZHEN) CO., LTD.	50,450	13,214	37,236	114,673	3,659
LX PANTOS LOGISTICS (HONG KONG) CO., LTD.	70,686	20,965	49,721	97,335	2,912
LX PANTOS LOGISTICS TAIWAN CO., LTD.	26,822	21,582	5,240	32,437	852
PT. LX PANTOS INDONESIA	41,308	20,961	20,347	121,616	1,953
PT. LX PANTOS JAKARTA	17,315	9,255	8,060	18,296	940
LX PANTOS SINGAPORE PTE. LTD.	16,202	6,461	9,741	36,275	(23)
LX PANTOS (THAILAND) CO., LTD.	37,278	19,550	17,728	119,381	1,712
LX PANTOS MALAYSIA SDN. BHD.	12,155	4,709	7,446	29,311	824
LX PANTOS INDIA PVT. LTD.	9,800	16,467	(6,667)	45,200	(6,983)
LX PANTOS (CAMBODIA) CO., LTD.	3,211	1,311	1,900	9,920	478
LX PANTOS VIETNAM CO., LTD.	64,471	26,758	37,713	174,648	4,924
LX PANTOS AUSTRALIA PTY LTD.	3,898	1,023	2,875	14,317	329
PT. PANTOS EXPRESS INDONESIA	34	33	1	-	121
LX PANTOS HOLDINGS (THAILAND) CO., LTD.	1,731	117	1,614	762	16
LX PANTOS PHILIPPINES, INC.	6,183	5,832	351	5,582	(10)
LX PANTOS U.K. LTD.	28,360	21,087	7,273	43,110	1,052
LX PANTOS NETHERLANDS B.V.	64,180	44,791	19,389	109,500	1,452
LX PANTOS FRANCE S.A.R.L.	26,814	21,725	5,089	39,935	(716)
LX PANTOS POLAND SP. Z O. O.	133,291	79,829	53,462	410,125	6,160
LX PANTOS GERMANY GMBH	21,365	10,811	10,554	59,344	214
LX PANTOS SPAIN, SLU	14,242	6,485	7,757	38,179	1,509
LX PANTOS TURKEY LOJISTIK VE TICARET LTD. STI.	8,171	3,536	4,635	43,876	4,537
LX PANTOS SWEDEN AB	3,434	3,167	267	5,193	220
LX PANTOS HUNGARY KFT	2,880	960	1,920	9,046	(769)
LX PANTOS MEXICO S.A. DE C.V.	89,585	58,743	30,842	422,594	1,046
LX PANTOS LOGISTICA DO BRASIL LTDA.	17,302	5,998	11,304	44,540	(331)
LX PANTOS COLOMBIA S.A.S	5,711	2,470	3,241	10,721	400
LX PANTOS CHILE SPA	9,021	8,815	206	10,254	(146)
LX PANTOS PANAMA, S.A	11,263	7,589	3,674	15,164	614
LX PANTOS ARGENTINA S.A. (formerly, Pantos Logistics AR S.A.)	160	256	(96)	3,038	(563)
LX PANTOS SOLUCOES LOGISTICAS DO BRASIL LTDA.	3,557	5,800	(2,243)	10,083	(1,189)
LX PANTOS USA, INC.	118,600	104,323	14,277	520,553	(3,086)
LPIC TN LLC	27,816	25,156	2,660	2,569	746
BOXLINKS LLC	2,324	2,454	(130)	2,741	(392)
LX PANTOS RUS LLC (formerly, FNS CIS LLC)	30,865	4,496	26,369	39,403	2,980

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	2023				
	Assets	Liabilities	Equity	Revenue	Profit (loss) for the year
PANTOS LOGISTICS KAZAKHSTAN LTD.	₩ 2,698	₩ (9)	₩ 2,707	₩ -	₩ (287)
PANTOS LOGISTICS UKRAINE LTD.	-	-	-	-	-
PANTOS LOGISTICS L.L.C. (DUBAI)	9,187	3,297	5,890	24,195	712
LX PANTOS ARABIA CO., LTD.	8,134	5,786	2,348	16,327	158
LX PANTOS JAPAN INC.	21,728	9,647	12,081	91,154	2,872
LX PANTOS LOGISTICS (BEIJING) CO., LTD.	24,677	11,120	13,557	63,413	667
LX PANTOS SOLUTIONS INDIA PVT. LTD.	11,477	7,776	3,701	96,746	624
LX PANTOS AMERICA, INC.	79,035	20,497	58,538	133,572	(574)
LX PANTOS EGYPT, S.A.E. (formerly, Hi Logistics Egypt S.A.E.)	8,346	2,834	5,512	19,084	2,005
	<u>₩ 7,736,153</u>	<u>₩ 3,950,315</u>	<u>₩ 3,785,838</u>	<u>₩ 15,794,890</u>	<u>₩ 458,022</u>

(Concluded)

	2022				
	Assets	Liabilities	Equity	Revenue	Profit (loss) for the year
LX International (America), Inc.	₩ 209,199	₩ 160,377	₩ 48,822	₩ 1,101,150	₩ 2,694
LHC Solar LLC	3,570	865	2,705	365	24
LX International Japan Ltd.	62,639	57,284	5,355	271,017	1,545
LX International (HK) Ltd.	48,904	35,369	13,535	374,639	2,812
LX International (Singapore) Pte. Ltd.	315,943	288,196	27,747	2,565,399	5,019
LX International (Deutschland) GmbH	13,525	2,500	11,025	19,871	759
LX International (Shanghai) Corp.	12,193	2,912	9,281	14,516	1,235
Yantai LX International VMI Co., Ltd.	2,377	47	2,330	4,095	686
Bowen Investment (Australia) Pty Ltd	187,525	96,908	90,617	210,774	77,373
PT. BGE	341,256	254,709	86,547	1,096,856	23,571
PT. MPP	20,855	30,925	(10,070)	12,989	(2,167)
PT. MGE	9,785	10,049	(264)	7,437	(2,328)
PT. GAM	855,358	250,573	604,785	835,499	307,072
LX International India Private Limited	3,328	1,439	1,889	1,095	131
PT. GGL	167,194	37,813	129,381	-	5,544
PT. PAM	98,652	43,852	54,800	108,762	6,030
PT. GUM	69,437	30,976	38,461	41,320	2,589
PT. TBSM	49,179	15,840	33,339	76,027	5,756
PT. TBSMD	11,863	992	10,871	6,579	678
PT. GGU	289,311	280,322	8,989	687,448	222
PT. LXII	6,118	16,111	(9,993)	10,476	(5,453)
PT. BNE	270,071	155,902	114,169	25,034	7,517
PT. EMI	19,268	21,036	(1,768)	69,730	(2,973)
PT. GII	9,351	3,227	6,124	5,156	(2,969)
PT. SGI	454	-	454	10	(1,764)
PT. SLX	4,044	4	4,040	-	(527)
Steel Flower Electric & Machinery (Tianjin) Co., Ltd.	33,566	4,532	29,034	96,454	4,518
Philco Resources Ltd. (Rapu-Rapu)	854	690	164	-	4

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	2022									
	Assets		Liabilities		Equity	Revenue	Profit (loss) for the year			
Resource Investment (Hong Kong) Ltd. (Xinzhen)	₩	126,816	₩	15,565	₩	111,251	₩	-	₩	55,951
LX International Yakutsk, LLC		8,376		15,839		(7,463)		1,416		(366)
Korea Carbon International Co., Ltd. (Shaanxi BBM)		9,209		9,209		-		-		-
Colmineral, S.A. de. C.V.		4		-		4		-		-
Fertilizer Resources Investment Ltd.		173,681		12		173,669		-		25,002
Dangjin Tank Terminal Co., Ltd.		97,399		7,436		89,963		-		(2,692)
Eco & logis Busan Co., Ltd.		42,792		8		42,784		-		(216)
Haiphong Steel Flower Electrical & Machinery Company Limited		34,026		27,722		6,304		57,693		(1,028)
Poseung Green Power Co., Ltd.		236,017		163,531		72,486		11,346		1,592
Ordos Lezheng Trading Company Limited		52,189		116		52,073		-		(4,844)
LX Pantos Logistics Co., Ltd.		1,697,652		985,511		712,141		6,000,789		177,038
LX Pantos Busan Newport Logistics Center Co., Ltd.		12,531		2,920		9,611		16,954		772
Helistar Air Co., Ltd.		20,823		15,905		4,918		178,884		1,017
Hanultari Co., Ltd.		386		252		134		1,022		(18)
LX Pantos Logistics (Qingdao) Co., Ltd. (formerly, Pantos Logistics (China) Co., Ltd.)		152,375		91,015		61,360		908,448		15,738
LX Pantos Logistics (Shanghai) Co., Ltd. (formerly, Pantos Logistics (Shanghai) Co., Ltd.)		134,029		89,975		44,054		576,522		13,625
LX Pantos Logistics (Ningbo) Co., Ltd. (formerly, Pantos Logistics (Ningbo) Co., Ltd.)		2,099		134		1,965		991		178
LX Pantos Logistics (Shenzhen) Co., Ltd.		53,322		19,566		33,756		285,435		10,015
LX Pantos Logistics (Hong Kong) Co., Ltd. (formerly, Pantos Logistics (H.K.) Co., Ltd.)		72,762		17,081		55,681		106,217		3,230
LX Pantos Logistics Taiwan Co., Ltd. (formerly, Pantos Logistics (Taiwan) Co., Ltd.)		10,977		6,664		4,313		37,536		1,836
Onecube International Logistics Co., Ltd.		-		-		-		-		69
PT. LX Pantos Indonesia		47,261		29,423		17,838		234,676		6,172
PT. LX Pantos Jakarta		16,136		9,262		6,874		17,812		827
LX Pantos Singapore Pte. Ltd.		17,109		7,683		9,426		43,660		2,821
LX Pantos (Thailand) Co., Ltd.		45,002		29,398		15,604		166,991		2,012
LX Pantos Malaysia Sdn. Bhd		14,491		7,164		7,327		63,393		3,218
LX Pantos (India) Pvt. Ltd.		14,420		14,243		177		91,964		(932)
LX Pantos (Cambodia) Co., Ltd.		3,631		2,254		1,377		12,455		1,017
LX Pantos Vietnam Co., Ltd.		56,296		23,053		33,243		276,886		8,664
LX Pantos Australia Pty Ltd.		4,281		1,603		2,678		17,292		323
PT. Pantos Express Indonesia		78		192		(114)		(72)		(104)
LX Pantos Holdings (Thailand) Co., Ltd.		1,700		143		1,557		782		31
Pantos Logistics Myanmar Co., Ltd.		-		-		-		-		(14)
LX Pantos U.K. Ltd.		32,698		26,920		5,778		44,569		1,733
LX Pantos Netherlands B.V.		71,536		54,576		16,960		115,003		2,949
LX Pantos France S.A.R.L (formerly, Pantos Logistics France)		27,028		21,523		5,505		38,741		2,359
LX Pantos Poland SP. Z.O.O.		172,951		100,006		72,945		621,169		33,718
LX Pantos Germany GmbH		27,979		16,301		11,678		67,131		3,089
LX Pantos Spain Slu		13,256		6,881		6,375		45,129		1,219
LX Pantos Turkey Lojistik Ve Ticaret Ltd. Sti.		7,364		2,897		4,467		42,044		4,228
LX Pantos Sweden AB (formerly, Pantos Logistics Sweden AB)		3,333		3,967		(634)		4,972		(13)
LX Pantos Hungary KFT		5,279		2,837		2,442		24,622		1,516

(Continued)

**LX International Corp. and its Subsidiaries**  
**Notes to the consolidated financial statements**  
**As of and for the years ended December 31, 2023 and 2022**

	2022				
	Assets	Liabilities	Equity	Revenue	Profit (loss) for the year
LX Pantos Mexico, S.A. DE C.V.	₩ 103,480	₩ 77,955	₩ 25,525	₩ 488,793	₩ 7,574
LX Pantos Logistica Do Brasil Ltda	14,471	3,970	10,501	89,415	1,877
LX Pantos Colombia S.A.S	4,405	2,198	2,207	14,579	1,084
LX Pantos Chile SpA (formerly, Pantos Logistics Chile SpA)	2,880	2,532	348	8,837	594
LX Pantos Panama S.A.	6,899	3,884	3,015	18,203	1,282
Pantos Logistics AR S.A.	828	451	377	3,510	(134)
LX Pantos Solucoes Logisticas Do Brasil Ltda.	2,633	3,568	(935)	8,618	(1,034)
LX Pantos USA, Inc. (formerly, Pantos USA, Inc.)	98,187	81,159	17,028	597,152	(4,173)
LPIC TN LLC	27,990	26,100	1,890	1,483	341
FNS CIS LLC	34,573	5,293	29,280	90,985	8,214
Pantos Logistics Kazakhstan	19	1	18	-	(1)
Pantos Logistics Ukraine Ltd.	-	-	-	-	-
Pantos Logistics L.L.C. (Dubai)	10,209	4,670	5,539	34,842	2,738
LX Pantos Arabia Co., Ltd. (formerly, Pantos Logistics Co., Ltd. Saudi Arabia)	3,407	1,259	2,148	11,744	416
LX Pantos Japan Inc.	28,180	17,171	11,009	143,871	4,153
LX Pantos Logistics (Beiging) Co., Ltd. (formerly, Hi Logistics (China) Co., Ltd.)	24,922	11,977	12,945	76,039	1,847
LX Pantos Solutions India Private Limited	10,526	7,475	3,051	90,449	181
LX Pantos America, Inc.	69,064	16,925	52,139	175,306	6,311
Hi Logistics Egypt S.A.E.	6,426	2,067	4,359	23,418	2,971
	₩7,084,212	₩3,900,892	₩ 3,183,320	₩19,632,414	₩ 843,571

(Concluded)

**1.4 Summarized financial information of subsidiaries attributable to non-controlling interests**

The summarized financial information of subsidiaries attributable to non-controlling interests which are material to the Group are as follows (Korean won in millions):

	2023		
	Profit attributable to non-controlling interests	Non-controlling interests	Dividends distributed to non-controlling interests
PT. GAM	₩ 27,346	₩ 228,131	₩ 43,075
PT. BNE	298	5,807	261
LX Pantos Logistics Co., Ltd. and its subsidiaries	47,595	565,673	42,336

  

	2022		
	Profit attributable to non-controlling interests	Non-controlling interests	Dividends distributed to non-controlling interests
PT. GAM	₩ 123,442	₩ 241,052	₩ 49,248
PT. BNE	376	5,709	517
LX Pantos Logistics Co., Ltd. and its subsidiaries	141,593	523,616	39,249

## **2. BASIS OF CONSOLIDATION AND MATERIAL ACCOUNTING POLICIES:**

### **2.1 Basis of preparation**

The parent company and its subsidiaries (the “Group”) have prepared the consolidated financial statements in accordance with the Korean International Financial Reporting Standards (“K-IFRS”).

The consolidated financial statements have been prepared on a historical cost basis, except for debt and equity financial assets and derivative financial instruments that are valued at fair value. The carrying values of recognized assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The consolidated financial statements are presented in Korean won and all values are rounded to the nearest won, except when otherwise indicated.

### **2.2 Basis of Consolidation**

The consolidated financial statements comprise the consolidated financial statements of the Group as of December 31, 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group:

- has the power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power over to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group’s voting rights and potential voting rights.

The Group 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (“OCI”) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Parent Company loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

## **2.3 Summary of significant accounting policies**

### **2.3.1 Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in selling and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of K-IFRS 1109 Financial Instruments is measured at fair value with the changes in fair value recognized in the consolidated statements of profit or loss in accordance with K-IFRS 1109. Other contingent consideration that is not within the scope of K-IFRS 1109 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost, less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGUs") that are expected to benefit from the business combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

### **2.3.2 Current versus non-current classification**

The Group presents assets and liabilities in the consolidated statements of financial position based on current/non-current classification.

An asset is current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within 12 months after the reporting period; or
- cash or cash equivalent, unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

### **2.3.2 Current versus non-current classification (cont'd)**

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### **2.3.3 Cash and cash equivalents**

Cash and cash equivalents in the consolidated statements of financial position comprise cash at banks and on hand and cash equivalents with an original maturity of three months or less.

### **2.3.4 Inventories**

Inventories are valued at the lower of cost or net realizable value. Initial cost of inventories includes acquisition of inventories, production or conversion costs and other costs incurred in bringing each product to its present location and conditions. Initial cost of inventories is determined by using the method of specific identification, moving average and gross average.

### **2.3.5 Financial instruments - initial recognition and subsequent measurement**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **2.3.5.1 Financial assets**

##### **2.3.5.1.1 Initial recognition and measurement**

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under K-IFRS 1115.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular-way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

### **2.3.5.1.2 Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified into four categories:

- financial assets at amortized cost (debt instruments);
- financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- financial assets at fair value through profit or loss.

#### **Financial assets at amortized cost (debt instruments)**

The Group measures financial assets at amortized cost if both of the following conditions are met:

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

Financial assets at amortized cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

#### **Financial assets at fair value through OCI (debt instruments)**

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statements of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI include investments in quoted debt instruments included under other non-current financial assets.

#### **Financial assets designated at fair value through OCI (equity instruments)**

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under K-IFRS 1032 *Financial Instruments: Presentation* and are not held for trading.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other non-operating income in the consolidated statements of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset; in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

### **2.3.5.1.2 Subsequent measurement**

The Group may elect to classify irrevocably its non-listed equity investments under this category.

#### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading, unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statements of financial position at fair value with net changes in fair value recognized in the consolidated statements of profit or loss.

This category includes derivatives and equity instruments that do not have an irrevocable choice of dealing with changes in fair value in OCI. Dividends on listed equity instruments are recognized in profit or loss at the time the rights are established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

### **2.3.5.1.3 Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

### **2.3.5.2 Impairment of financial assets**

Further disclosures relating to impairment of financial assets are also provided in Note 11.

The Group recognized an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk; instead, recognized a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group's debt instruments at fair value through OCI comprise solely of quoted bonds that are graded in the top investment category and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the external independent credit rating agency both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

The Group considers a financial asset in default when contractual payments are one year past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### **2.3.4.3 Financial liabilities**

#### **2.3.5.3.1 Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, less directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, borrowings including bonds and derivative financial liabilities.

### **2.3.5.3.2 Subsequent measurement**

The subsequent measurement of financial liabilities depends on their classification as described below:

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as of fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by K-IFRS 1109. Separated embedded derivatives are also classified as held for trading, unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statements of profit or loss.

#### **Borrowings**

Interest-bearing borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

### **2.3.5.3.3 Derecognition of financial liabilities**

A financial liability is derecognized when the obligation under the liability is discharged, canceled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of profit or loss.

### **2.3.5.4 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

## **2.3.6 Derivative financial instruments and hedge accounting**

### **2.3.6.1 Initial recognition and subsequent measurement**

The Group uses derivative financial instruments, such as forward currency contracts, swap currency and interest rate swaps to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment;
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment; and
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

### **2.3.6.1 Initial recognition and subsequent measurement(cont'd)**

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

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

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

#### **Fair value hedges**

The change in the fair value of a hedging derivative is recognized in the consolidated statements of profit or loss in finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in the consolidated statements of profit or loss as finance costs.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through the consolidated statements of profit or loss over the remaining term of the hedge using the EIR method. The EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedge item is derecognized, the unamortized fair value is recognized immediately in the consolidated statements of profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability with a corresponding gain (loss) recognized in the consolidated statements of profit or loss.

#### **Cash flow hedges**

The effective portion of the gain or loss on the hedging instrument is recognized in OCI or loss in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the consolidated statements of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognized as other expense and the ineffective portion relating to commodity contracts is recognized in other operating income or expenses.

The Group designates only the spot element of forward contracts as a hedging instrument. The forward element is recognized in OCI and accumulated in a separate component of equity under cost of hedging reserve.

The amounts accumulated in OCI are accounted for depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognized in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

### **Cash flow hedges(cont'd)**

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

### **Hedges of a net investment in a foreign operation**

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized as OCI while any gains or losses relating to the ineffective portion are recognized in the consolidated statements of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the consolidated statements of profit or loss.

### **2.3.7 Investment in associates and joint venture**

An associate is an entity over which the Parent Company has significant influence. 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 is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The consolidated statements of profit or loss and OCI reflect the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statements of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statements of profit or loss and OCI outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Parent Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss as 'share of profit of an associate and a joint venture' in the consolidated statements of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

### **2.3.8 Non-current assets held for sale (or distribution to equity holders) and discontinued operations**

The Group classifies non-current assets and disposal groups as held for sale or for distribution to equity holders of the parent if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value, less costs to sell. Costs to sell are the incremental costs directly attributable to an asset (disposal group), excluding the finance costs and income tax expense.

The criteria for held-for-sale classification is regarded as met only when the disposal is highly probable and the asset or disposal group is available for immediate disposal in its present condition. Actions required to complete the disposal should indicate that it is unlikely that significant changes to the disposal will be made or that the disposal will be withdrawn. Management must be committed to the disposal expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Assets and liabilities classified as held for sale or for distribution are presented separately as current items in the consolidated statements of financial position.

A disposal group qualifies as discontinued operation if it is:

- a component of the group that is a CGU or a group of CGUs;
- classified as held for sale or distribution or already disposed in such a way; or
- a major line of business or major geographical area.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statements of profit or loss and OCI.

### **2.3.9 Property, plant and equipment**

Construction in progress is carried at acquisition cost, less accumulated impairment loss, and property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statements of profit or loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation of property, plant and equipment is provided using the straight-line method over the estimated useful lives of the assets as follows:

	Useful lives	Depreciation method
Buildings	8 – 40	Straight-line method
Structures	8 – 50	Straight-line method
Machinery	3 – 30	Straight-line method
Vehicles	5 – 12	Straight-line method
Bearer plants	20	Straight-line method
Others	3 – 10	Straight-line method

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated statements of profit or loss when the asset is derecognized.

### **2.3.9 Property, plant and equipment(cont'd)**

The Group reviews the estimated residual values and expected useful lives of assets annually. In particular, the Group considers the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively, if appropriate.

### **2.3.10 Leases**

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### **Group as a lessee**

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### **2.3.10.1 Right-of-use assets**

The Group recognized right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred and lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows.

	Useful lives	Depreciation method
Land	30 – 48	Straight-line method
Buildings	1 – 30	Straight-line method
Vehicles	1 – 5	Straight-line method
Others	2 – 4	Straight-line method

#### **2.3.10.2 Lease liabilities**

In calculating the present value of lease payments, the Group uses its incremental borrowing rate (“IBR”) at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest-bearing loans and borrowings (see Note 25).

#### **2.3.10.3 Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of buildings and vehicle (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

### **2.3.11 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### **2.3.12 Investment properties**

Investment properties are measured initially at cost, including transaction costs and replacement costs, which satisfied asset recognition requirements when they are incurred. However, costs incurred during common maintenance activities are recognized as expenses when they occurred. Subsequent to initial recognition, investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statements of profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the carrying cost at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

### **2.3.13 Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost, less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the consolidated statements of profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statements of profit or loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statements of profit or loss when the asset is derecognized.

### 2.3.13 Intangible assets(cont'd)

A summary of the policies applied to the Group 's intangible assets is as follows:

	<u>Useful lives</u>	<u>Amortization method</u>
Goodwill	-	Test for impairment annually
Industrial property rights	5–15 years	Straight-line method
Overseas resources development (*)	Production period	Unit of production method
Others	5 years or production period	Straight-line method or unit of production method

(\*) Oil, natural gas and other natural resources exploration and development expenditures are classified as overseas resource investments. When proved reserves of oil are determined and development is sanctioned, they are depreciated on a unit of production basis. Conversely, if there is any evidence or event that implies impairment of the asset, such as suspending the exploration or development before proposing its technical feasibility and possibility of commercialization, the Group commences tests on the assets for impairment. When the book value of the asset is greater than the estimated recoverable amounts for the residual period, the Group recognizes the difference as a loss on impairment.

### 2.3.14 Biological assets

Biological assets (excluding bearer plants) are measured at initial recognition and at the end of each reporting period at its fair value, less costs to sell. Gain or loss arising on initial recognition of a biological asset at fair value, less costs to sell and from a change in fair value of a biological asset shall be included in profit or loss for the period in which it arises. Agricultural products harvested from the Group's biological assets are measured at its

fair value, less costs to sell at the point of harvest which becomes the cost at that date. If an active market exists for a biological asset (excluding bearer plants) or agricultural products in its present location and condition, the quoted price in that market is the appropriate basis for determining the fair value of that asset. If an entity has access to different active markets, the entity uses the most relevant one. If an active market does not exist, the most recent market price, market price of similar asset can be used to assess fair value.

### 2.3.15 Pensions benefits and other postemployment benefits

The Group operates a defined benefit pension plan and defined contribution pension plan. The defined benefit pension plan in Korea requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest and the return on plan assets (excluding net interest), are recognized immediately in the consolidated statements of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes the following changes in the net defined benefit obligation under selling and administrative expenses in the consolidated statements of profit or loss:

- service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and
- net interest expense or income

### **2.3.16 Provisions**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statements of profit or loss, net of any reimbursement.

### **2.3.17 Onerous contracts**

If the Group has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognized any impairment loss that has occurred on assets dedicated to that contract. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

### **2.3.18 Treasury shares**

Own equity instruments, which are reacquired (treasury shares), are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statements of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

### **2.3.19 Revenue from contracts with customers**

The Group is in the business of sales of goods in the resource and infrastructure sectors, transportation brokerage and storage industry. The Group provides the supply of goods, export-import transactions, transportation arrange and storage service through contracts with customers. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

#### **2.3.19.1 Sales of goods**

Revenue from sales of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The normal credit term is 30 to 90 days upon delivery. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. The Group takes into consideration whether it is principal or agency relating to the performance obligations when determining the transaction price of sales of goods.

#### **2.3.19.2 Principal versus agent consideration**

When another party is involved in providing goods or services to its customer, the Group determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Group is a principal and records revenue on a gross basis if it controls the promised goods or services before transferring them to the customer. However, if the Group's role is only to arrange for another entity to provide the goods or services, then the Group is an agent and will need to record revenue at the net amount that it retains for its agency services.

### **2.3.19.3 Contract balance**

#### **Trade receivables**

A receivable represents the Group's right to an amount of consideration that is unconditional. Refer to accounting policies of financial assets in the Note 2.3.5.1.

#### **Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

### **2.3.20 Foreign currency translation**

The Group's consolidated financial statements are presented in Korean won, which is also the Parent Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### **2.3.20.1 Transactions and balances**

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. All differences are taken to the consolidated statements of profit or loss with the exception of all monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognized in OCI until the net investment is disposed, at which time the cumulative amount is reclassified to the consolidated statements of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the dates when the fair value is determined.

#### **2.3.20.2 Translation of foreign operations**

On consolidation, the assets and liabilities of foreign operations are translated into Korean won at the rate of exchange prevailing at the reporting date and their income statement at exchange rates prevailing at the dates of the transactions, and these exchange differences are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in the consolidated statements of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations and translated at the spot rate of exchange at the reporting date.

#### **2.3.21 Impairment of non-financial assets**

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value, less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

### **2.3.21 Impairment of non-financial assets(cont'd)**

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value, less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the consolidated statements of profit or loss and OCI in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statements of profit or loss and OCI, unless the asset is carried at a revalued amount; in which case, the reversal is treated as a revaluation increase.

The following criteria are also applied in assessing impairment of specific assets:

#### **Goodwill**

Goodwill is tested for impairment annually (at certain time) and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

#### **Intangible assets with indefinite useful lives excluding goodwill**

For intangible assets with indefinite useful lives, the Group performs the impairment test for an individual asset or a CGU to which the asset has been allocated, annually or at any indication of impairment.

### **2.3.22 Taxes**

#### **2.3.22.1 Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statements of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### **2.3.22.2 Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses, can be utilized except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in profit or loss.

### **2.3.22.3 Sales tax**

Expenses and assets are recognized net of the amount of sales tax, except:

- when the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority; in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- when receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statements of financial position.

### **2.3.23 Crypto assets**

As there is no standard applicable to K-IFRS for Crypto assets (e. g. “Klay”), the Group developed an accounting policy by applying *mutatis mutandis* to K-IFRS 1038 in accordance with the interpretation announced by the International Financial Reporting Interpretations Committee (“IFRIC”) in June 2019.

#### **2.3.23.1 Initial recognition of crypto assets**

The Group recognizes crypto assets as an asset because it meets the definition of an asset in the *Conceptual Framework for Financial Reporting* (a resource controlled by an entity as a result of past events or transactions; and from which future economic benefits are expected to flow to the entity). The Group determines that crypto assets meet the definition of an intangible asset as an identifiable non-monetary asset without physical substance and records crypto assets as intangible assets.

#### **2.3.23.2 Subsequent measurement of crypto assets**

The Group applies the cost method to subsequent measurements of crypto assets by applying *mutatis mutandis* to K-IFRS 1038.

#### **2.3.23.3 Derecognition of crypto assets**

As the Group is obligated to transfer rights to crypto assets or pays all cash flows received under pass-through contracts to third parties without significant delay, the Group derecognizes the crypto assets when it transfers most of the risks and rewards arising from ownership of the crypto assets to others, or otherwise, when it transfers control over the crypto assets to others although it does not either transfer or retain such assets.

When disposing of crypto assets, the difference between the cash flow received or the cash flow to be received and the book value of the assets disposed is recognized as profit or loss upon disposal, but if any obligation arising from the ownership of the crypto assets has not been fulfilled, it is recognized as profit or loss when the obligation is satisfied.

## **2.4 New and amended standards and interpretations**

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued, but is not yet effective.

### **2.4.1 K-IFRS 1117 Insurance Contracts**

K-IFRS 1117 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes K-IFRS 1104 *Insurance Contracts*.

K-IFRS 1117 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

The Group does not have any contracts that meet the definition of an insurance contract under K-IFRS 1117.

### **2.4.2 K-IFRS 1001 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgments – Disclosure of Accounting Policies (Amendments)**

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

The supporting paragraphs in K-IFRS 1001 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The International Accounting Standards Board (IASB) has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

These amendments had no impact on the consolidated financial statements of the Group.

### **2.4.3 K-IFRS 1001 Presentation of Financial Statements – Disclosure of financial liabilities with clauses to adjust exercise price (Amendments)**

The amendments require disclosure of valuation gains or losses (limited to those recognized in the profit or loss) of the conversion options or warrants (or financial liabilities including them), if all or part of the financial instrument with exercise price that is adjusted depending on the issuer's share price change is classified as financial liability as defined in paragraph 11 (2) of K-IFRS 1032.

These amendments had no impact on the consolidated financial statements of the Group.

### **2.4.4 K-IFRS 1008 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates (Amendments)**

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

These amendments had no impact on the consolidated financial statements of the Group.

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

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

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

These amendments had no impact on the consolidated financial statements of the Group.

**2.4.6 K-IFRS 1012 Income Taxes - International Tax Reform—Pillar Two Model Rules (Amendments)**

The amendments clarify that the standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model rules published by the Organization for Economic Co-operation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in K-IFRS 1012, so that an entity would neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Following the amendments, the Group is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes.

These amendments had no impact on the consolidated financial statements of the Group.

## **2.5 Significant accounting judgments, estimates and assumptions**

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties include:

- Financial instruments risk management and policies - Note 25
- Sensitivity analyses disclosures - Notes 19 and 25

### **2.5.1 Judgments**

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

#### **Determining the lease term of contracts with renewal and termination options – Group as lessee**

The Group determines the lease term as the non-cancelable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

In the case of a contract with an option to extend, the Group assesses the possibility of exercising the option on the commencement date of the lease and takes into account any significant change in circumstances regarding the change in the exercise of the option when reevaluating the lease term.

### **2.5.2 Estimates and assumptions**

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

The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond control of the Group. Such changes are reflected in the assumptions when they occur.

#### **2.5.2.1 Impairment of non-financial assets**

The Group assesses at each reporting date whether there is any objective evidence that a non-financial asset is impaired. Goodwill and intangible assets with indefinite useful lives are tested when there are indications. Other non-financial asset is tested when there are indications that carrying amount is not to be collected. In assessing value in use, management estimates future cash flows from certain assets or CGUs and selects the appropriate discount rate to calculate the present value of future cash flow. Refer to Note 21 for information on the specific details of main assumptions.

#### **2.5.2.2 Defined benefit pension plan**

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

#### **2.5.2.2 Defined benefit pension plan(cont'd)**

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the postemployment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency. The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

#### **2.5.2.3 Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the consolidated statements of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow ("DCF") model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

#### **2.5.2.4 Provision for ECLs of trade receivables**

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year, which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

#### **2.5.2.5 Leases - Estimating the incremental borrowing rate ("IBR")**

The Group cannot readily determine the interest rate implicit in the lease; therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR, therefore, reflects what the Group 'would have to pay,' which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

#### **2.5.2.6 Deferred tax assets**

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. The Group has ₩ 79,459 million (2022: ₩91,593 million) of tax credits carried forward, which can be used to offset future taxable income but with time constraint. Among the total tax credits carried forward, the Group has determined not to recognize deferred tax assets on ₩52,784 million (2022: ₩68,283 million) of tax credits carried forward, due to lack of probability of occurrence.

Refer to Note 22 for details.

### **2.5.2.7 Special tax provisions for promoting investment and collaborative cooperation**

In accordance with the *special tax provision for promoting investment and collaborative cooperation*, the Group shall pay an additional income tax calculated under the applicable tax law, if the use of corporate earnings on qualifying investments, wage increase and collaborative cooperation falls below a certain portion of its taxable income. As the Group reflects the surtax imposed due to the special tax provisions for promoting investment and collaborative cooperation when computing its income tax, the Group's income tax may change arising from changes in investment, wage increase or dividend payouts.

### **2.6 New and revised K-IFRSs in issue, but not yet effective**

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

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

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, 2024, with early application permitted. If an entity applies these amendments for an earlier period, it is also required to apply the 2023 amendments early.

#### **2.6.2 K-IFRS 1001 *Presentation of Financial Statements - Non-Current Liabilities with Covenants* (Amendments)**

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least 12 months after the reporting date. Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date.

The amendments also specify that the right to defer settlement of a liability for at least 12 months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within 12 months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within 12 months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after January 1, 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early.

### **2.6.3 K-IFRS 1007 *Statement of Cash Flows* and K-IFRS 1107 *Financial Instruments*: Disclosures - Supplier Finance Arrangements (Amendments)**

The amendments add a disclosure objective to K-IFRS 1007 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, K-IFRS 1117 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- the terms and conditions of the arrangements;
- the carrying amount, and associated line items presented in the entity's statements of financial position, of the liabilities that are part of the arrangements;
- the carrying amount and associated line items for which the suppliers have already received payment from the finance providers;
- ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement; and
- liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

### **2.6.4 K-IFRS 1116 *Leases* - Lease Liability in a Sale and Leaseback (Amendments)**

The amendments to K-IFRS 1116 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in K-IFRS 1115 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee after the commencement date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

### **2.6.5 K-IFRS 1001 *Presentation of Financial Statements* – Disclosure of Virtual Assets (Amendments)**

The amendments to K-IFRS 1001 add additional disclosure requirements required by other standards for transactions related to virtual assets, setting out disclosure requirement for each case of 1) holding virtual assets, 2) holding virtual assets on behalf of customer and 3) issuing virtual assets.

When holding a virtual asset, disclosure on the general information about virtual assets, the accounting policy applied and each virtual asset's acquisition method, cost and the fair value at the end of the reporting period is required. Also, when issuing a virtual asset, the entity's obligations and status of fulfilment of the obligation related to the issued virtual asset, the timing and amount of the recognized revenue of the sold virtual asset, the number of virtual assets held after issuance and important contract details shall be disclosed.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

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**3. SEGMENT INFORMATION:**

For management purposes, the Group is organized into business units based on its products and services and has four reportable operating segments as follows:

Segment	Principal business activity
Resource	Mineral business, palm business and petroleum assets task force team
Trading/New growth	Resource trading, material trading, health care, IT trading, green and new growth
Logistics	Shipping, air transport, land transport, international courier, customs, warehousing, distribution consulting and others
Collectively grouped	Common group management

**3.1 Segment sales and operating income**

Segment sales and operating income of the Group are as follows (Korean won in millions):

Segment	December 31, 2023		December 31, 2022	
	Sales	Operating income	Sales	Operating income
Resource	₩ 1,078,139	₩ 105,927	₩ 1,295,253	₩ 343,719
Trading/New growth	6,645,926	171,813	7,009,730	248,978
Logistics	6,790,285	155,370	10,454,566	372,846
	₩ 14,514,350	₩ 433,110	₩ 18,759,549	₩ 965,543

**3.2 Segment assets and liabilities**

Segment assets and liabilities of the Group are as follows (Korean won in millions):

Segment	2023		2022	
	Assets	Liabilities	Assets	Liabilities
Resource	₩ 1,492,649	₩ 426,473	₩ 1,394,161	₩ 433,199
Trading/New growth	3,051,253	2,245,080	2,507,382	1,682,864
Logistics	2,834,085	1,551,469	2,038,680	1,664,056
Collectively grouped (*1)	617,354	697,364	1,778,785	902,413
	₩ 7,995,341	₩ 4,920,386	₩ 7,719,008	₩ 4,682,532

(\*1) Assets and liabilities that individually do not have a material effect to a specific operating segment have been collectively grouped. These include cash and cash equivalents; investment assets; property, plant and equipment; and intangible assets.

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**3.3 Sales by geographic region**

Sales by geographic region of the Group are as follows (Korean won in millions):

Region	2023		2022	
Korea	₩	6,048,013	₩	8,784,991
Americas		3,176,275		3,010,004
Europe		1466091		1914569
Asia		7325683		9114421
Others		260,857		281,765
Consolidation adjustments		(3,762,569)		(4,346,201)
	₩	14,514,350	₩	18,759,549

The Group has one customer - LG Electronics Inc. - accounting for more than 10% of the Group's total sales for the year ended December 31, 2023, while the relevant customers were two for LG Electronics Inc. and LG Chem. Ltd. for the year ended December 31, 2022.

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**4. CLASSIFICATION OF FINANCIAL INSTRUMENTS:**

**4.1 Financial instruments by category**

**4.1.1 Financial assets**

Financial assets by category as of December 31, 2023 and 2022, are as follows (Korean won in millions):

	December 31, 2023				
	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Financial assets measured at amortized cost	Hedge accounting- related assets	Total
Cash and cash equivalents	₩ -	₩ -	₩ 1,138,908	₩ -	₩ 1,138,908
Short-term financial instruments	-	-	48,889	-	48,889
Long-term equity instruments	22,928	312,005	840	-	335,773
Trade accounts receivable	-	74,469	1,192,051	-	1,266,520
Other accounts receivable	181	-	222,116	-	222,297
Long-term loans	-	-	1,240	-	1,240
Other financial assets	698	-	274,992	7,232	282,922
	<u>₩ 23,807</u>	<u>₩ 386,474</u>	<u>₩ 2,879,036</u>	<u>₩ 7,232</u>	<u>₩ 3,296,549</u>

	December 31, 2022				
	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Financial assets measured at amortized cost	Hedge accounting- related assets	Total
Cash and cash equivalents	₩ -	₩ -	₩ 1,550,675	₩ -	₩ 1,550,675
Short-term financial instruments	-	-	49,952	-	49,952
Long-term equity instruments	20,990	277,362	-	-	298,352
Trade accounts receivable	-	24,801	1,350,077	-	1,374,878
Other accounts receivable	882	-	202,102	-	202,984
Long-term loans	-	-	3,390	-	3,390
Other financial assets	917	-	270,433	8,077	279,427
	<u>₩ 22,789</u>	<u>₩ 302,163</u>	<u>₩ 3,426,629</u>	<u>₩ 8,077</u>	<u>₩ 3,759,658</u>

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**4.1.2 Financial liabilities**

Financial liabilities by category as of December 31, 2023 and 2022, are as follows (Korean won in millions):

	December 31, 2023		
	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortized cost	Total
Trade accounts payable	₩ -	₩ 1,275,508	₩ 1,275,508
Other accounts payable (*1)	522	360,170	360,692
Borrowings	-	1,223,284	1,223,284
Bonds payable	-	668,695	668,695
Current portion of bonds payable and long-term borrowings	-	313,994	313,994
Lease liabilities	-	341,130	341,130
Other financial liabilities (*1)	-	149,026	149,026
	₩ 522	₩ 4,331,807	₩ 4,332,329

(\*1) The above other accounts payable and other financial liabilities include amounts related to employee benefits that do not qualify as financial liabilities.

	December 31, 2022		
	Financial liabilities at fair value through profit or loss	Financial liabilities measured at amortized cost	Total
Trade accounts payable	₩ -	₩ 1,148,951	₩ 1,148,951
Other accounts payable (*1)	2,086	351,946	354,032
Borrowings	-	1,156,703	1,156,703
Bonds payable	-	468,998	468,998
Current portion of bonds payable and long-term borrowings	-	301,170	301,170
Lease liabilities	-	269,719	269,719
Other financial liabilities (*1)	-	184,559	184,559
	₩ 2,086	₩ 3,882,046	₩ 3,884,132

(\*1) The above other accounts payable and other financial liabilities include amounts related to employee benefits that do not qualify as financial liabilities.

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**4.2 Gains and losses on financial instruments**

**4.2.1 Gains and losses on financial assets**

Gains and losses on financial assets by category for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023				
	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Financial assets measured at amortized cost	Hedge accounting- related assets	Total
<b>Profit or loss:</b>					
Interest income	₩ 4,909	₩ -	₩ 35,658	₩ -	₩ 40,567
Dividend income	-	13,237	-	-	13,237
Gain and loss on foreign currency transactions	-	-	10,461	-	10,461
Gain and loss on foreign currency translation	-	-	(175)	-	(175)
Gain on currency forwards	28,831	-	-	-	28,831
Bad debt expenses	-	-	565	-	565
Other bad debt expenses	-	-	(1,425)	-	(1,425)
Loss on disposal of trade receivables	-	(33,706)	-	-	(33,706)
Loss on valuation of equity options	(273)	-	-	-	(273)
Gain (loss) on financial asset valuation	1,340	-	-	-	1,340
<b>Other comprehensive income (*1):</b>					
Gain on valuation of financial assets designated at fair value through OCI	-	34,155	-	-	34,155
Gain on valuation of cash hedge derivatives	-	-	-	(752)	(752)
	<u>₩ 34,807</u>	<u>₩ 13,686</u>	<u>₩ 45,084</u>	<u>₩ (752)</u>	<u>₩ 92,825</u>

(\*1) OCI is the amount before income tax effect.

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**4.2.1 Gains and losses on financial assets (cont'd)**

	2022				
	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Financial assets measured at amortized cost	Hedge accounting- related assets	Total
<b>Profit or loss:</b>					
Interest income	₩ 4,145	₩ -	₩ 19,148	₩ -	₩ 23,293
Dividend income	-	14,146	-	-	14,146
Gain and loss on foreign currency transactions	-	-	74,160	-	74,160
Gain and loss on foreign currency translation	-	-	5,903	-	5,903
Gain on currency forwards	34,346	-	-	-	34,346
Gain on currency swaps	-	-	-	136	136
Gain on disposal of other investment assets	-	-	2,146	-	2,146
Bad debt expenses	-	-	(3,200)	-	(3,200)
Other bad debt expenses	-	-	(25,165)	-	(25,165)
Loss on disposal of trade receivables	-	(18,566)	-	-	(18,566)
Gain on valuation of equity options	371	-	-	-	371
Gain (loss) on financial asset valuation	255	-	-	-	255
<b>Other comprehensive income (*1):</b>					
Loss on valuation of financial assets designated at fair value through OCI	-	(16,780)	-	-	(16,780)
Gain on valuation of cash hedge derivatives	-	-	-	18,648	18,648
	<u>₩ 39,087</u>	<u>₩ (21,200)</u>	<u>₩ 72,992</u>	<u>₩ 18,784</u>	<u>₩ 109,663</u>

(\*1) OCI is the amount before income tax effect.

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**4.2.2 Gains and losses on financial liabilities**

Gain and loss on financial liabilities by category for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023		
	Financial liabilities at fair value through profit or loss	Financial liabilities measured at Amortized cost	Total
<b>Profit or loss:</b>			
Interest expenses	₩ -	₩ (116,192)	₩ (116,192)
Gain (loss) on foreign currency transactions	-	(12,839)	(12,839)
Gain (loss) on foreign currency translation	-	19,980	19,980
Loss on currency forwards	(34,039)	-	(34,039)
Gain on exemption from debt	-	319	319
	₩ (34,039)	₩ (108,732)	₩ (142,771)

	2022		
	Financial liabilities at fair value through profit or loss	Financial liabilities measured at Amortized cost	Total
<b>Profit or loss:</b>			
Interest expenses	₩ -	₩ (59,066)	₩ (59,066)
Gain (loss) on foreign currency transactions	-	(33,109)	(33,109)
Gain (loss) on foreign currency translation	-	5,273	5,273
Loss on currency forwards	(69,533)	-	(69,533)
Gain on exemption from debt	-	789	789
	₩ (69,533)	₩ (86,113)	₩ (155,646)

**5. CASH AND CASH EQUIVALENTS:**

Details of cash and cash equivalents as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Cash and cash equivalents	December 31, 2023	December 31, 2022
Cash on hand	₩ 9,436	₩ 3,547
Short-term deposits	1,129,472	1,547,128
	₩ 1,138,908	₩ 1,550,675

Outstanding balances on restricted deposits included in financial instruments as of December 31, 2023, amounted to ₩64,444 million (₩63,246 million in 2022), which consisted of mine restoration deposits and others.

**6. DERIVATIVE FINANCIAL INSTRUMENTS:**

**6.1 Valuation of derivative financial instruments**

Valuation gains and losses arising from derivative financial instruments included in other accounts receivable and payable as of December 31, 2023 and 2022, are presented as follows (Korean won in millions):

	2023		
	Gain on valuation	Loss on valuation	Other comprehensive income (*1)
Currency forwards	₩ 162	₩ 522	₩ -
Interest rate swaps	-	-	(752)
Equity options (*2)	433	706	-
	₩ 595	₩ 1,228	₩ (752)
	2022		
	Gain on valuation	Loss on valuation	Other comprehensive income (*1)
Currency forwards	₩ 882	₩ 2,086	₩ -
Interest rate swaps	-	-	18,665
Equity options (*2)	371	-	-
	₩ 1,253	₩ 2,086	₩ 18,665

(\*1) OCI is the amount before income tax effect.

(\*2) PT. GIL's put option purchase agreement for PT. Pyridam Farma incurred a valuation loss. Bowen Investment (Australia) Pty. Ltd.'s put option purchase agreement for Ensaham has resulted in a valuation gain.

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**6.2 Currency forwards**

As of December 31, 2023 and 2022, gains and losses on unsettled currency forward contracts are as follows (Korean won in millions and other currencies in thousands):

December 31, 2023						
Currency-buy	Buying amount	Currency-sell	Selling amount	Contracted exchange rate	Gain on valuation	Loss on valuation
AED	1,602	KRW	561	350.13	₩ -	₩ 8
KRW	122,476	USD	95,065	1,267.95 – 1,291.00	181	-
USD	37,557	KRW	47,671	1,267.95 – 1,292.10	-	37
USD	30,969	CNY	218,951	7.07	-	151
JPY	240,858	USD	1,800	133.81	(19)	-
USD	20,000	KRW	25,808	1,290.40	-	326
					₩ 162	₩ 522

December 31, 2022						
Currency-buy	Buying amount	Currency-sell	Selling amount	Contracted exchange rate	Gain on valuation	Loss on valuation
AED	1,602	KRW	553	345.25	₩ -	₩ 9
EUR	1,374	KRW	1,937	1,410.00	-	80
KRW	3,556	EUR	2,538	1,387.40 – 1,410.00	124	-
KRW	142,211	USD	111,755	1,259.50 – 1,308.90	739	44
USD	36,527	KRW	47,827	1,250.60 – 1,318.70	-	1,953
JPY	240,858	USD	1,800	133.81	19	-
					₩ 882	₩ 2,086

**6.3 Interest rate swaps**

2023					
Contracted party	Contractual principal	Receivable interest rate	Payment interest rate	Contracted term	Other comprehensive gain
Korea Development Bank	USD 85,957	SOFAR+CAS (0.43%)	2.77%	2017.2.27 – 2034. 9.25	₩ (752)

  

2022					
Contracted party	Contractual principal	Receivable interest rate	Payment interest rate	Contracted term	Other comprehensive gain
Korea Development Bank	USD 102,620	LIBOR	2.77%	2017.2.27 – 2034. 9.25	₩ 18,665

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**7. INVENTORIES:**

Details of inventories as of December 31, 2023 and 2022, are as follows (Korean won in millions):

	December 31, 2023		
	Acquisition cost	Valuation allowance	Book value
Merchandise	₩ 485,162	₩ (2,620)	₩ 482,542
Finished goods	115,658	(757)	114,901
Raw materials (Main)	54,867	(4)	54,863
Raw materials (Subsidiary)	5,574	-	5,574
Work in process	275	-	275
Stored goods	11,312	-	11,312
Materials in transit	235,377	-	235,377
	<u>₩ 908,225</u>	<u>₩ (3,381)</u>	<u>₩ 904,844</u>
	December 31, 2022		
	Acquisition cost	Valuation allowance	Book value
Merchandise	₩ 419,675	₩ (1,721)	₩ 417,954
Finished goods	66,171	-	66,171
Raw materials (Main)	25,301	(32)	25,269
Stored goods	6,057	-	6,057
Materials in transit	182,899	-	182,899
	<u>₩ 700,103</u>	<u>₩ (1,753)</u>	<u>₩ 698,350</u>

For the year ended December 31, 2023, the Group recognized ₩1,628 million (2022: ₩695 million reversal) as a loss on valuation of inventories carried at net realizable value. This is recognized in cost of sales.

**8. INVESTMENT ASSETS AND INVESTMENTS IN ASSOCIATES:**

**8.1 Investment assets**

Details of investment assets as of December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023	2022
Long-term equity instruments:		
Financial assets at fair value through profit or loss	₩ 22,928	₩ 20,990
Financial assets at fair value through OCI	312,005	277,362
Financial assets at amortized cost	840	
Long-term loans receivable	1,240	3,389
	<u>₩ 337,013</u>	<u>₩ 301,741</u>

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**8.2 Long-term equity instruments**

As of December 31, 2023, details of long-term equity instruments are as follows (Korean won in millions):

	Number of shares	Equity ownership	Acquisition cost	Book value
		(%)		
<b>Financial assets at fair value through profit or loss</b>				
VL Future Environment Industry Fund	-	14.16	₩ 5,000	₩ 5,000
Pablo Air Co., Ltd.	2,407	4.65	2,499	2,499
Futureplay Inc.	314,600	2.62	3,000	3,003
Korea Specialty Contractor Financial Cooperative	387	0.01	323	323
Hapdong High Tech Glass Co., Ltd.	44,492	6.77	85	85
EIC Properties Pte. Ltd.	5,296,350	15.50	3,589	9,201
PT. Pyridam Farma	29,429,400	5.50	2,705	2,817
			17,201	22,928
<b>Financial assets at fair value through OCI (*1)</b>				
Korea Ras Laffan LNG Co., Ltd. (Qatar LNG project)	1,558,666	5.60	2,410	20,089
Vietnam Korea Exchange Ltd.	-	10.00	322	322
Oilhub Korea Yeosu Co., Ltd.	131,000	5.00	7,205	5,061
GS E&R Co., Ltd.	1,654,445	9.52	95,585	40,432
Tianjin LG Bohai Chemical Co., Ltd.	-	10.00	11,737	44,824
Cobalt blue holdings Ltd.	7,093,959	1.89	6,467	1,467
The Korea Economic Daily Co., Ltd.	81,544	0.44	920	75
KMA Consultants Inc.	27,585	3.45	138	138
PT Resources Alam Indonesia Tbk	250,000,000	5.00	9,497	7,648
Tangshan Caofeidian Steam Coal Storage & Blending Co., Ltd.	-	1.50	1,075	1,173
RedcapTour Co., Ltd.	250,000	2.91	428	3,899
iPort Co., Ltd.	4,523	5.26	500	500
Hanjinkal Co., Ltd.	2,560,000	3.83	160,080	186,368
Liveron Co., Ltd.	30	0.11	6	-
Woongjin Energy Co., Ltd.	754	0.01	8	8
FOSYS	41	0.18	-	-
CellTek. Co., Ltd.	1,652	0.00	1	1
			296,379	312,005
			₩ 313,580	₩ 334,933

(\*1) Financial assets measured at fair value through OCI include investments in shares of non-listed companies held as non-controlling interests. As the Group holds these investments for the purpose of business strategy, fair value changes are presented as OCI and the Group irrevocably elected to classify as financial asset at fair value through OCI.

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**8.2 Long-term equity instruments (cont'd)**

Changes in the net book value of long-term equity instruments as of December 31, 2023 and 2022, are as follows (Korean won in millions):

	Equity ownership (%)	2023					
		Jan. 1	Acquisition (disposal)	Valuation	Business combination	Translation gain (loss)	Dec. 31
<b>Financial assets at fair value through profit or loss</b>							
VL Future Environment Industry Fund	14.16	₩ 5,000	₩ -	₩ -	₩ -	₩ -	₩ 5,000
Pablo Air Co., Ltd.	4.65	2,499	-	-	-	-	2,499
Futureplay Inc.	2.62	3,003	-	-	-	-	3,003
Korea Specialty Contractor Financial Cooperative	0.01	-	-	-	323	-	323
Hapdong High Tech Glass Co., Ltd.	6.77	-	-	-	85	-	85
DAEYANG ENGINEERING & CONSTRUCTION CO., LTD. (*1)	0.00	-	(20)	-	20	-	-
EIC Properties Pte. Ltd.	15.50	8,428	-	634	-	139	9,201
PT. Pyridam Farma	5.50	2,060	-	706	-	51	2,817
		20,990	(20)	1,340	428	190	22,928
<b>Financial assets at fair value through OCI (*1)</b>							
Korea Ras Laffan LNG Co., Ltd. (Qatar LNG project)	5.60	28,896	-	(8,807)	-	-	20,089
Vietnam Korea Exchange Ltd.	10.00	322	-	-	-	-	322
Oilhub Korea Yeosu Co., Ltd.	5.00	6,141	-	(1,080)	-	-	5,061
GS E&R Co., Ltd.	9.52	87,294	-	(46,862)	-	-	40,432
Tianjin LG Bohai Chemical Co., Ltd.	10.00	40,737	-	4,087	-	-	44,824
Cobalt blue holdings Ltd.	1.89	3,532	-	(2,065)	-	-	1,467
The Korea Economic Daily Co., Ltd.	0.44	-	-	-	75	-	75
KMA Consultants Inc.	3.45	-	-	-	138	-	138
PT Resources Alam Indonesia Tbk.	5.00	8,121	-	(751)	-	278	7,648
Tangshan Caofeidian Steam Coal Storage & Blending Co., Ltd.	1.50	1,177	-	-	-	(4)	1,173
RedcapTour Co., Ltd.	2.91	4,762	-	(863)	-	-	3,899
iPort Co., Ltd.	5.26	500	-	-	-	-	500
Hanjinkal Co., Ltd.	3.83	95,872	-	90,496	-	-	186,368
Liveron Co., Ltd.	0.11	-	-	-	-	-	-
Woongjin Energy Co., Ltd.	0.01	8	-	-	-	-	8
FOSYS	0.18	-	-	-	-	-	-
CellTek. Co., Ltd.	0.00	-	1	-	-	-	1
		277,362	1	34,155	213	274	312,005
		₩ 298,352	₩ (19)	₩ 35,495	₩ 641	₩ 464	₩ 334,933

(\*1) For the year ended December 31, 2023, the Group disposed it.

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**8.2 Long-term equity instruments (cont'd)**

	Equity ownership (%)	2022				
		Jan. 1	Acquisition (disposal)	Valuation	Translation gain (loss)	Dec. 31
<b>Financial assets at fair value through profit or loss</b>						
VL Future Environment Industry Fund	14.16	₩ 2,900	₩ 2,100	₩ -	₩ -	₩ 5,000
Pablo Air Co., Ltd.	5.69	2,499	-	-	-	2,499
Futureplay Inc.	2.63	3,003	-	-	-	3,003
EIC Properties Pte. Ltd.	15.50	7,337	-	596	495	8,428
PT. Pyridam Farma	5.50	2,470	-	(371)	(39)	2,060
		18,209	2,100	225	456	20,990
<b>Financial assets at fair value through OCI (*1)</b>						
Korea Ras Laffan LNG Co., Ltd. (Qatar LNG project)	5.60	18,637	-	10,259	-	28,896
Vietnam Korea Exchange Ltd.	10.00	322	-	-	-	322
LG Int'l (Saudi) LLC (*1)	-	118	(118)	-	-	-
Oilhub Korea Yeosu Co., Ltd.	5.00	7,317	-	(1,176)	-	6,141
GS E&R Co., Ltd.	9.52	54,043	-	33,251	-	87,294
Tianjin LG Bohai Chemical Co., Ltd.	10.00	37,629	-	3,108	-	40,737
Cobalt blue holdings Ltd.	1.92	3,016	-	516	-	3,532
PT Resources Alam Indonesia Tbk.	5.00	5,474	-	1,908	739	8,121
Tangshan Caofeidian Steam Coal Storage & Blending Co., Ltd.	1.50	1,208	-	-	(31)	1,177
RedcapTour Co., Ltd.	2.91	5,200	-	(438)	-	4,762
iPort Co., Ltd.	5.26	500	-	-	-	500
Hanjinkal Co., Ltd. (*2)	3.83	-	160,080	(64,208)	-	95,872
Liveron Co., Ltd.	0.11	-	-	-	-	-
Woongjin Energy Co., Ltd.	0.01	8	-	-	-	8
		133,472	159,962	(16,780)	708	277,362
		₩ 151,681	₩ 162,062	₩ (16,555)	₩ 1,164	₩ 298,352

(\*1) For the year ended December 31, 2022, the Group liquidated it.

(\*2) For the year ended December 31, 2022, the Group acquired 3.83% of equity interests of Hanjinkal Co., Ltd. and classified them as financial assets at fair value through OCI.

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**8.3 Investments in associates**

As of December 31, 2023 and 2022, details of investments in associates are as follows:

	Country of domicile	Equity ownership (%)		Reporting date	Principal business activity
		2023	2022		
Bio Friends INC. (*1)	Korea	10.44	10.44	12.31	Manufacturing and selling clean energy
Ecovance INC. (*1)	Korea	10.84	12.71	12.31	Manufacturing synthetic rubber and plastic materials
Ateam ventures INC. (*1)	Korea	11.79	11.29	12.31	Software development
BSG PARTNERS CO., LTD. (*2)	Korea	25.28	0.00	12.31	Software development
LX Ventures New Technology Investment Fund 1 (*2)	Korea	50.00	0.00	12.31	Financial investment
POSCO-IPPC (India Pune Processing Center)	India	35.00	35.00	12.31	Processing and selling steel
POSCO-PWPC (Poland Wroclaw Processing Center)	Poland	40.00	40.00	12.31	Processing and selling steel
GS HP Sunflower Village Int'l Corp.	Vietnam	30.00	30.00	12.31	Leasing real estate
Oman International Petrochemical Industry Company LLC (*3)	Oman	-	30.00	12.31	Manufacturing and selling PTA and PET
Musandam Power Company SAOC (*1)	Oman	18.00	18.00	12.31	Thermal power plant
Gansu Wuwei Cogeneration Power Plant	China	30.00	30.00	12.31	Generating cogeneration
KM Resources Ltd. (Rapu-Rapu) (*4)	Malaysia	70.00	70.00	12.31	Mining and selling cooper
Inner Mongolia Diamond Coal Industry Co., Ltd	China	30.00	30.00	12.31	Coal development and sales
Shaanxi BBM Biomass Power Generation Co., Ltd.	China	30.00	30.00	12.31	Generating new and renewable energy
Inner Mongolia BDS Chemical Co., Ltd.	China	29.00	29.00	12.31	Manufacturing fertilizer
LX Pantos Philippines, Inc. (*5)	Philippine	-	39.99	12.31	Logistics
Cypress Tree FP N Core Fund	Korea	39.52	39.52	12.31	Financial investment

(\*1) The entity is classified as an associate even though the Group holds less than 20% equity ownership. As the Group has rights to elect the directors of the entity and its executive participates in management as a director, it is considered that the Group has significant influence over the entities.

(\*2) For the year ended December 31, 2023, the Group acquired and classified the equity interests of the entity as investments in associates.

(\*3) For the year ended December 31, 2023, it was liquidated.

(\*4) As major decision making is decided unanimously, it is difficult to judge that control is held, so it has been classified as associate.

(\*5) For the year ended December 31, 2023, the Group acquired 100% of the shares of LX Pantos Philippines, Inc. and added it as a subsidiary of the Group.

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**8.3 Investments in associates (cont'd)**

Details of the investments in associates as of December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023			2022
	Acquisition cost	Net asset value	Net book value	Net book value
Bio Friends INC.	₩ 2,720	₩ 1,469	₩ 1,960	₩ 2,193
Ecovance INC. (*1)	15,600	130,996	-	14,896
Ateam ventures INC.	3,500	(1,516)	3,131	3,500
BSG PARTNERS CO., LTD.	30,340	45,716	30,340	-
LX Ventures New Technology Investment Fund 1	6,000	11,912	5,956	-
POSCO-IPPC (India Pune Processing Center)	9,184	50,186	17,565	16,801
POSCO-PWPC (Poland Wroclaw Processing Center)	5,244	30,367	12,172	11,080
GS HP Sunflower Village Int'l Corp.	2,911	19,485	5,845	5,840
Musandam Power Company SAOC	6,535	39,484	7,450	7,229
Gansu Wuwei Cogeneration Power Plant	55,932	203,422	61,477	60,246
KM Resources Ltd. (Rapu-Rapu)	40,493	3,666	-	-
Inner Mongolia Diamond Coal Industry Co., Ltd.	54,801	361,200	132,747	51,689
Shaanxi BBM Biomass Power Generation Co., Ltd.	8,255	31,150	9,345	9,185
Inner Mongolia BDS D Chemical Co., Ltd.	97,837	603,969	185,431	173,495
Cypress Tree FP N Core Fund	31,100	116,780	41,238	35,777
	₩ 370,452	₩ 1,648,286	₩ 514,657	₩ 391,931

(\*1) For the year ended December 31, 2023, it was classified as an asset held for sale.

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**8.3 Investments in associates (cont'd)**

The summarized financial information of associates, which were material to the Group, as of December 31, 2023 and 2022, is as follows (Korean won in millions):

	December 31, 2023						
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit (loss) for the year	Dividends paid by associates
Ecovance INC.	₩ 38,105	₩ 94,256	₩ 1,266	₩ 99	₩ -	₩ (7,361)	₩ -
BSG PARTNERS CO., LTD.	35,233	15,641	5,146	12	45,697	6,838	-
POSCO-IPPC (India Pune Processing Center)	197,085	29,669	162,579	13,989	441,463	1,620	-
POSCO-PWPC (Poland Wroclaw Processing Center)	62,109	7,028	38,768	2	117,781	(1,081)	-
Musandam Power Company SAOC	24,787	222,571	12,074	195,800	68,532	7,150	1,198
Gansu Wuwei Cogeneration Power Plant	121,553	378,155	61,832	234,454	251,440	7,775	877
Inner Mongolia Diamond Coal Industry Co., Ltd.	306,142	546,417	335,444	155,915	728,584	302,292	6,520
Inner Mongolia BDS Chemical Co., Ltd.	253,191	518,463	165,151	2,534	466,575	79,997	11,136
Cypress Tree FP N Core Fund	585	116,686	491	-	16,885	15,825	-

  

	December 31, 2022						
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit (loss) for the year	Dividends paid by associates
Ecovance INC.	₩ 30,290	₩ 89,175	₩ 955	₩ 1,352	₩ -	₩ (5,542)	₩ -
POSCO-IPPC (India Pune Processing Center)	146,622	28,900	115,518	12,002	521,499	8,925	-
POSCO-PWPC (Poland Wroclaw Processing Center)	75,241	7,082	54,679	4	146,455	5,695	-
Musandam Power Company SAOC	97,775	223,663	81,004	202,175	91,809	8,129	1,275
Gansu Wuwei Cogeneration Power Plant	122,659	397,507	60,002	260,844	279,425	8,049	-
Inner Mongolia Diamond Coal Industry Co., Ltd.	93,280	506,659	360,523	152,806	605,067	191,590	56,071
Inner Mongolia BDS Chemical Co., Ltd.	168,865	573,270	126,937	51,821	423,099	88,038	9,037
Cypress Tree FP N Core Fund	1,410	99,804	258	-	-	22,256	-

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**8.3 Investments in associates (cont'd)**

Changes in the net book value of investments in associates for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023						
	Jan. 1	Acquisition (disposal)	Dividends	Equity adjustments in equity method	Share of profit or loss	Others	Dec. 31
Bio Friends INC.	₩ 2,193	₩ -	₩ -	₩ (7)	₩ (226)	₩ -	₩ 1,960
Ecovance INC. (*1)	14,896	-	-	-	(897)	(13,999)	-
Ateam ventures INC.	3,500	-	-	-	(370)	1	3,131
BSG PARTNERS CO., LTD.	-	30,340	-	-	-	-	30,340
LX Ventures New Technology Investment Fund I	-	6,000	-	-	(44)	-	5,956
POSCO-IPPC (India Pune Processing Center)	16,801	-	-	197	567	-	17,565
POSCO-PWPC (Poland Wroclaw Processing Center)	11,080	-	-	1,524	(432)	-	12,172
GS HP Sunflower Village Int'l Corp.	5,840	-	(143)	(51)	237	(38)	5,845
Oman International Petrochemical Industry Company LLC	-	-	-	(751)	-	751	-
Musandam Power Company SAOC	7,229	-	(1,198)	132	1,287	-	7,450
Gansu Wuwei Cogeneration Power Plant	60,246	-	(877)	(224)	2,332	-	61,477
Inner Mongolia Diamond Coal Industry Co., Ltd.	51,689	-	(6,520)	-	104,526	(16,948)	132,747
Shaanxi BBM Biomass Power Generation Co., Ltd.	9,185	-	-	-	-	160	9,345
Inner Mongolia BDS Chemical Co., Ltd.	173,495	-	(11,136)	(3,990)	23,198	3,864	185,431
LX Pantos Philippines, Inc.	-	-	-	6	139	(145)	-
Cypress Tree FP N Core Fund	35,777	-	-	-	5,461	-	41,238
	<u>₩ 391,931</u>	<u>₩ 36,340</u>	<u>₩ (19,874)</u>	<u>₩ (3,164)</u>	<u>₩ 135,778</u>	<u>₩ (26,354)</u>	<u>₩ 514,657</u>

(\*1) The entity was classified as asset held for sale as of December 31, 2023.

(\*2) The company decided to sell its stake in ADA Oil LLP and Kernhem B.V., classified it as a non-current asset held for sale and completed the sale during the FY2022.

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**8.3 Investments in associates (cont'd)**

	2022						
	Jan. 1	Acquisition (disposal)	Dividends	Equity adjustments in equity method	Share of profit or loss	Others	Dec. 31
Bio Friends INC.	₩ 2,550	₩ -	₩ -	₩ 15	₩ (384)	₩ 12	₩ 2,193
Ecovance INC.	-	15,600	-	-	(704)	-	14,896
Ateam ventures INC.	-	3,500	-	-	-	-	3,500
POSCO-IPPC (India Pune Processing Center)	14,451	-	-	(774)	3,124	-	16,801
POSCO-PWPC (Poland Wroclaw Processing Center)	8,915	-	-	(113)	2,278	-	11,080
Kernhem B.V. (*2)	-	(1,006)	-	527	479	-	-
ADA Oil LLP (*2)	-	(606)	-	270	336	-	-
GS HP Sunflower Village Int'l Corp.	5,320	-	(53)	150	459	(36)	5,840
Musandam Power Company SAOC	6,662	-	(1,275)	379	1,463	-	7,229
Gansu Wuwei Cogeneration Power Plant	59,485	-	-	(1,654)	2,415	-	60,246
Inner Mongolia Diamond Coal Industry Co., Ltd.	56,005	-	(56,071)	(8,432)	56,781	3,406	51,689
Shaanxi BBM Biomass Power Generation Co., Ltd.	8,592	-	-	-	-	593	9,185
Inner Mongolia BDS Chemical Co., Ltd.	160,484	-	(9,037)	(16,283)	25,532	12,799	173,495
LX Pantos Philippines, Inc.	37	-	-	2	(39)	-	-
Cypress Tree FP N Core Fund	-	31,100	-	-	7,363	(2,686)	35,777
	<u>₩ 322,501</u>	<u>₩ 48,588</u>	<u>₩ (66,436)</u>	<u>₩ (25,913)</u>	<u>₩ 99,103</u>	<u>₩ 14,088</u>	<u>₩ 391,931</u>

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**9. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES:**

**9.1 Property, plant and equipment**

Details of property, plant and equipment as of December 31, 2023 and 2022, are as follows (Korean won in millions):

	December 31, 2023			
	Acquisition cost	Accumulated depreciation	Accumulated impairment	Book value
Land	₩ 230,452	₩ -	₩ -	₩ 230,452
Buildings	376,054	(107,077)	(63)	268,914
Structures	278,344	(94,565)	-	183,779
Machinery and equipment	512,342	(184,461)	(12)	327,869
Vehicles	45,052	(22,168)	-	22,884
Ships	16,376	(2,858)	-	13,518
Mature biological assets	115,898	(53,590)	-	62,308
Non-mature biological assets	14,666	-	-	14,666
Others	132,094	(93,850)	(164)	38,080
Construction in progress	27,900	-	-	27,900
Right-of-use assets	656,190	(262,444)	-	393,746
	₩ 2,405,368	₩ (821,013)	₩ (239)	₩ 1,584,116

	December 31, 2022			
	Acquisition cost	Accumulated depreciation	Accumulated impairment	Book value
Land	₩ 152,327	₩ -	₩ -	₩ 152,327
Buildings	292,429	(61,152)	-	231,277
Structures	258,308	(73,420)	(107)	184,781
Machinery and equipment	272,450	(94,291)	(11)	178,148
Vehicles	36,480	(17,072)	-	19,408
Ships	14,026	(796)	-	13,230
Mature biological assets	112,155	(46,035)	-	66,120
Non-mature biological assets	7,602	-	-	7,602
Others	84,981	(60,973)	(162)	23,846
Construction in progress	20,020	-	-	20,020
Right-of-use assets	456,364	(189,783)	-	266,581
	₩ 1,707,142	₩ (543,522)	₩ (280)	₩ 1,163,340

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**9.1 Property, plant and equipment (cont'd)**

Changes in the net book value of property, plant and equipment for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023								
	Jan. 1	Addition	Transfer	Disposals	Depreciation	Change in the scope of consolidation	Others (*1)	Dec. 31	
Land	₩ 152,327	₩ 9	₩ 287	₩ (4,238)	₩ -	₩ 81,526	₩ 541	₩ 230,452	
Buildings	231,277	199	15,177	(1,185)	(14,042)	35,423	2,065	268,914	
Structures	184,781	1,434	2,724	(400)	(10,395)	4,360	1,275	183,779	
Machinery and equipment	178,148	36,391	(4,090)	(1,581)	(35,243)	153,937	307	327,869	
Vehicles	19,408	7,719	(61)	(631)	(4,298)	129	618	22,884	
Ships	13,230	2,349	-	-	(2,061)	-	-	13,518	
Mature biological assets	66,120	-	-	-	(6,451)	-	2,639	62,308	
Non-mature biological assets	7,602	6,759	320	(96)	-	-	81	14,666	
Others	23,846	16,129	10,779	(523)	(16,477)	3,017	1,309	38,080	
Construction in progress	20,020	34,845	(29,423)	(22)	-	1,797	683	27,900	
Right-of-use assets	266,581	226,832	56,697	(9,755)	(157,532)	2,028	8,895	393,746	
	<u>₩ 1,163,340</u>	<u>₩ 332,666</u>	<u>₩ 52,410</u>	<u>₩ (18,431)</u>	<u>₩ (246,499)</u>	<u>₩ 282,217</u>	<u>₩ 18,413</u>	<u>₩ 1,584,116</u>	

(\*1) Includes the effects of fluctuation in foreign currency exchange rates.

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**9.1 Property, plant and equipment (cont'd)**

	2022							
	Jan. 1	Addition	Transfer	Disposals	Depreciation	Change in the scope of consolidation	Others (*1)	Dec. 31
Land	₩ 107,424	₩ 43,292	₩ -	₩ -	₩ -	₩ 2,035	₩ (424)	₩ 152,327
Buildings	173,704	634	7,149	(11)	(10,521)	57,301	3,021	231,277
Structures	135,092	1,181	13,954	(1,448)	(9,424)	39,524	5,902	184,781
Machinery and equipment	56,416	15,535	3,175	(958)	(21,227)	120,361	4,846	178,148
Vehicles	12,419	11,294	(95)	(192)	(3,623)	155	(550)	19,408
Ships	-	50	13,976	-	(796)	-	-	13,230
Mature biological assets	73,901	-	-	-	(6,402)	-	(1,379)	66,120
Non-mature biological assets	3,914	4,318	-	(402)	157	-	(385)	7,602
Others	20,037	13,752	1,364	(356)	(13,318)	1,729	638	23,846
Construction in progress	16,589	43,221	(39,698)	(9)	(9)	-	(74)	20,020
Right-of-use assets	207,007	205,735	-	(39,068)	(130,436)	22,335	1,008	266,581
	<u>₩ 806,503</u>	<u>₩ 339,012</u>	<u>₩ (175)</u>	<u>₩ (42,444)</u>	<u>₩ (195,599)</u>	<u>₩ 243,440</u>	<u>₩ 12,603</u>	<u>₩ 1,163,340</u>

(\*1) Includes the effects of fluctuation in foreign currency exchange rates.

**9.2 Investment properties**

Details of investment properties as of December 31, 2023 and 2022, are as follows (Korean won in millions):

	December 31, 2023		December 31, 2022	
	Buildings		Buildings	
Acquisition cost	₩	5,760	₩	6,662
Accumulated depreciation		(1,555)		(1,690)
Net book value	₩	4,205	₩	4,972

Changes in the net book value of investment properties for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023		2022	
	Buildings		Buildings	
Jan. 1	₩	4,972	₩	4,851
Depreciation		(151)		(209)
Others		(616)		330
Dec. 31	₩	4,205	₩	4,972

**LX International Corp. and its Subsidiaries**  
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**9.3 Assets provided as collateral**

The details of the assets provided as collateral as of December 31, 2023, are as follows (Korean won in millions):

	Net book value	Agreed debt limit	Security holder	Description
Land and buildings	₩ 94,364	₩ 124,400	Korea Development Bank	Mortgages payable
Land and buildings	6,145	4,514	Kashikorn Bank	Mortgages payable
Plant and equipment, etc.	178,383	210,000	Woori Bank, etc.	Project Financing (PF) loan payable

**9.4 Insurance**

As of December 31, 2023, the assets covered by insurance policies are as follows (Korean won in millions):

Insurance type	Covered assets	Insured up to	Insurance institutions
Property insurance	Inventories and property, plant and equipment	₩ 630,810	KB Insurance Co., Ltd. and others

In addition, the Group carries liability insurance for loads, warehousing liability insurance and international transport liability insurance.

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**10. INTANGIBLE ASSETS:**

Details of intangible assets as of December 31, 2022 and 2021, are as follows (Korean won in millions):

	December 31, 2023		December 31, 2022	
Goodwill	₩	315,889	₩	198,110
Industrial property rights		804		6
License		23,207		17,351
Overseas resources development		374,850		385,110
Others		520,832		469,350
	₩	1,235,582	₩	1,069,927

Changes in the net book value of intangible assets for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023					Total
	Goodwill	Industrial property rights	License	Overseas resources development	Others	
Jan. 1	₩ 198,110	₩ 6	₩ 17,351	₩ 385,110	₩ 469,350	₩ 1,069,927
Acquisitions	-	-	1,806	-	65,305	67,111
Disposals	-	(3)	-	-	(1,969)	(1,972)
Transfer (*1)	-	-	2,837	-	(55,241)	(52,404)
Amortization	-	(61)	-	(21,395)	(45,470)	(66,926)
Reversal of impairment (impairment) (*2)	(135,442)	-	(161)	-	-	(135,603)
Change in the scope of consolidation (*3)	252,755	862	1,369	-	86,274	341,260
Others (*4)	466	-	5	11,135	2,583	14,189
Dec. 31	₩ 315,889	₩ 804	₩ 23,207	₩ 374,850	₩ 520,832	₩ 1,235,582

**LX International Corp. and its Subsidiaries**  
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**10. Intangible assets (cont'd)**

	2022											
	Goodwill		Industrial property rights		License	Overseas resources development	Others	Total				
Jan. 1	₩	180,409	₩	10	₩	19,042	₩	257,040	₩	293,144	₩	749,645
Acquisitions		-		-		287		-		94,263		94,550
Disposals		-		-		(1,878)		-		(742)		(2,620)
Transfer (*1)		-		-		-		7,901		22,692		30,593
Amortization		-		(4)		-		(18,247)		(18,362)		(36,613)
Reversal of impairment (impairment) (*2)		(19,451)		-		(98)		118,519		-		98,970
Change in the scope of consolidation (*3)		36,146		-		-		-		46,169		82,315
Others (*4)		1,006		-		(2)		19,897		32,186		53,087
Dec. 31	₩	198,110	₩	6	₩	17,351	₩	385,110	₩	469,350	₩	1,069,927

(\*1) Represents amounts transferred from property, plant and equipment (i.e., construction in progress).

(\*2) See Note 21.

(\*3) See Note 30.

(\*4) Includes the effects of fluctuation in foreign currency exchange rates.

The Group participates as the Klaytn Blockchain Platform Operator (General Council Officer) and is acquiring the cryptocurrency, Klay. Acquisition of the asset does not require significant acquisition costs; therefore, it is treated as a non-retained asset. As of December 31, 2023, the Group has 7,484,146 Klay (2022: 7,484,146 Klay).

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**11. TRADE AND OTHER RECEIVABLES:**

Details of trade and other receivables as of December 31, 2022 and 2021, are as follows (Korean won in millions):

	December 31, 2023			December 31, 2022		
	Total amount	Allowance for doubtful accounts	Net value	Total amount	Allowance for doubtful accounts	Net value
<b>Current:</b>						
Trade accounts receivable	₩1,312,935	₩ (46,415)	₩1,266,520	₩1,422,193	₩ (47,315)	₩1,374,878
Short-term loans	21,044	(7,287)	13,757	7,686	(7,252)	434
Other accounts receivable (*1)	246,375	(24,259)	222,116	225,697	(23,596)	202,101
Current portion of long-term other accounts receivable	6,219	-	6,219	6,113	-	6,113
Accrued income	17,647	(5,834)	11,813	9,908	(4,799)	5,109
Short-term deposits	23,184	-	23,184	24,062	-	24,062
Current portion of long-term other accounts receivable	25,650	-	25,650	25,210	-	25,210
Finance lease receivable	222	-	222	1,135	-	1,135
	<u>1,653,276</u>	<u>(83,795)</u>	<u>1,569,481</u>	<u>1,722,004</u>	<u>(82,962)</u>	<u>1,639,042</u>
<b>Non-current:</b>						
Long-term receivables	158,081	(159)	157,922	162,945	-	162,945
Long-term loans	23,217	(21,977)	1,240	85,175	(81,785)	3,390
Long-term other accounts receivable (*1)	581	(213)	368	6,114	(127)	5,987
Long-term accrued income	1,316	(1,316)	-	8,713	(8,713)	-
Long-term bank deposits (*2)	16,934	-	16,934	11,063	-	11,063
Long-term deposits	33,889	(1,492)	32,397	32,572	(4,290)	28,282
Finance lease receivable	282	-	282	526	-	526
	<u>234,300</u>	<u>(25,157)</u>	<u>209,143</u>	<u>307,108</u>	<u>(94,915)</u>	<u>212,193</u>
	<u>₩1,887,576</u>	<u>₩ (108,952)</u>	<u>₩1,778,624</u>	<u>₩2,029,112</u>	<u>₩ (177,877)</u>	<u>₩1,851,235</u>

(\*1) As of December 31, 2023, other receivables related to derivatives of ₩7,413 million (₩8,959 million in 2022) and equity options of ₩598 million (₩917 million in 2022) were excluded.

(\*2) As of December 31, 2023, it presents the amount after excluding ₩21,201 million (₩43,760 million in 2022) of excessive amount of plan assets (see Note 19).

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**11. Trade and other receivables (cont'd)**

Changes in the net book value of allowance for doubtful accounts for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023		2022	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Jan. 1	₩ 47,315	₩ 130,562	₩ 44,050	₩ 153,681
Bad debt expenses	(565)	2,180	3,200	25,165
Others (*1)	(335)	(70,205)	65	(48,284)
Dec. 31	₩ 46,415	₩ 62,537	₩ 47,315	₩ 130,562

(\*1) It includes ₩63,432 million, which decreased due to the depreciation of long-term loans of KC KAZAKH B.V. during the current period, and ₩40,397 million, which was replaced by non-current assets held for sale during the previous year.

Aging analyses of trade receivables as of December 31, 2023 and 2022, are as follows (Korean won in millions):

	December 31, 2023		December 31, 2022	
Less than 3 months	₩	1,242,282	₩	1,353,643
3 to 6 months		16,299		9,758
6 to 12 months		1,593		13,134
1 year to 3 years		9,631		2,466
More than 3 years		43,130		43,192
	₩	1,312,935	₩	1,422,193

**Derecognition of financial instruments**

As of December 31, 2023, there are no trade accounts receivable that were transferred or factored, but not derecognized because the requirements for financial instrument derecognition are not met.

## **12. BORROWINGS AND BONDS:**

### **12.1 Short-term borrowings**

Details of short-term borrowings as of December 31, 2023 and 2022, are as follows (Korean won in millions):

	Description	Annual interest rate as of Dec. 31, 2023	2023	2022
Short-term operating loans	CITIBANK, N.A. and others	2.05% and others	₩ 121,841	₩ 265,583
Others			9,011	16,219
			<u>₩ 130,852</u>	<u>₩ 281,802</u>

The Group has contracts of commercial paper discount with HSBC, SMBC, CA, etc. Amounts that have not reached maturity after discounts and do not meet the requirements of financial asset derecognition are accounted as short-term borrowings.

The Group has signed individual and comprehensive loan agreements (credit limit of ₩53,268 million) with Shinhan Bank and three other banks in relation to bank overdraft facilities as of December 31, 2023. In relation to the bank overdraft facilities above, long-term financial instruments are provided as collateral.

### **12.2 Long-term borrowings**

Details of long-term borrowings as of December 31, 2023 and 2022, are as follows (Korean won in millions):

	Financial institution	Annual interest rate as of Dec. 31, 2023	December 31, 2023	December 31, 2022
Local currency	Woori International the 1 <sup>st</sup> Co., Ltd. and others	2.89% and others	₩ 1,158,362	₩ 800,097
PF loan	Woori bank and others (*1)	5.84%	48,285	51,454
	Nonghyup and others (*2)	3.29%	99,958	106,519
Foreign currency	Korea Energy Agency and others	Representative loan interest rate -2.25%	21,511	20,252
	Mizuho bank (*3)	SOFR +3.4%	28,367	27,880
			<u>1,356,482</u>	<u>1,006,202</u>
Less: current portion			<u>(264,049)</u>	<u>(131,300)</u>
			<u>₩ 1,092,433</u>	<u>₩ 874,902</u>

(\*1) The base rate of TrancheA loans is the implied yield curve consensus of six-month financial bonds I (bank bonds) (AAA), and the additional interest rate is 1.91%.

(\*2) TrancheB loan is a fixed rate.

(\*3) Due to the arrangement of the Group (see Note 24-1), it is classified as a liability in accordance with K-IFRS 1032.

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**12.3 Bonds**

Details of bonds as of December 31, 2023 and 2022, are as follows (Korean won in millions):

Series	Issue date	Maturity date	Annual interest rate	December 31, 2023	December 31, 2022	Warranty
118-2nd	Jan. 23, 2018	Jan. 20, 2023	2.95%	₩ -	₩ 30,000	Non-warranty
119-1st	May. 13, 2020	May. 13, 2030	3.10%	50,000	50,000	Non-warranty
120-1st	May. 27, 2020	May. 27, 2023	1.80%	-	90,000	Non-warranty
120-2nd	May. 27, 2020	May. 27, 2025	2.07%	50,000	50,000	Non-warranty
121-1st	Aug. 06, 2021	Aug. 06, 2026	2.29%	20,000	20,000	Non-warranty
121-2nd	Aug. 06, 2021	Aug. 06, 2031	3.10%	30,000	30,000	Non-warranty
122-1st	Jan. 28, 2022	Jan. 27, 2025	2.96%	110,000	110,000	Non-warranty
122-2nd	Jan. 28, 2022	Jan. 28, 2027	3.14%	110,000	110,000	Non-warranty
122-3rd	Jan. 28, 2022	Jan. 26, 2029	3.33%	80,000	80,000	Non-warranty
123-1st	Apr. 24, 2023	Apr. 24, 2025	3.99%	30,000	-	Non-warranty
123-2nd	Apr. 24, 2023	Apr. 24, 2026	4.11%	100,000	-	Non-warranty
123-3rd	Apr. 24, 2023	Apr. 24, 2028	4.39%	70,000	-	Non-warranty
Pantos bond	Apr. 18, 2022	Apr. 18, 2025	4.05%	10,000	10,000	Non-warranty
Pantos bond	Apr. 18, 2022	Apr. 16, 2027	4.23%	60,000	60,000	Non-warranty
Less: discount on bonds				(1,360)	(1,132)	
Less: current portion of bonds				(50,000)	(170,000)	
Less: current portion of discount on bonds				55	130	
				<u>₩ 668,695</u>	<u>₩ 468,998</u>	

The Group issued the 119-1st; 120-1st and 120-2nd; 121-1st and 121-2nd; 122-1st, 122-2<sup>nd</sup> and 122-3<sup>rd</sup>; 123-1st, 123-2nd and 123-3<sup>rd</sup>; 2-1st and 2-2nd unsecured bonds at discounts; the bonds are to be repaid at the maturity date at once; and the interest payment is the three-month redemption condition. Discounts on the bonds are amortized using the effective interest method over the repayment period of the bonds and added to finance costs.

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**13. PROVISIONS:**

Details of provisions as of December 31, 2023 and 2022, are as follows (Korean won in millions):

	December 31, 2023		December 31, 2022	
	Current	Non-Current	Current	Non-Current
Rehabilitation provisions	₩ 1,519	₩ 120,418	₩ 2,874	₩ 108,075
Onerous contracts	7,292	-	6,709	7,177
Provisions for litigation	-	19,442	3,800	968
Others	6,757	-	10,622	-
	₩ 15,568	₩ 139,860	₩ 24,005	₩ 116,220

Changes in provisions for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023					
	Jan. 1	Recognition	Used	Change in the scope of consolidation	Others	Dec. 31
Rehabilitation provisions	₩ 110,949	₩ 13,252	₩ (8,213)	₩ 3,535	₩ 2,414	₩ 121,937
Onerous contracts	13,886	(8)	(7,566)	-	980	7,292
Provisions for litigation	4,768	(1,103)	(1,450)	17,218	9	19,442
Others	10,622	3,757	(7,692)	-	70	6,757
	₩ 140,225	₩ 15,898	₩(24,921)	₩ 20,753	₩ 3,473	₩ 155,428

  

	2022					
	Jan. 1	Recognition	Used	Change in the scope of consolidation	Others	Dec. 31
Rehabilitation provisions	₩ 80,605	₩ 31,257	₩ (2,547)	₩ 161	₩ 1,473	₩ 110,949
Onerous contracts	19,382	(434)	(6,719)	-	1,657	13,886
Provisions for litigation	5,152	415	-	-	(799)	4,768
Others	14	14,155	(9,369)	6,546	(724)	10,622
	₩ 105,153	₩ 45,393	₩(18,635)	₩ 6,707	₩ 1,607	₩ 140,225

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**14. CAPITAL STOCKS AND OTHERS:**

**14.1 Capital stocks**

Details of capital stocks as of December 31, 2023 and 2022, are as follows (Korean won in millions, except per share amounts):

	December 31, 2023		December 31, 2022
Ordinary shares issued	₩ 38,760,000	₩	38,760,000
Par value per share (in Korean won)	5,000		5,000
Capital stocks	₩ 193,800	₩	193,800

**14.2 Capital surplus**

Details of capital surplus as of December 31, 2023 and 2022, are as follows (Korean won in millions):

	December 31, 2023		December 31, 2022
Paid-in capital in excess of par value	₩ 47,106	₩	47,106
Asset revaluation reserves (*1)	37,286		37,286
Other capital surplus	15,259		16,479
	₩ 99,651	₩	100,871

(\*1) The Parent Company revalued its property, plant and equipment on July 1, 1998, in accordance with the Assets Revaluation Act, and the revaluation difference amounted to ₩87,151 million. The revaluation reserve was calculated by deducting the revaluation tax and the exchange rate adjustment difference from the revaluation difference.

**14.3 Other components of equity**

Details of other components of equity as of December 31, 2023 and 2022, are as follows (Korean won in millions):

	December 31, 2023		December 31, 2022
Treasury stock (*1)	₩ (40,689)	₩	(40,689)
Other capital adjustments	(611)		(611)
	₩ (41,300)	₩	(41,300)

(\*1) For the year ended December 31, 2023, the Group terminated the contract of acquisition of treasury stocks with KB Securities. As of December 31, 2023, the Group has 2,792,098 shares of treasury stocks.

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**14.4 Accumulated other comprehensive income (loss)**

Details of accumulated other comprehensive loss as of December 31, 2023 and 2022, are as follows (Korean won in millions):

	December 31, 2023		December 31, 2022
Gain (loss) on valuation of financial assets at fair value through OCI	₩ (2,659)	₩	5,024
Gain on valuation of cash hedge derivatives	5,790		6,347
Negative changes in equity arising from equity method investments (*1)	(37,645)		(34,683)
Exchange differences on translation of foreign operations (*2)	88,809		65,035
	₩ 54,295	₩	41,723

(\*1) This is the amount after the adjustment of ₩751 million, which was reclassified as net income due to the disposal of investments in associates during the current period.

(\*2) This is the amount after the adjustment of ₩532 million, which was reclassified as net income due to the disposal of shares in subsidiaries during the current period.

**14.5 Retained earnings**

Details of retained earnings as of December 31, 2023 and 2022, are as follows (Korean won in millions):

	December 31, 2023		December 31, 2022
Legal reserve	₩ 79,185	₩	68,106
Business rationalization reserve	1,511		1,511
Improvement of financial structure reserve	13,693		13,693
Other legal reserve	2,211		2,211
Retained earnings before appropriations	1,869,116		1,880,571
	₩ 1,965,716	₩	1,966,092

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**14.6 Earnings per share**

Earnings per share attributable to the owners of the Parent Company for the years ended December 31, 2023 and 2022, are computed as follows (Korean won):

	2023	2022
Profit for the year	₩ 117,082,888,989	₩ 515,223,865,636
Weighted-average number of ordinary shares outstanding (*1)	35,967,902	35,967,902
Basic earnings per share	₩ 3,255	₩ 14,325

(\*1) The weighted-average number of ordinary shares outstanding for the years ended December 31, 2023 and 2022, are as follows:

	2023		2022	
	Number of shares	Number of shares* days of holding	Number of shares	Number of shares* days of holding
Number of common shares issued	38,760,000	14,147,400,000	38,760,000	14,147,400,000
Treasury shares	(2,792,098)	(1,019,115,770)	(2,792,098)	(1,019,115,770)
Number of ordinary shares outstanding	35,967,902	13,128,284,230	35,967,902	13,128,284,230
Days of holding	365 days		365 days	
Weighted-average number of ordinary shares outstanding (*2)	35,967,902		35,967,902	

(\*2) The weighted-average number of ordinary shares in circulation for the year ended December 31, 2023, is the same as the number of common treasury shares deducted from the total number of issued common shares because there is no change in the number of treasury shares.

**15. DIVIDENDS:**

For the years ended December 31, 2023 and 2022, dividends attributable to the owners of the Parent Company are as follows (Korean won in millions, except per share amounts):

	2023	2022
Dividend per share (in Korean won)	₩ 3,000	₩ 2,300
Dividends paid	107,904	82,726

As of December 31, 2023 and 2022, proposed dividends to be approved at the general meeting of shareholders are as follows (Korean won in millions, except per share amounts):

	2023	2022
Dividend per share (in Korean won)	₩ 1,200	₩ 3,000
Dividends paid	43,161	107,904

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**16. SALES:**

Revenue from contracts with customers for the years ended December 31, 2023 and 2022, is as follows (Korean won in millions):

	2023			
	Resource	Trading/New growth	Logistics	Total
<b>Revenue recognized at a point of time:</b>				
Sales of goods	₩ 985,674	₩ 6,528,230	₩ 16,332	₩ 7,530,236
Sales of services	3,180	26,010	-	29,190
	<u>988,854</u>	<u>6,554,240</u>	<u>16,332</u>	<u>7,559,426</u>
<b>Revenue recognized over period:</b>				
Sales of services	89,285	91,686	6,773,953	6,954,924
	<u>₩ 1,078,139</u>	<u>₩ 6,645,926</u>	<u>₩ 6,790,285</u>	<u>₩ 14,514,350</u>
	2022			
	Resource	Trading/New growth	Logistics	Total
<b>Revenue recognized at a point of time:</b>				
Sales of goods	₩ 1,287,472	₩ 6,933,224	₩ 21,621	₩ 8,242,317
Sales of services	2,339	51,365	-	53,704
	<u>1,289,811</u>	<u>6,984,589</u>	<u>21,621</u>	<u>8,296,021</u>
<b>Revenue recognized over period:</b>				
Sales of services	5,442	25,141	10,432,945	10,463,528
	<u>₩ 1,295,253</u>	<u>₩ 7,009,730</u>	<u>₩ 10,454,566</u>	<u>₩ 18,759,549</u>

Details of contract assets and liabilities arising from contracts with customers as of December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023		2022	
<b>Contract assets:</b>				
Resource	₩	25,856	₩	21,476
Trading/New growth		<u>2,572</u>		<u>-</u>
	<u>₩</u>	<u>28,428</u>	<u>₩</u>	<u>21,476</u>
<b>Contract liabilities:</b>				
Advance from customers				
Resource	₩	336	₩	368
Trading/New growth		<u>121,546</u>		<u>126,968</u>
		<u>121,882</u>		<u>127,336</u>
Unearned revenue				
Resource		3,827		2
Trading/New growth		<u>62,157</u>		<u>84,697</u>
		<u>65,984</u>		<u>84,699</u>
	<u>₩</u>	<u>187,866</u>	<u>₩</u>	<u>212,035</u>

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Changes in the contract assets and contract liabilities for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

		2023			
		Jan. 1	Increase	Decrease	Dec. 31
<b>Contract assets:</b>					
Resource	₩	21,476	₩ 25,856	₩ (21,476)	₩ 25,856
Trading/New growth		-	15,352	(12,780)	2,572
	₩	21,476	₩ 41,208	₩ (34,256)	₩ 28,428
<b>Contract liabilities:</b>					
Advance from customers					
Resource	₩	368	₩ 3,087	₩ (3,119)	₩ 336
Trading/New growth		126,968	111,852	(117,274)	121,546
		127,336	114,939	(120,393)	121,882
Unearned revenue					
Resource		2	15,853	(12,028)	3,827
Trading/New growth		84,697	26,512	(49,052)	62,157
		84,699	42,365	(61,080)	65,984
	₩	212,035	₩ 157,304	₩ (181,473)	₩ 187,866
		2022			
		Jan. 1	Increase	Decrease	Dec. 31
<b>Contract assets:</b>					
Resource	₩	56,513	₩ 21,476	₩ (56,513)	₩ 21,476
	₩	56,513	₩ 21,476	₩ (56,513)	₩ 21,476
<b>Contract liabilities:</b>					
Advance from customers					
Resource	₩	289	₩ 31,843	₩ (31,764)	₩ 368
Trading/New growth		82,083	147,961	(103,076)	126,968
		82,372	179,804	(134,840)	127,336
Unearned revenue					
Resource		2	57	(57)	2
Trading/New growth		173,104	87,999	(176,406)	84,697
		173,106	88,056	(176,463)	84,699
	₩	255,478	₩ 267,860	₩ (311,303)	₩ 212,035

**LX International Corp. and its Subsidiaries**  
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**17. SELLING AND ADMINISTRATIVE EXPENSES:**

Details of selling and administrative expenses for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023		2022	
Salaries	₩	337,274	₩	333,314
Retirement benefits		16,824		18,145
Employee welfare benefits		81,496		88,235
Travel		19,015		15,198
Taxes and dues		12,313		11,191
Rents		14,599		17,002
Depreciation		58,938		39,496
Amortization		49,900		18,621
Insurance		11,746		7,640
Custody		1,369		2,481
Freight		116,404		132,855
Loading and unloading		412		1,558
Professional services		197,830		159,316
Bad debt expenses		(565)		3,200
Expenses for overseas branch office		8,145		8,561
Others		16,823		13,130
	₩	942,523	₩	869,943

**18. EXPENSES CLASSIFIED BY NATURE:**

Expenses classified by nature for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023		2022	
Cost of goods sales	₩	5,753,752	₩	6,256,073
Use of raw materials and supplies		1,035,610		823,722
Employee benefits (salaries and retirement benefits)		569,888		511,535
Distribution costs (custody charges, packaging costs and transportation expenses)		134,189		150,396
Cost of logistics sales		5,171,080		8,876,121
Depreciation and amortization		313,576		232,421
Others		1,103,145		943,738
	₩	14,081,240	₩	17,794,006

**LX International Corp. and its Subsidiaries**  
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**19. PENSION BENEFITS:**

The Group operates both defined contribution and defined benefit pension plans.

Details of employee benefit liabilities as of December 31, 2023 and 2022, are as follows (Korean won in millions):

	December 31, 2023		December 31, 2022
Present value of defined benefit obligation	₩ 184,275	₩	135,535
Fair value of plan assets (*1)	(194,221)		(170,731)
	₩ (9,946)	₩	(35,196)

(\*1) As of December 31, 2023, the Group classified ₩21,200 million (₩43,760 million in 2022) of excessive amount of plan assets as other non-current assets.

Expenses recognized in respect of the defined benefit plans for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023		2022
Current service costs	₩ 23,048	₩	20,375
Net interest costs	(3,154)		(26)
Management cost of plan assets	138		309
	₩ 20,032	₩	20,658

Changes in the present value of defined benefit obligation for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023		2022
As of January 1	₩ 135,536	₩	148,578
Current service costs	23,048		20,375
Interest costs	6,343		3,660
Benefits paid	(14,028)		(13,425)
Transfer in (out)	886		(1,127)
Remeasurement loss (gain) on defined benefit plans	17,801		(23,520)
Change in the scope of consolidation	15,035		1,226
Others	(346)		(231)
As of December 31	₩ 184,275	₩	135,536

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**19. Pension benefits (cont'd)**

Changes in the fair value of plan assets for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023		2022	
As of January 1	₩	170,731	₩	140,222
Return on plan assets		9,497		3,686
Contribution payable		8,430		38,333
Benefits paid		(11,455)		(11,813)
Transfer in (out)		129		-
Remeasurement loss on defined benefit plans		103		(925)
Management costs of plan assets		(138)		(309)
Change in the scope of consolidation		16,924		1,538
Others		-		(1)
As of December 31	₩	194,221	₩	170,731

The principal assumptions used in actuarial calculation as of December 31, 2023 and 2022, are as follows:

	December 31, 2023	December 31, 2022
Salary increase rate	2.50% – 4.91%	4.63% – 5.00%
Discount rate	3.96% – 5.32%	5.21% – 5.29%

Sensitivity analyses on the principal assumptions used in actuarial calculation as of December 31, 2023, are as follows (Korean won in millions):

	Defined benefit obligation		
	Dec. 31	Increase by 1%	Decrease by 1%
Salary increase rate	₩ 184,275	₩ 198,225	₩ 171,862
Discount rate	184,275	172,665	197,540

Expenses by operating a defined contribution plan for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023		2022	
Retirement benefits	₩	546	₩	325

**20. OTHER NON-OPERATING INCOME AND COSTS:**

Details of finance income for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023		2022	
Interest income	₩	40,567	₩	23,292
Gain on foreign currency transactions		291,252		512,670
Gain on foreign currency translation		47,630		124,706
Gain on currency forwards		28,831		34,346
Gain on currency swaps		-		136
Dividend income		13,237		14,146
	₩	421,517	₩	709,296

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**20. Other non-operating income and costs (Cont'd)**

Details of finance costs for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023		2022	
Interest expenses	₩	116,192	₩	59,066
Loss on foreign currency transactions		293,630		471,618
Loss on foreign currency translation		43,400		113,531
Loss on currency forwards		34,039		69,533
Loss on disposal of receivables		33,707		18,566
	<u>₩</u>	<u>520,968</u>	<u>₩</u>	<u>732,314</u>

Share of profit (loss) of subsidiaries and associates, and related gain and loss for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023		2022	
Share of profit of subsidiaries and associates	₩	137,749	₩	100,229
Share of loss of subsidiaries and associates		(1,970)		(1,126)
Gain on disposal of investments in subsidiaries and Associates		1,488		7,347
Loss on disposal of investments in subsidiaries and Associates		(4)		(6,272)
Impairment loss on investments in subsidiaries and associates (*)		-		(2,686)
	<u>₩</u>	<u>137,263</u>	<u>₩</u>	<u>97,492</u>

(\*) See Note 21.

Other non-operating income and expenses for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023		2022	
Other bad debt expenses	₩	(2,180)	₩	(25,235)
Gain on disposal of property, plant and equipment		5,882		3,656
Gain on disposal of intangible assets		-		48
Reversal of impairment loss on intangible assets		-		118,519
Impairment loss on intangible assets		(135,603)		(19,549)
Gain on exemption from debt		319		789
Others		3,458		14,943
	<u>₩</u>	<u>(128,124)</u>	<u>₩</u>	<u>93,171</u>

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**21. IMPAIRMENT:**

Details of impairment loss and reversal of impairment loss recognized for the year ended December 31, 2023, are as follows (Korean won in millions):

	2023	
	Intangible assets	Intangible assets
Segment	Trading/New growth	Collectively grouped
Cause of impairment	Decline of business performances	Fall in the market price
Nature of asset	Glass manufacturing	License
Related region	Asia	Asia
Impairment loss (reversal of impairment loss)	₩ 135,442	₩ 161
Measuring of recoverable amount	Value in use	Fair value, less costs to sell
Basis of estimates	Zero-Growth/DCF	-
Discount rate	8.95%	-

Details of impairment recognized for the year ended December 31, 2022, are as follows (Korean won in millions):

	2022				
	Intangible assets	Intangible assets	Intangible assets	Investments in subsidiaries	Intangible assets
Segment	Resource	Resource	Trading/New growth	Logistics	Collectively grouped
Cause of impairment	Improvement in business feasibility	Improvement in business feasibility	Increase in discount rate	Decrease in business feasibility	Fall in the market price
Nature of asset	Coal mining	Coal mining	Collective energy business	Financial investment	License
Related region	South-East Asia	Oceania	Asia	Asia	Asia
Impairment loss (reversal of impairment loss)	₩ (105,689)	₩ (12,830)	₩ 19,451	₩ 2,686	₩ 98
Measuring of recoverable amount	Net fair value, less costs to sell	Value in use	Value in use	Fair value, less costs to sell	Fair value, less costs to sell
Basis of estimates	Zero-Growth / DCF	Zero-Growth / DCF	Zero-Growth / DCF	Zero-Growth / DCF / OPM	-
Discount rate	11.25%	8.55%	7.05%	11.16%	-

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**22. INCOME TAX:**

The major components of income tax expenses for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023	2022
Current income tax	₩ 101,592	₩ 260,708
Changes in deferred tax	53,501	102,060
Deferred tax related to items recognized in other comprehensive loss	(5,654)	(8,891)
Income tax expenses reported in the consolidated statements of profit or loss	₩ 149,439	₩ 353,877

Reconciliations between income tax expense at the effective income tax rate and profit before tax at the Korea statutory tax rate for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023	2022
Profit before income tax	₩ 342,798	₩ 640,422
Statutory Income tax (24.1% in 2023)	80,137	273,769
<b>Adjustments:</b>		
Effect of recognized deferred tax for temporary differences	86,422	109,024
Current-year adjustment related to the income tax on previous years	591	(4,975)
Effect of non-deductible expenses for tax purposes	(28,277)	5,877
Tax credit	(345)	(38,953)
Foreign income tax directly charged	8,790	13,666
Income tax on non-recirculation	-	5,557
Others	2,121	(10,088)
Income tax expenses	₩ 149,439	₩ 353,877
Effective tax rate (income tax expenses/profit before income tax)	43.59%	31.23%

The major components of deferred tax charged directly to equity for the years ended December 31, 2023 and 2022, are follows (Korean won in millions):

	2023	2022
Loss (gain) on valuation of financial assets at fair value through OCI	₩ (8,063)	₩ 4,996
Equity adjustments in equity method	(1,373)	(2,749)
Exchange differences on translation of foreign operations	(150)	(2,269)
Gain (loss) on valuation of derivatives	165	(4,102)
Remeasurement loss (gain) on defined benefit plans	3,767	(4,767)
	₩ (5,654)	₩ (8,891)

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**22. Income tax (cont'd)**

Temporary differences and deferred taxes for the years ended December 31, 2023 and 2022, consist of the following (Korean won in millions):

	Accumulated temporary differences			Deferred tax assets (liabilities)	
	Jan. 1, 2023	Net changes	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023
<b>Deferred income tax due to temporary differences:</b>					
Investments in subsidiaries and associates	₩ (519,441)	₩ (111,863)	₩ (631,304)	₩ (48,698)	₩ (89,030)
Provisions	139,042	(51,509)	87,533	28,462	15,953
Accrued expenses	62,877	742	63,619	14,066	14,163
Others	(340,329)	(116,817)	(457,146)	(77,387)	(99,116)
	<u>(657,851)</u>	<u>(279,447)</u>	<u>(937,298)</u>	<u>(83,557)</u>	<u>(158,030)</u>
<b>Deferred income tax due to tax deduction:</b>					
Tax deduction carried forward amount				23,310	26,675
<b>Deferred income tax due to deficit carried forward:</b>					
Deficit carried forward	8,973	66,745	75,718	530	17,381
<b>Tax credits</b>					
Charged income tax due to non-recirculation				(6,204)	(5,448)
				<u>₩ (65,921)</u>	<u>₩ (119,422)</u>
<b>Reflected on the statements of financial position:</b>					
Deferred tax assets				43,334	48,958
Deferred tax liabilities				(109,255)	(168,380)
Deferred tax assets, net				<u>₩ (65,921)</u>	<u>₩ (119,422)</u>

Temporary differences for which the deferred tax assets (liabilities) have not been recognized for the years ended December 31, 2023 and 2022, consist of the following (Korean won in millions):

	2023		2022	
Investments in subsidiaries, associates or joint ventures (*1)	₩	218,929	₩	255,853
Guarantee commission and others		169,965		43,018
	₩	<u>388,894</u>	₩	<u>298,871</u>

(\*1) The Group did not recognize deferred tax assets related to temporary differences due to accumulated other comprehensive loss and accumulated losses from investment in subsidiaries or associates in which the Group has no plan for disposal in the foreseeable future.

According to the Global Minimum Tax law, which takes effect from 2024, affiliated companies may be required to pay additional taxes on the difference between the effective tax rates in the jurisdiction of each constituent entity and the minimum tax rate of 15%.

Affiliated companies are currently assessing the impact of the Global Minimum Tax law on their financial statements. Estimating the impact on financial statements rationally is challenging due to the complexity of the law, and each entity within the group is contracting with tax professionals to conduct reviews for this purpose.

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**23. RELATED-PARTY DISCLOSURES:**

As of December 31, 2023, LX Holdings Corp., the largest shareholder of the Parent Company, holds 24.69% of the Parent Company's common shares and has significant influence over the Parent Company.

Consolidated subsidiaries as of December 31, 2023, are as follows:

	Country of Domicile	Equity ownership (%)	
		2023	2022
<b>Corporations that have significant influence on the group at the end of the current year:</b>			
LX Holdings Corp. and its subsidiaries	Korea	-	-
<b>Associates:</b>			
Bio Friends INC. (*1)	Korea	10.44	10.44
Ecovance Co., Ltd. (*1)	Korea	10.84	12.71
ATEAM VENTURES Co., Ltd. (*1)	Korea	11.79	11.29
BSG Partners Co., Ltd. (*2)	Korea	25.28	-
LX Ventures New Technology Investment Fund 1 (*2)	Korea	50	-
POSCO-IPPC(India Pune Processing Center)	India	35	35
POSCO-PWPC (Poland Wroclaw Processing Center)	Poland	40	40
GS HP Sunflower Village Int'l Corp.	Vietnam	30	30
Oman International Petrochemical Industry Company L.L.C (*3)	Oman	-	30
Musandam Power Company SAOC (*1)	Oman	18	18
Gansu Wuwei Cogeneration Power Plant	China	30	30
KM Resources Ltd. (Rapu-Rapu) (*4)	Malaysia	70	70
Inner Mongolia Diamond Coal Industry Co., Ltd.	China	30	30
Shaanxi BBM Biomass Power Generation Co., Ltd.	China	30	30
Inner Mongolia BDS Chemical Co., Ltd.	China	29	29
LX PANTOS PHILIPPINES, INC (*5)	Philippines	-	39.99
Cypress Tree FP N Core Fund (*3)	Korea	39.52	39.52
<b>Other related parties (*6):</b>			
LX Hausys Co., Ltd. and its subsidiaries	Countries outside of Korea	-	-
LX Semicon Co., Ltd. and its subsidiaries	Countries outside of Korea	-	-
LX MMA Co., Ltd.	Countries outside of Korea	-	-

(\*1) Companies with ownership stakes of less than 20%, but where affiliated entities hold the right to appoint executives and executives from the affiliated company participate substantially in the management of the investee company as directors, were classified as associates due to significant influence.

(\*2) For the year ended December 31, 2023, the companies were acquired and classified as associates.

(\*3) For the year ended December 31, 2023, the companies were liquidated.

(\*4) It was classified as an associate company because it is difficult to determine that the consolidated company has control over it, given that significant decisions are being made unanimously.

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**23. Related-party disclosures (Cont'd)**

(\*5) For the year ended December 31, 2023, the consolidated company acquired 100% ownership of LX PANTOS PHILIPPINES, INC. and added it as a consolidated subsidiary.

(\*6) The companies are not related parties as defined in Paragraph 9 of K-IFRS 1024. However, they are classified as related parties because the Securities and Futures Commission has determined that companies within a large enterprise group are considered related parties according to the substantive relationship defined in Paragraph 10 of K-IFRS 1024.

Transactions with related parties for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023			2022		
	Sales	Purchase	Service	Sales	Purchase	Service
<b>Corporations that have significant influence on the group at the end of the current year:</b>						
LX Holdings Corp and its subsidiaries	₩ 4	₩ -	₩ 25,246	₩ 6	₩ -	₩ 152
<b>Associates:</b>						
Kernhem B.V.	-	-	-	2,489	-	-
ADA Oil LLP	-	-	-	397	-	-
Musandam Power Company SAOC	93	-	-	86	-	-
LX PANTOS PHILIPPINES, INC. (*1)	1,810	-	1,538	1,476	-	1,463
POSCO PWPC SP. Z O.O.	4	-	-	-	-	-
POSCO-PWPC (Poland Wroclaw Processing Center)	-	-	19	-	-	-
BSG Partners Co., Ltd.	-	-	1,182	-	-	-
Bio Friends INC.	1,894	-	-	1,575	-	-
	<u>3,801</u>	<u>-</u>	<u>2,739</u>	<u>6,023</u>	<u>-</u>	<u>1,463</u>
<b>Other related Parties (*2):</b>						
LG Corp. (*2)	-	-	-	1	-	4,238
LG Electronics Inc. and its subsidiaries (*2)	-	-	-	3,734,323	20,238	5,880
LG Chem. Ltd. and its subsidiaries (*2)	-	-	-	1,173,451	43,012	616
LG Display Co., Ltd. and its subsidiaries (*2)	-	-	-	169,640	198,477	4
Others (*2)	-	-	-	52,184	-	18,623
LX Hausys, Ltd and its subsidiaries (*3)	90,775	-	55,869	99,649	-	411
LX MMA Corp. (*3)	31,505	567	-	97,325	-	-
LX Semicon and its subsidiaries (*3)	4,939	-	-	5,459	-	-
	<u>127,219</u>	<u>567</u>	<u>55,869</u>	<u>5,332,032</u>	<u>261,727</u>	<u>29,772</u>
	<u>₩ 131,024</u>	<u>₩ 567</u>	<u>₩ 83,854</u>	<u>₩5,338,061</u>	<u>₩ 261,727</u>	<u>₩ 31,387</u>

(\*1) For the year ended December 31, 2023, the subsidiary was consolidated, and the amount represents transaction history up to the point of consolidation as a subsidiary.

(\*2) As independent management of the Company was recognized by LG Corp., they were excluded from conglomerate LG Corp. as of June 21, 2022, and excluded the business group from the scope of related party. However, the above transactions include transactions up to June 30, 2022.

(\*3) Transactions of affiliates of LX and other related parties are included.

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**23. Related-party disclosures (Cont'd)**

Receivables and payables from transactions with the related parties as of December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023				
	Accounts receivable	Loans	Other receivables	Accounts payable	Other payables
<b>Corporations that have significant influence on the group at the end of the current year:</b>					
LX Holdings Corp and its subsidiaries	₩ -	₩ -	₩ 8,885	₩ -	₩ 219
<b>Associates:</b>					
KM Resources Ltd. (Rapu-Rapu)	-	10,092	-	-	-
POSCO-IPPC (India Pune Processing Center)	-	-	-	-	1
Inner Mongolia Diamond Coal Industry Co., Ltd.	-	-	53,061	-	-
BSG Partners Co., Ltd.	-	-	-	-	271
Bio Friends INC.	92	-	-	-	-
	<u>92</u>	<u>10,092</u>	<u>53,061</u>	<u>-</u>	<u>272</u>
<b>Other related Parties (*1):</b>					
LX MMA Corp.	1,762	-	-	298	-
LX Hausys, Ltd. and its subsidiaries	32,136	-	131	547	644
LX Semicon and its subsidiaries	826	-	-	-	-
	<u>34,724</u>	<u>-</u>	<u>131</u>	<u>845</u>	<u>644</u>
	<u>₩ 34,816</u>	<u>₩ 10,092</u>	<u>₩ 62,077</u>	<u>₩ 845</u>	<u>₩ 1,135</u>

(\*1) It includes the transaction amount of LX affiliates and transaction details of other related companies.

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**23. Related-party disclosures (Cont'd)**

	2022									
	Accounts receivable		Loans		Other receivables		Accounts payable		Other payables	
<b>Corporations that have significant influence on the group at the end of the current year:</b>										
LX Holdings Corp and its subsidiaries	₩	-	₩	-	₩	3	₩	-	₩	885
<b>Associates:</b>										
KM Resources Ltd. (Rapu-Rapu)		-		9,919		332		-		-
POSCO-PWPC (Poland Wroclaw Processing Center)		1		-		-		-		-
POSCO-IPPC (India Pune Processing Center)		-		-		-		-		1
Inner Mongolia Diamond Coal Industry Co., Ltd.		100		2,408		10		354		-
BSG Partners Co., Ltd.		-		-		55,073		-		-
Bio Friends INC.		138		-		-		-		-
		239		12,327		55,415		354		1
<b>Other related Parties (*1):</b>										
LX MMA Corp.		8,933		-		-		-		-
LX Hausys, Ltd. and its subsidiaries		5,334		-		-		-		409
LX Semicon and its subsidiaries		1,041		-		-		-		-
		15,308		-		-		-		409
	₩	15,547	₩	12,327	₩	55,418	₩	354	₩	1,295

The Company recognized allowance for doubtful accounts of ₩10,092 million as of December 31, 2023 (2022: ₩9,919 million) for the trade and other accounts receivable from the related parties.

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**23.4 Financial transactions with related parties**

Transfers under finance arrangements with the related parties for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023					
	Dividend payment	Receipt of dividend	Investments in cash	Collection of an investment	Loans	Collection
<b>Corporations that have significant influence on the group at the end of the current year:</b>						
LX Holdings Corp.	₩ 28,714	₩ -	₩ -	₩ -	₩ -	₩ -
<b>Associates:</b>						
GS HP Sunflower Village Int'l Corp.	-	143	-	-	-	-
Musandam Power Company SAOC	-	1,198	-	-	-	-
Gansu Wuwei Cogeneration Power Plant	-	877	-	-	-	-
LX PANTOS PHILIPPINES, INC. (*1)	-	-	-	-	778	-
Inner Mongolia Diamond Coal Industry Co., Ltd.	-	21,041	-	-	-	-
Inner Mongolia BDSD Chemical Co., Ltd.	-	11,136	-	-	-	-
	-	34,395	-	-	778	-
	₩ 28,714	₩ 34,395	₩ -	₩ -	₩ 778	₩ -

(\*1) For the year ended December 31, 2023, the subsidiary was consolidated, and the amount represents transaction history up to the point of consolidation as a subsidiary.

	2022				
	Dividend payment	Receipt of dividend	Investments in cash	Collection of an investment	Collection
<b>Corporations that have significant influence on the group at the end of the current year:</b>					
LX Holdings Corp.	₩ 22,014	₩ -	₩ -	₩ -	₩ -
<b>Associates:</b>					
GS HP Sunflower Village Int'l Corp.	-	53	-	-	-
Musandam Power Company SAOC	-	1,275	-	-	-
Inner Mongolia BDSD Chemical Co., Ltd.	-	9,037	-	-	-
Cypress Tree FP N Core Fund	-	-	31,100	-	-
Ecovance INC.	-	-	15,600	-	-
Ateamventures INC.	-	-	3,500	-	-
LX Pantos Philippines, Inc.	-	-	-	-	520
Heungkuk Highclass Private Special Asset PEF E1 (*1)	-	-	-	31	-
	-	10,365	50,200	31	520
<b>Other related parties:</b>					
LG Chem. Ltd. and its subsidiaries	-	3,894	-	-	-
	₩ 22,014	₩ 14,259	₩ 50,200	₩ 31	₩ 520

(\*1) As it was liquidated during 2022, it was excluded from related parties as of December 31, 2023.

### 23.5 Key management personnel compensation

Details of compensation for key management personnel are as follows (Korean won in millions):

	2023		2022	
Short-term employee benefits	₩	16,558	₩	14,444
Retirement benefits		1,894		3,140
	₩	18,452	₩	17,584

## 24. COMMITMENTS AND CONTINGENCIES:

### 24.1 Guarantees provided

Guarantees provided by the Company as of December 31, 2023, are as follows (foreign currencies in thousands):

	Financial institution	Object	Currency	Limit	Used
<b>Subsidiaries:</b>					
PT. GAM (*1)	KEXIM and others	Local finance	USD	36,000	36,000
<b>Associates:</b>					
Musandam Power Company S.A.O.C	Bank Muscat Oman	Local finance	OMR	979	979

(\*1) The Group is contingently liable for payment guarantees issued on behalf of a subsidiary, PT. GAM and each stockholder of this subsidiary is jointly liable to provide additional capital related to guarantees.

Meanwhile, the Group issues L/C to provide Mizuho Bank with a debt guarantee equivalent to USD 30 million.

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**24.2 Major agreements such as opening letters of credit**

As of December 31, 2023, the agreements concluded for the establishment of letter of credits and other financial arrangement with financial institutions are as follows (Korean won in millions and foreign currencies in thousands):

Description	Financial institution	Currency	Contract amount
Bills bought	KDB Bank and others	USD	60,000
Letter of credits	Shinhan Bank and others	USD	97,530
Payment guarantee	KB Kookmin Bank and others	USD	68,700
		AUD	1,000
		KRW	11,289
Bank overdrafts	Hana Bank and others	KRW	21,400
		USD	9,000
		JPY	1,123,838
		THB	20,000
		EUR	4,000
		CNY	100,000
		INR	150,000
Line of credit	Hana Bank China and others	USD	315,265
		EUR	5,000
		AUD	20,612
		CNY	248,636
		THB	257,000
		MYR	6,000
		INR	280,000
		JPY	100,000
		BRL	7,000
		IDR	1,157,300,000
		VND	443,710,000
Facility Loans	NongHyup Bank	KRW	120,000
B2B purchase loan	Shinhan Bank and others	KRW	17,000
Trade financing	Hana Bank and others	USD	1,182,002
		JPY	12,000,000
		AUD	20,500
		CNY	105,000
		KRW	68,800
Secured loan of credit sales	Shinhan Bank	KRW	5,600
Total		USD	1,732,497
		KRW	555,889
		AUD	42,112
		THB	277,000
		MYR	6,000
		EUR	9,000
		BRL	7,000
		JPY	13,223,838
		CNY	453,636
		INR	430,000
		VND	443,710,000
		IDR	1,157,300,000

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**24.2 Major agreements such as opening letters of credit (Cont'd)**

Meanwhile, on May 31, 2016, the Group signed a project financing agreement with Woori Bank for the Poseung Biomass power generation project, and on February 26, 2021, it signed a PF loan refinancing contract to change some loan stocks, principal and interest rates.

	Financial institution	Limit	Used
PF loan (TrancheA)	Woori bank and others	₩ 57,000	₩ 57,000
PF loan (TrancheB)	Nonghyup and others	118,000	118,000
PF loan (TrancheC)	Woori bank	3,000	-

**24.3 Guarantees received**

Guarantees received by the Group as of December 31, 2023, are as follows (Korean won in millions and foreign currencies in thousands):

Financial institution	Details	Guarantee amount	Description
Hana Bank and others	Bond and others	₩ 67,380	KRW 54,097, USD 7,955 EUR 446, HKD 824, IDR 21,548,732, SGD 355 and OMR 870

**24.4 Pledged notes and checks**

The Group pledged 18 notes and six checks as collateral to its customers, creditors and guarantors related to various guarantees and borrowings as of December 31, 2023.

**24.5 Assets pledged as collateral**

The Group has pledged securities worth ₩323 million to the Professional Construction Cooperative Association.

Furthermore, the Group has a pledge on the account opened by its subsidiary, Poseung Green Power Co., Ltd., in Woori Bank and the shares of Poseung Green Power Co., Ltd. held by its parent company according to the project finance agreement (see Note 12-3). In addition, insurance underlying rights are established in operating insurance subscribed during the project, and transfer security is established to transfer all rights (including contractual status) of the Group for collateral purposes for investment contracts, Renewable Energy Certificate (REC) sales contracts and liability fuel purchase agency contracts. In addition, the factory foundation (buildings, structures and machinery) has a mortgage. A total of ₩210,000 million is set as collateral in connection with the project financing agreement.

**24.6 Joint and several liability on guarantees**

The Parent Company and LF Corp. are jointly and severally liable for the obligations of LXI existing prior to the spin-off.

Furthermore, the Group jointly guarantees totaling ₩3,841 million for the surety insurance issued by Seoul Guarantee Insurance related to forest restoration.

**24.7 Pending lawsuits**

The Group is a defendant in various lawsuits with claims aggregating to ₩23,403 million, and as of December 31, 2023, the outcomes of litigation are not reliably determinable. However, in some litigation cases, it was determined that there is a possibility of an outflow of resources and that the effect can be measured reliably. In this regard, the effect is already reflected in the consolidated financial statements (see Note 13).

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**24.8 Other commitments**

As of December 31, 2023, the commitments the Group has entered into with customers other than financial institutions are as follows:

Type of commitment	Counterparty	Description
Put option	Pablo Air Co., Ltd.	As of December 1, 2021, the Group signed two contracts for the acquisition of convertible preferred stocks of Pablo Air Co., Ltd. with Pablo Air Co., Ltd. and its stakeholder, Young-Jun Kim, and signed a put option contract for the new stocks to be acquired.
Put option	Ecovance Co., Ltd.	As of November 23, 2021, the Group signed contract with SKC Co., Ltd. and Daesang Co., Ltd. to sign a put option contract for the stake in Ecovance.
Put option	Bio Friends INC.	As of May 20, 2021, the Group signed a put option contract with Bio Friends INC. and its stakeholder, Won-Jun Jo, to acquire equity shares of Bio Friends INC.
Put option	Bowen Investment (Australia) Pty Ltd.	On January 16, 2023, Bowen Investment (Australia) Pty Ltd. entered into a put option agreement with Mayfair Energy Pty Ltd. for a 15% stake in the Ensham Mine held by Bowen Investment.
Call and put option	BSG PARTNERS CO., LTD.	On October 19, 2023, BSJ Partners Co., Ltd. entered into agreements, including a shareholders' agreement with major shareholders of BSJ Partners Co., Ltd., to execute put option contracts for our holdings and call option contracts for the holdings of major shareholders.
Call option	Poseung Green Power Co., Ltd.	As of October 19, 2022, the Group signed contracts with Lani Finance Limited with a call option to acquire a full stake in Poseung Green Power Co., Ltd.
Withdrawal of equity acquisition	Ecovance Co., Ltd.	On December 5, 2023, the Company decided to withdraw the decision to acquire shares in EcoVance Co., Ltd. and entered into an agreement to sell off all the shares we have acquired thus far to reclaim our investment.

**24.9 License Agreement**

As of December 31, 2023, the affiliated company is currently engaged in a brand licensing agreement with LX Holdings Co., Ltd. for the "LX" brand.

**24.10 Uncertainty regarding the Russia-Ukraine war**

Armed conflicts in Ukraine, which began in February 2022, and related sanctions against Russia by the international community thereafter could affect companies subject to sanctions, as well as companies directly or indirectly operating with Ukraine or Russia, and those directly or indirectly exposed to industry or the economy of Ukraine or Russia. The Group cannot reasonably estimate the future financial impact of the Russia-Ukraine war.

## **25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES:**

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group has trade receivables, loans and other receivables and cash and short-term deposits that derive directly from its operations. The Group also holds financial assets at fair value through profit or loss and financial assets at fair value through OCI and enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk.

The board of directors reviews and agrees policies for managing each of these risks, which are summarized below. It is the Group's policy that no trading in derivatives for speculative purposes is to be undertaken.

### **25.1 Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate, currency, commodity price and other price, such as equity. Financial instruments affected by market risk include loans and borrowings, deposits, long-term equity instruments and derivatives.

The sensitivity analysis is in the following sections relate to the financial position as of December 31, 2023 and 2022.

The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all held constant and on the basis of the hedge designations in place as of December 31, 2023 and 2022.

The analysis excludes the impact of movements in market variables on the carrying value of pension and other postretirement obligations, provisions and on the non-financial assets and liabilities of foreign operations.

The following assumptions have been made in calculating the sensitivity analyses:

- the consolidated statements of financial position sensitivity relates to derivatives, financial assets at fair value through profit or loss and financial assets at fair value through OCI;
- the sensitivity of the relevant consolidated statements of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held as of December 31, 2023 and 2022, including the effect of hedge accounting; and
- the sensitivity of equity is calculated by taking into account the effect of any associated cash flow hedges and hedges of a net investment in a foreign subsidiary as of December 31, 2023, associate with changes in underlying assets.

#### **25.1.1 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group is exposed to interest rate risk due to its long-term debt. The Group is exposed to cash flow interest rate risk due to its borrowings with floating interest rates and fair value interest rate risk due to its borrowings with fixed interest rates.

The Group's position with regard to interest rate risk exposure is mainly related to debt obligations, such as bonds, loans and interest-bearing deposits and investments. The Group has a risk management program in place to monitor and actively manage such risks.

The Group manages its interest rate risk by establishing regional and global working capital sharing systems, regularly monitoring market interest rates and preparing action plans.

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**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings, after the impact of hedge accounting. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings as follows. The Group's exposure to interest rate risk is considered to have an immaterial impact on equity (Korean won in millions).

	2023		2022	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Interest income	₩ 3,304	₩ (3,304)	₩ 6,804	₩ (6,804)
Interest expense	(8,335)	8,335	(4,058)	4,058
Net effect	₩ (5,031)	₩ 5,031	₩ 2,746	₩ (2,746)

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

**Interest rate benchmark reform**

The following table demonstrates the nominal amount and weighted-average maturity of derivatives as of December 31, 2023 and 2022, with hedging relationships that will be affected by interest rate reform as financial instruments are converted to risk-free interest rates, which are analyzed by interest rate criteria. Derivatives as a hedging instrument provide a close approximation of the level of risk exposure that banks manage through a hedging relationship (Korean won in millions).

Sortation	Interest rate	Nominal amount	Average maturity (Year)
Interest rate swaps	LIBOR USD (6M)	₩ 7,323	10.7

  

Sortation	Interest rate	Nominal amount	Average maturity (Year)
Interest rate swaps	LIBOR USD (6M)	₩ 8,077	11.7

**25.1.2 Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group is exposed to foreign exchange risk arising from international operations and transactions with different foreign currencies. The most prevalent foreign currencies used are the US Dollar, Euro, Japanese Yen and others.

The Group manages its foreign currency risk for each subsidiary. Each subsidiary manages its foreign currency risk by entering into hedge agreements, such as a forward contract or foreign currency loans with the Group. Exposure to currency translation risk is largely dependent on the accounting standards of the local jurisdiction and the translation methods required by such jurisdiction.

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**25.1.2 Foreign currency risk(cont'd)**

The following table demonstrates the sensitivity to a reasonably possible change in the exchange rate, with all other variables held constant, on the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities, including non-designated foreign currency derivatives) (Korean won in millions):

	2023		2022	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
Gain (loss) on foreign currency translation	₩ 43,181	₩ (43,181)	₩ 52,857	₩ (52,857)
Gain (loss) on valuation of derivative financial instruments	(7,282)	7,282	(9,714)	9,714
Net effect (*1)	₩ 35,899	₩ (35,899)	₩ 43,143	₩ (43,143)

(\*1) The Group manages its exchange rate risk arising from assets and liabilities denominated in foreign currencies through derivative contracts.

**25.2 Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables and loan notes) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group applies a simplified method of recognizing lifetime ECLs as a loss allowance to its account receivable.

The provision rate set for the accounts receivable of December 31, 2023, is as follows (Korean won in millions):

	Account receivable accrual date					Total
	Less than 3 months	3 to 6 months	6 to 12 months	1 year to 3 years	More than 3 years	
Expected loss rate	0.16%	0.86%	49.22%	51.68%	89.28%	
Book value	₩ 1,242,282	₩ 16,299	₩ 1,593	₩ 9,631	₩ 43,130	₩ 1,312,935
Provision	2,009	140	784	4,977	38,505	46,415

The book value of financial assets represents maximum exposure to credit risk. The maximum exposures to credit risk as of December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023		2022	
Cash equivalents (*1)	₩	1,129,472	₩	1,547,128
Short-term financial instruments		48,889		49,952
Trade accounts receivable		1,266,520		1,374,878
Other accounts receivable (*2)		222,116		202,102
Long-term loans		1,240		3,390
Other financial assets (*2)		282,922		270,433
	₩	2,951,159	₩	3,447,883

(\*1) Excludes cash on hand

(\*2) Excludes other receivables in relation to derivatives

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**25.3 Maturity profile of financial assets**

The table below summarizes the maturity profile of the Group's financial assets based on contractual undiscounted payments (Korean won in millions):

	2023				Total
	Less than 1 year	1 year to 3 years	3 to 5 years	More than 5 years	
Cash and cash equivalents	₩ 1,138,908	₩ -	₩ -	₩ -	₩ 1,138,908
Short-term financial instruments	48,889	-	-	-	48,889
Trade accounts receivable	1,266,357	146	3	14	1,266,520
Other accounts receivable	222,297	-	-	-	222,297
Long-term loans	-	1,040	200	-	1,240
Other financial assets	67,087	40,961	16,951	157,923	282,922
	<u>₩ 2,743,538</u>	<u>₩ 42,147</u>	<u>₩ 17,154</u>	<u>₩ 157,937</u>	<u>₩ 2,960,776</u>

  

	2022				Total
	Less than 1 year	1 year to 3 years	3 to 5 years	More than 5 years	
Cash and cash equivalents	₩ 1,550,675	₩ -	₩ -	₩ -	₩ 1,550,675
Short-term financial instruments	49,952	-	-	-	49,952
Trade accounts receivable	1,371,569	3,309	-	-	1,374,878
Other accounts receivable	202,984	-	-	-	202,984
Long-term loans	-	3,390	-	-	3,390
Other financial assets	61,629	43,710	11,141	162,947	279,427
	<u>₩ 3,236,809</u>	<u>₩ 50,409</u>	<u>₩ 11,141</u>	<u>₩ 162,947</u>	<u>₩ 3,461,306</u>

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**25.4 Liquidity risk**

Liquidity risk refers to the risk that the Group may default on the contractual obligations that become due. The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (Korean won in millions):

	2023				
	Less than 1 year	1 year to 3 years	3 to 5 years	More than 5 years	Total
Trade accounts payable	₩ 1,275,508	₩ -	₩ -	₩ -	₩ 1,275,508
Other accounts payable	360,693	-	-	-	360,693
Borrowings	395,957	556,816	228,603	320,007	1,501,383
Bonds payable	50,000	270,000	240,000	160,000	720,000
Lease liabilities	124,736	146,566	60,405	9,423	341,130
Other financial liabilities	141,300	7,726	-	-	149,026
	₩ 2,348,194	₩ 981,108	₩ 529,008	₩ 489,430	₩ 4,347,740

  

	2022				
	Less than 1 year	1 year to 3 years	3 to 5 years	More than 5 years	Total
Trade accounts payable	₩ 1,148,951	₩ -	₩ -	₩ -	₩ 1,148,951
Other accounts payable	354,032	-	-	-	354,032
Borrowings	413,102	336,434	147,650	390,818	1,288,004
Bonds payable	170,000	120,000	190,000	160,000	640,000
Lease liabilities	106,770	102,780	42,344	17,826	269,720
Other financial liabilities	183,599	5,555	-	-	189,154
	₩ 2,376,454	₩ 564,769	₩ 379,994	₩ 568,644	₩ 3,889,861

The table above represents the maturities of the financial liabilities at each reporting date.

**25.5 Capital management**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize its shareholders' value.

In order to maintain a solid capital structure, the Group monitors the financial ratio, such as debt ratio and net deposit ratio, every month and implements appropriate financial structure improvement measures, if necessary.

The Group's debt ratio is calculated by dividing total liabilities by total equity, and net borrowing is calculated by subtracting cash and cash equivalents from the sum of borrowings, lease liabilities and bonds. Details of gearing ratios as of December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023		2022	
Total liabilities (A)	₩	4,920,386	₩	4,682,532
Total equity (B)		3,074,955		3,036,475
Cash and cash equivalents (C)		1,138,908		1,550,675
Total borrowings (D)		2,547,105		2,196,592
Debt ratio (A / B)		160.01%		154.21%
Net borrowing ratio ((D-C) / B)		45.80%		21.27%

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

**26.1 Fair value of financial instruments**

The book value and fair value of financial instruments as of December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023		2022	
	Book value	Fair value	Book value	Fair value
<b>Financial assets:</b>				
Financial assets measure at amortized cost:				
Cash and cash equivalents	₩ 1,138,908	₩ 1,138,908	₩ 1,550,675	₩ 1,550,675
Short-term financial instruments	48,889	48,889	49,952	49,952
Trade accounts receivable	1,192,051	1,192,051	1,350,077	1,350,077
Long-term loans	1,240	1,240	3,390	3,390
Other accounts receivable	222,116	222,116	202,102	202,102
Long-term equity instruments	840	840	-	-
Other financial assets	274,992	274,992	270,433	270,433
	<u>2,879,036</u>	<u>2,879,036</u>	<u>3,426,629</u>	<u>3,426,629</u>
Financial assets recognized at fair value:				
Trade accounts receivable	74,469	74,469	24,801	24,801
Other accounts receivable related derivatives	181	181	882	882
Long-term equity instruments	334,933	334,933	298,352	298,352
Other financial assets	7,930	7,930	8,994	8,994
	<u>417,513</u>	<u>417,513</u>	<u>333,029</u>	<u>333,029</u>
	<u>₩ 3,296,549</u>	<u>₩ 3,296,549</u>	<u>₩ 3,759,658</u>	<u>₩ 3,759,658</u>
<b>Financial liabilities:</b>				
Financial liabilities measure at amortized cost:				
Trade accounts payable	₩ 1,275,508	₩ 1,275,508	₩ 1,148,951	₩ 1,148,951
Other accounts payable (*1)	360,171	360,171	351,946	351,946
Borrowings	1,223,285	1,223,285	1,156,703	1,156,703
Bonds payable	668,695	668,695	468,998	468,998
Current portion of bonds and long-term borrowings	313,995	313,995	301,170	301,170
Lease liabilities	341,130	341,130	269,719	269,719
Other financial liabilities	149,026	149,026	184,559	184,559
	<u>4,331,810</u>	<u>4,331,810</u>	<u>3,882,046</u>	<u>3,882,046</u>
Financial liabilities recognized at fair value:				
Other accounts payable related derivatives	522	522	2,086	2,086
	<u>522</u>	<u>522</u>	<u>2,086</u>	<u>2,086</u>
	<u>₩ 4,332,332</u>	<u>₩ 4,332,332</u>	<u>₩ 3,884,132</u>	<u>₩ 3,884,132</u>

(\*1) The amounts included in the aforementioned accounts payable and other financial liabilities include amounts related to employee benefits that are not classified as financial liabilities.

**26.2 Fair value measurement of assets and liabilities recorded in the statements of financial position**

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: Techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data (unobservable inputs)

As of December 31, 2023 and 2022, the Company holds the assets and liabilities measured at fair value in the statements of financial position, and assets and liabilities for which the fair values were disclosed as follows (Korean won in millions):

	2023		
	Level 1	Level 2	Level 3
<b>Financial assets at fair value through profit or loss:</b>			
Other accounts receivable related to derivatives	₩ -	₩ 181	₩ -
Other financial assets related to derivatives	-	698	-
Equity instruments held for long term (*1)	2,817	-	20,111
<b>Financial assets at fair value through OCI:</b>			
Equity instruments held for long term (*1)	199,382	-	110,619
<b>Financial liabilities at fair value through profit or loss:</b>			
Other accounts payable related to derivatives	-	522	-
<b>Derivatives related to hedge accounting:</b>			
Other financial assets	-	7,232	-

(\*1) Equity securities whose fair value cannot be measured reliably was measured at cost after recognizing the impairment loss. Accordingly, it has been excluded from the above fair value hierarchy.

There were no movements between the levels of the fair value hierarchy for the year ended December 31, 2023.

	2022		
	Level 1	Level 2	Level 3
<b>Financial assets at fair value through profit or loss:</b>			
Other accounts receivable related to derivatives	₩ -	₩ 882	₩ -
Other financial assets related to derivatives	-	917	-
Equity instruments held for long term (*1)	2,060	-	18,930
<b>Financial assets at fair value through OCI:</b>			
Equity instruments held for long term (*1)	112,288	-	163,068
<b>Financial liabilities at fair value through profit or loss:</b>			
Other accounts payable related to derivatives	-	2,086	-
<b>Derivatives related to hedge accounting:</b>			
Other financial assets	-	8,077	-

(\*1) Equity securities whose fair value cannot be measured reliably was measured at cost after recognizing the impairment loss. Accordingly, it has been excluded from the above fair value hierarchy.

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**26.3 Valuation method and interest rate used to determine fair value**

Equity securities within Level 1 are traded in active markets (such as the Korea Exchange) for marketable equity securities, which were evaluated based on the closing price as of the end of the reporting period.

Derivative instruments within Level 2, after calculating the expected cash flow by using the current exchange rate at the end of the reporting period, were measured at present value, and the discount rate applied was 3.83% during the period (2022: 3.98%).

Equity securities within Level 3 were evaluated using the DCF as an active market does not exist for nonmarketable equity securities. The discount rate applied was 6.49%–14.24% during the period (2022: 6.72%–15.70%).

**27. STATEMENTS OF CASH FLOWS:**

Non-cash adjustments to reconcile profit for the year to net cash flows for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023	2022
Depreciation	₩ 246,650	₩ 195,808
Amortization	66,926	36,613
Retirement benefits	20,032	20,658
Bad debt expenses	860	28,365
Interest income	(40,567)	(23,292)
Gain on foreign currency translation	(47,629)	(124,706)
Interest expenses	116,192	59,066
Loss on foreign currency translation	43,400	113,531
Gain on disposal of other investment assets	-	(2,146)
Impairment loss on investments in associates	-	2,686
Impairment loss on intangible assets	135,603	19,549
Reversal of impairment loss on intangible assets	-	(118,519)
Share of profit of associates	(122,543)	(104,912)
Share of loss of associates	1,970	5,809
Gain on disposal of investments in associates	(1,484)	(1,075)
Income tax expenses	149,439	353,877
Gain on exemption from debt	(319)	(789)
Dividend income	(13,237)	(14,146)
Increase in provisions	13,861	45,393
Others	42,227	6,579
	₩ 611,381	₩ 498,349

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**27. Statements of cash flows (cont'd)**

Working capital adjustments for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023		2022
Decrease in trade accounts receivable	₩ 100,601	₩	218,730
Decrease (increase) in other accounts receivable	(19,469)		50,447
Decrease (increase) in advance payments	47,049		(47,833)
Decrease (increase) in inventories	(109,735)		385,446
Decrease (increase) in other operating assets	191,641		(79,171)
Decrease (increase) in trade payables	98,265		(467,122)
Increase (decrease) in other accounts payable	22,087		(36,170)
Increase (decrease) in advance received	(8,472)		44,121
Severance and retirement benefits paid	(14,413)		(14,552)
Increase (decrease) in plan assets	2,896		(26,520)
Decrease in provisions	(24,922)		(18,635)
Increase (decrease) in other operating liabilities	(248,437)		147,305
	₩ 37,091	₩	156,046

Significant non-cash transactions for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023		2022
Other accounts receivable related to disposal of property, plant and equipment	₩ 84	₩	-
Other accounts payable related to acquisition of property, plant and equipment	5,536		-
Other accounts payable related to the disposal of intangible assets	(9,118)		18,894
Other accounts payable related to the acquisition of subsidiaries	(1,603)		-
Transfer construction in process (property, plant and equipment) to account	29,423		39,698
Transfer tangible assets to other account	52,404		-
Acquisition of right-of-use assets	227,060		205,735
Receivable of dividend	(1,218)		19,580
Transfer inventories to property, plant and equipment	-		27

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**27. Statements of cash flows (cont'd)**

The adjustment of liabilities arising from financing activities for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023					
	Jan. 1	Cash flows in financing activities	Non-cash changes			Dec. 31
			Foreign currency translation	Change in the scope of consolidation	Others (*1)	
Short-term borrowings	₩ 281,802	₩ (175,630)	₩ 6,464	₩ 18,216	₩ -	₩ 130,852
Long-term borrowings	1,006,203	271,710	6,991	70,000	1,579	1,356,483
Bonds	638,867	79,331	-	-	442	718,640
Lease liabilities	269,720	(155,113)	10,844	2,049	213,630	341,130
	<u>₩ 2,196,592</u>	<u>₩ 20,298</u>	<u>₩ 24,299</u>	<u>₩ 90,265</u>	<u>₩ 215,651</u>	<u>₩2,547,105</u>
	2022					
	Jan. 1	Cash flows in financing activities	Non-cash changes			Dec. 31
			Foreign currency translation	Change in the scope of consolidation	Others (*1)	
Short-term borrowings	₩ 415,971	₩ (178,582)	₩ 25,623	₩ -	₩ 18,790	₩ 281,802
Long-term borrowings	532,261	261,095	17,818	211,599	(16,570)	1,006,203
Bonds	409,443	229,859	-	-	(435)	638,867
Lease liabilities	211,876	(122,604)	(743)	21,972	159,219	269,720
	<u>₩1,569,551</u>	<u>₩ 189,768</u>	<u>₩ 42,698</u>	<u>₩ 233,571</u>	<u>₩ 161,004</u>	<u>₩2,196,592</u>

(\*1) The amount of reduction due to exemption of debt is included.

**28. SERVICE CONCESSION ARRANGEMENTS:**

As of December 31, 2023, details of Service Concession Arrangements of the Group are as follows:

	Description
Content of contract	The Group entered into a contract to build a hydroelectric power plant in Sumatra, Indonesia, and to conduct electricity sales business, which is generated by the facility.
Project period	In accordance with this agreement, for 30 years from the commencement date of electricity sales (based on electricity sales contract).
Classification	BOO (Build-Own-Operate).
Accounting standard	K-IFRS 2112 <i>Service Concession Arrangements</i> .
Others	The Group has recognized the minimum guaranteed price and operating rights of the facility as financial assets and intangible assets, respectively, which are acquired in exchange for the construction services for the hydroelectric power plants. For the year ended December 31, 2023, there was no revenue or cost recognized as construction services.

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**29. LEASES:**

Details of and changes in right-of-use asset for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023					
	Land	Buildings	Vehicles	Ship	Others	Total
Acquisition cost	₩ 75,835	₩ 529,694	₩ 26,346	₩ 4,094	₩ 20,223	₩ 656,192
Accumulated depreciation	(15,148)	(220,604)	(13,119)	(4,094)	(9,480)	(262,445)
Net book value	₩ 60,687	₩ 309,090	₩ 13,227	₩ -	₩ 10,743	₩ 393,747

	2022					
	Land	Buildings	Vehicles	Ship	Others	Total
Acquisition cost	₩ 4,154	₩ 410,155	₩ 20,985	₩ 4,074	₩ 16,996	₩ 456,364
Accumulated depreciation	(548)	(169,905)	(10,425)	(4,074)	(4,831)	(189,783)
Net book value	₩ 3,606	₩ 240,250	₩ 10,560	₩ -	₩ 12,165	₩ 266,581

Details of and changes in right-of-use asset for the years ended December 31, 2023 and 2022, are as follows (Korean won in thousands):

	2023					
	Land	Buildings	Vehicles	Ship	Others	Total
Jan. 1	₩ 3,606	₩ 240,250	₩ 10,560	₩ -	₩ 12,165	₩ 266,581
Additions	1,026	185,608	11,885	4,094	24,216	226,829
Depreciation	(412)	(122,208)	(8,588)	(4,094)	(22,230)	(157,532)
Transfer	56,697	-	-	-	-	56,697
Disposals	-	(4,597)	(593)	-	(4,566)	(9,755)
Change in the scope of consolidation	-	1,169	-	-	859	2,028
Others	(230)	8,868	(37)	-	299	890
Dec. 31	₩ 60,687	₩ 309,090	₩ 13,227	₩ -	₩ 10,743	₩ 393,747

	2022					
	Land	Buildings	Vehicles	Ship	Others	Total
Jan. 1	₩ 1,230	₩ 196,219	₩ 9,549	₩ -	₩ 9	₩ 207,007
Additions	298	161,907	8,916	13,183	21,431	205,735
Depreciation	(121)	(105,987)	(7,919)	(11,405)	(5,004)	(130,436)
Disposals	-	(36,566)	(337)	(2,165)	-	(39,068)
Change in the scope of consolidation	2,160	19,832	343	-	-	22,335
Others	39	4,845	8	387	(4,271)	1,008
Dec. 31	₩ 3,606	₩ 240,250	₩ 10,560	₩ -	₩ 12,165	₩ 266,581

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**29. Leases (cont'd)**

The details of changes in lease liabilities for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023		2022	
Jan. 1	₩	269,720	₩	211,876
Addition		223,418		198,558
Interest expense		11,243		7,268
Payment		(166,355)		(129,873)
Termination		(9,788)		(39,338)
Change in the scope of consolidation		2,049		21,972
Others		10,844		(743)
Dec. 31	₩	341,131	₩	269,720

Details of expenses came from short-term leases and leases of low-value assets for the years ended December 31, 2023 and 2022, are as follows (Korean won in millions):

	2023		2022	
Short-term leases	₩	39,940	₩	52,854
Leases of low-value assets		5,176		4,155
	₩	45,116	₩	57,009

For the year ended December 31, 2023, the Group signed sublease contracts, and the amount of finance lease receivables thereof is ₩504 million. (2022: ₩1,662 million.)

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**30. BUSINESS COMBINATIONS:**

The Group acquired a 100% of the common stock of Lx Glass Co., Ltd. (formerly, Hankuk Glass Industries Inc.) on January 3, 2023, and incorporated it as a subsidiary for securing new revenue streams through the acquisition of glass manufacturers.

On September 1, 2023, the Group acquired an additional 60% stake in LX PANTOS PHILIPPINES, INC., a associate, and it was incorporated as a subsidiary company of the Group.

The Group acquired a 100% of the common stock of PT. KPU on November 10, 2023, and incorporated it as a subsidiary for promoting new hydroelectric power generation projects.

On September 30, 2023, the consolidated company took over the business of LX Hausys, covering all assets, liabilities and rights related to the glass business of LX Hausys with the aim of enhancing business competitiveness through the acquisition of the architectural glass business (coated glass/double-layer glass manufacturing).

As of the acquisition date, the fair value of identifiable assets and liabilities of LX Glas Co., Ltd. (formerly, Hankuk Glass Industries Inc.), LX PANTOS PHILIPPINES, INC. and PT. KPU, the glass business of LX Hausys are as follows (Korean won in millions):

	Lx Glass Co., Ltd. (formerly, Hankuk Glass Industries Inc.)		LX PANTOS PHILIPPINES		PT. KPU		Glass business of LX Hausys	
<b>CURRENT ASSETS:</b>								
Cash and cash equivalents	₩	66,162	₩	1,454	₩	-	₩	-
Short-term financial instruments		-		280		-		-
Trade accounts receivable, net		28,025		3,494		-		-
Contract assets		5,133		32		-		-
Other accounts receivable, net		161		4		850		-
Accrued income, net		5		1		-		-
Advance payments		552		96		-		-
Prepaid expenses		1,494		48		-		87
Other current assets		-		472		-		-
Inventories, net		84,369		-		-		7,984
Total current assets		185,901		5,882		850		8,071
<b>NON-CURRENT ASSETS:</b>								
Investment assets		1,481		-		-		-
Property, plant and equipment, net		244,582		366		-		36,604
Intangible assets, net		88,716		-		-		454
Deferred tax assets		8,974		98		-		-
Other non-current assets		2,575		47		-		-
Total non-current assets		346,328		512		-		37,058
<b>TOTAL ASSETS</b>	₩	532,230	₩	6,394	₩	850	₩	45,128

(Continued)

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**30. Business combinations (cont'd)**

	Lx Glass Co., Ltd. (formerly, Hankuk Glass Industries Inc.)		LX PANTOS PHILIPPINES		PT. KPU		Glass business of LX Hausys	
<b>CURRENT LIABILITIES:</b>								
Short-term borrowings	₩	18,216	₩	-	₩	-	₩	-
Trade accounts payable		17,553		1,468		-		-
Other accounts payable		10,913		554		-		-
Advance received		3,235		3		-		-
Withholdings		1,477		269		-		-
Current tax liabilities		1,865		-		-		-
Accrued expenses		9,075		144		-		-
Unearned revenue		-		17		-		-
Lease liabilities		743		84		-		-
Total current liabilities		63,077		2,539		-		-
<b>NON-CURRENT LIABILITIES:</b>								
Long-term borrowings		70,000		3,300		-		-
Defined benefit liabilities		-		58		-		1,271
Deferred tax liabilities		31,313		-		-		-
Lease liabilities		1,091		130		-		-
Provisions		20,749		4		-		-
Other liabilities		6,589		-		-		-
Total non-current liabilities		129,742		3,492		-		1,271
<b>TOTAL LIABILITIES</b>	₩	192,819	₩	6,031	₩	-	₩	1,271
Total identifiable net assets	₩	339,411	₩	363	₩	850	₩	43,858
Amount of equity	₩	339,411	₩	363	₩	850	₩	-
Transfer price		590,446		353		2,571		43,858
Goodwill	₩	251,034	₩	(9)	₩	1,721	₩	-

(Concluded)

Sales and profit and loss of LX Glas Co., Ltd. and LX PANTOS PHILIPPINES, INC. after the acquisition date reflected in the consolidated profit and loss statements are as follows (Korean won in millions):

	Lx Glass Co., Ltd.		LX PANTOS PHILIPPINES	
Sales	₩	354,864	₩	5,582
Profit (loss) for the years		17,227		(10)

If LX PANTOS PHILIPPINES, INC. is included in the consolidated financial statements from the current base, the Group's sales and profit or loss will be ₩18,035 million and ₩410 million, respectively, in January 1, 2023.

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**31. GREENHOUSE GAS EMISSION RIGHT AND EMISSIONS LIABILITIES:**

The amount of allocated greenhouse gas emission rights for the domestic third plan period (2021-2025) is as follows (ton (tCO<sub>2</sub>-eq)):

	2021	2022	2023	2024	2025
Allocated emission rights	41,333	41,333	41,333	41,333	41,333

Changes in the number of greenhouse gas emission rights and book value held for the purpose of fulfilling obligations for the years ended December 31, 2023 and 2022, are as follows (in ton and Korean won):

	2023					
	2022		2023		Total	
	Ton	Amount	Ton	Amount	Ton	Amount
Jan. 1	-	₩ -	-	₩ -	-	₩ -
Allocated	41,333	-	41,333	-	79,710	-
Purchase (Sale)	7,163	73,778,900	-	-	7,163	73,778,900
Government submission	(45,540)	(73,778,900)	-	-	(45,540)	(73,778,900)
Borrowing (Carried over)	(2,956)	-	-	-	-	-
Dec. 31	-	₩ -	41,333	₩ -	41,333	₩ -

	2022					
	2021		2022		Total	
	Ton	Amount	Ton	Amount	Ton	Amount
Jan. 1	-	₩ -	-	₩ -	-	₩ -
Allocated	41,333	-	41,333	-	82,666	-
Government submission	(44,289)	-	-	-	(44,289)	-
Borrowing (Carried over)	2,956	-	(2,956)	-	-	-
Dec. 31	-	₩ -	38,377	₩ -	38,377	₩ -

Meanwhile, there are no greenhouse gas emission rights provided as collateral as of December 31, 2023 and 2022.

Changes in emissions liabilities for the year ended December 31, 2023, are as follows (in Korean won):

	Jan. 1	Increase (Transference)	Decrease (Reversal)	Dec. 31
Emissions liabilities	₩ -	₩ 70,000,000	₩ -	₩ 70,000,000

Meanwhile, the estimated greenhouse gas emissions for the year ended December 31, 2023, are 46,000 tons (tCO<sub>2</sub>-eq).

For the years ended December 31, 2023 and 2022, there are no greenhouse gas emission rights held for the purpose of earning short-term trading profits rather than to fulfil government submission obligations.

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**32. NON-CURRENT ASSETS HELD FOR SALE:**

As of December 31, 2023 and 2022, the liabilities directly related to non-current assets held for sale and noncurrent assets held for sale are as follows (Korean won in millions):

	2023		2022	
	Assets	Liabilities	Assets	Liabilities
<b>Long-term equity instruments:</b>				
OQ Aromatics LLC (*1)	₩ 4,779	₩ 5,655	₩ 4,779	₩ 5,655
<b>Investments in associates:</b>				
ECOVANCE CO. LTD. (*2)	14,203	-	-	-
	<u>₩ 18,982</u>	<u>₩ 5,655</u>	<u>₩ 4,779</u>	<u>₩ 5,655</u>

(\*1) For the year ended December 31, 2021, the Group decided to dispose 1% of its stake in OQ Aromatics LLC, which had been classified as long-term equity instruments, and reclassified the related assets and liabilities as non-current assets held for sale and non-current liabilities held for sale, respectively.

(\*2) For the year ended December 31, 2023, the Group decided to dispose 10.84% of its stake in ECOVANCE CO. LTD., which had been classified as investments in associates, and reclassified the related assets as non-current assets held for sale, respectively.

**33. EVENTS AFTER THE REPORTING DATE:**

On January 16, 2024, the Group acquired 3,649,212,000 shares of the common stock of PT. Adhi Kartiko Pratama in Indonesia for ₩135,744 million in cash, and incorporated it as a subsidiary for the securing a business foundation for secondary battery core minerals.

**34. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS:**

The consolidated financial statements of the Group for the year ended December 31, 2023, were approved by the Parent Company's board of directors on February 15, 2024, for their submission to the shareholders' general meeting.

## Independent Auditor's Report on Internal control over financial reporting

English Translation of Independent Auditor's Report on Internal Control over Financial Reporting  
Originally Issued in Korean on March 13, 2024.

To the Shareholders and the Board of Directors of LX International Corp.:

### Audit Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of LX International Corp. and its subsidiaries (the "Group") as of December 31, 2023, based on 'Conceptual Framework for Design and Operation of Internal Control over Financial Reporting.'

In our opinion, the Group's internal control over financial reporting is designed and operated effectively as of December 31, 2023, in all material respects, in accordance with the 'Conceptual Framework for Design and Operation of Internal Control over Financial Reporting.'

We have also audited, in accordance with the Korean Standards on Auditing ("KSAs"), the consolidated financial statements of the Group, which comprise the consolidated statement of financial position as of December 31, 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information, and our report dated March 13, 2024, expressed an unqualified opinion.

### Basis for Audit Opinion

We conducted our audits in accordance with the KSAs. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Internal Control over Financial Reporting section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audits of the internal control over financial reporting in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Internal Control over Financial Reporting

Management is responsible for designing, operating and maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying ICFR Operating Status Report by CEO.

Those charged with governance is responsible for the oversight of internal control over financial reporting of the Group.

# Deloitte.

## Auditor's Responsibilities for the Audit of the Internal Control over Financial Reporting

Our responsibility is to express an opinion on the Group's internal control over financial reporting based on our audit. We conducted our audit in accordance with the KSAs. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained, in all material respects.

The audit of internal control over financial reporting involves performing procedures to obtain audit evidence about whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks of that a material weakness exists. The audit includes obtaining an understanding of internal control over financial reporting and testing and evaluating the design and operating effectiveness of internal control over financial reporting based on the assessed risks.

## Definition and Limitations of Internal Control over Financial Reporting

The Group's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with Korean International Financial Reporting Standards ("K-IFRSs"). The Group's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Group; (2) provide reasonable assurance that transactions are recorded, as necessary, to permit preparation of consolidated financial statements in accordance with K-IFRSs, and that receipts and expenditures of the group are being made only in accordance with authorizations of management and directors of the group; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Group's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The engagement partner on the audit resulting in this independent auditor's report is Ki Hyeon Kim.

*Deloitte Idnjin LLC*

March 13, 2024

### Notice to Readers

This report is effective as of March 13, 2024, the auditor's report date. Certain subsequent events or circumstances may have occurred between the auditor's report date and the time the auditor's report is read. Such events or circumstances could significantly affect the Group's internal control over financial reporting and may result in modifications to the auditor's report.