DOOSAN FUEL CELL CO., LTD.

Financial statements
for each of the two years in the period ended December 31, 2023
with the independent auditor's report

DOOSAN FUEL CELL CO., LTD.

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Independent Auditor's Report

(English Translation of a Report Originally Issued in Korean)

The Shareholders and Board of Directors

Doosan Fuel Cell Co., Ltd.

Opinion

We have audited the financial statements of Doosan Fuel Cell Co., Ltd. (the "Company"), which comprise the statements of financial position as of December 31, 2023 and 2022, and the statements of comprehensive income or loss, statements of changes in equity and statements of cash flows for each of the two years in the period ended December 31, 2023, and the notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and 2022, and its financial performance and its cash flows for each of the two years in the period ended December 31, 2023 in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS").

We have also audited the Company's internal control over financial reporting ("ICFR") as of December 31, 2023 based on the Conceptual Framework for Design and Operation of ICFR established by the Operating Committee of ICFR in Korea, in accordance with Korean Standards on Auditing ("KSA"), and our report dated March 14, 2024 expressed an unqualified opinion thereon.

Basis for Opinion

We conducted our audit in accordance with KSA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

(1) Valuation of inventories

Rationale for the selection of a key audit matter
As described in Note 8 to the financial statements, as of December 31, 2023, the book value of inventories of the Company amounted to KRW 460,086 million, accounting for approximately 43% of the total assets as of December 31, 2023.

As noted in Note 3, inventories are measured at the lower of acquisition cost and net realizable value, with the measurement of net realizable value requiring the estimation of expected selling prices and expected selling expenses. Therefore, the valuation of inventories could have a significant impact on the Company's performance.

We have identified the valuation of inventories as a key audit matter, considering the materiality of the book value of inventories held by the Company in the financial statements and the significant impact of management's judgments regarding estimates on the valuation of inventories.

In order to address the key audit matter, we have performed audit procedures including the followings:

- Obtained an understanding of the accounting policies related to the valuation of inventories.
- Obtained an understanding of the design of internal controls related to the valuation of inventories and evaluated the operating effectiveness thereof.
- Obtained an understanding of the management's estimation methods regarding the expected selling prices and expected selling expenses, and verified the appropriateness thereof.
- Performed a review of relevant documentation and samples concerning the expected selling prices used in the determination of net realizable values.
- Recalculated to ensure the accuracy of the calculation of inventory valuation amounts.
- Performed a review of the financial statements presentation and disclosures in the Notes to check the appropriateness thereof.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and 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 compiled 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 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 Sang Il Bae.

Ernst & Young Han Young

March 14, 2024

This audit report is effective as of March 14, 2024, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying financial statements and may result in modifications to this report.

DOOSAN FUEL CELL CO., LTD.

Financial Statements

for each of the two years in the period ended December 31, 2023

"The accompanying financial statements, including all footnotes and disclosures, have been prepared by, and are the responsibility of, the Company."

Huseok Che

Chief Executive Officer

DOOSAN FUEL CELL CO., LTD.

Statements of Financial Position

As of December 31, 2023 and 2022

Doosan Fuel Cell Co., Ltd. (Unit: Korean Won)

Accounting Title	Notes	2023		2022	
Assets					
I. Current Assets			648,072,793,252		675,719,160,885
(1) Cash and cash equivalents	4,5,12	50,173,401,453		31,856,872,344	
(2) Short-term financial instruments	4,5,12	1,400,000,000		-	
(3) Short-term Investment Securities	4,6,12	-		18,881,650,916	
(4) Trade Receivables	4,7,12, 24,33	44,379,285,404		147,774,248,542	
(5) Other Receivables	4,7,12, 33	65,094,060,387		23,551,749,148	
(6) Inventories	8	460,086,137,063		430,727,924,137	
(7) Other Current Assets	5,10	26,748,689,325		22,926,715,798	
(8) Income Tax Receivable	29	191,219,620		-	
II. Non-current Assets			422,769,729,909		351,210,555,125
(1) Long-term investment securities	4,6,12	5,699,848,043		5,442,498,491	
(2) Investment in Associates	11	3,804,246,548		2,476,421,758	
(3) Property, plant and equipment	13	271,311,843,868		176,284,111,035	
(4) Intangible Assets	14	34,223,644,760		36,009,896,013	
(5) Deferred Tax Assets	29	17,278,244,731		12,431,224,331	
(6) Long-term other receivables	4,7,12	3,640,442,573		67,216,932,474	
(7) Other Non-current Assets	10	86,811,459,386		51,349,471,023	
Total Assets			1,070,842,523,161		1,026,929,716,010
Liabilities					
I. Current Liabilities			287,371,274,263		312,667,179,970
(1) Trade payables	4,12, 33	30,502,168,998		85,660,315,547	
(2) Other Payables	4,12, 15,33	33,992,615,135		45,948,287,289	
(3) Income Tax Payables	29	-		3,531,047,458	
(4) Current portion of provision for product warranties	19	6,094,661,362		-	
(5) Other Provisions	19,24	11,633,683,962		17,092,418,960	

Accounting Title	Notes	2023		2022	
(6) Short-term borrowings	4,12, 16	60,000,000,000		64,000,000,000	
(7) Current portion of bonds	4,12, 16	106,340,949,260		77,390,312,476	
(8) Current portion of long-term securitized debt	4,12, 16	16,661,898,433		-	
(9) Current portion of lease liabilities	4,12, 17	2,980,803,394		2,728,360,686	
(10) Derivatives liabilities	9,12	-		499,400,062	
(11) Other Current Liabilities	15,24	19,164,493,719		15,817,037,492	
II. Non-current Liabilities			270,819,371,368		191,198,110,222
(1) Bonds	4,12, 16	70,813,635,163		97,215,537,168	
(2) Long-term borrowings	4,12, 16	70,000,000,000		30,000,000,000	
(3) Long-term securitized debt	4,12, 16	52,762,102,132		-	
(4) Lease Liabilities	4,12, 17	4,551,091,887		6,461,580,199	
(5) Net defined benefit liabilities	18	4,876,068,802		341,052,280	
(6) Long-term other liabilities	4,12, 15	938,113,181		748,414,810	
(7) Provisions for product warranties	19	65,887,519,679		54,825,147,307	
(8) Other Provisions	19	87,922,932		616,525,255	
(9) Other Non-current Liabilities	15	902,917,592		989,853,203	
Total Liabilities			558,190,645,631		503,865,290,192
Capital					
I. Capital Stock	20	8,184,422,600		8,184,422,600	
II. Capital Surplus	20	477,519,232,198		477,537,179,520	
III. Other components of equity	21	(104,081,986)		(187,769,587)	
IV. Accumulated other comprehensive income	22	712,495,486		259,929,162	
V. Retained Earnings	23	26,339,809,232		37,270,664,123	
Total Equity			512,651,877,530		523,064,425,818
Total Liabilities and Equity			1,070,842,523,161		1,026,929,716,010

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

Statements of Comprehensive Income or Loss

For each of the two years in the period ended December 31, 2023

Doosan Fuel Cell Co., Ltd. (Unit: Korean Won)

Accounting Title	Notes	2023		2022	
I. Sales	24,33		260,886,184,003		312,148,720,814
II. Cost of Sales	25,33		221,348,745,010		267,469,762,225
III. Gross Profit			39,537,438,993		44,678,958,589
IV. Selling and Administrative Expenses	25,26		37,895,645,019		37,457,022,414
V. Operating Income			1,641,793,974		7,221,936,175
VI. Financial Income/Costs			(13,407,467,300)		2,765,415,043
A. Financial Income	28	7,453,163,786		15,189,878,017	
B. Financial Costs	28	20,860,631,086		12,424,462,974	
VII. Other Income/Expenses			(2,102,832,283)		(5,304,119,100)
A. Other Income	27,33	6,642,270,359		5,567,243,858	
B. Other Expenses	27,33	8,745,102,642		10,871,362,958	
VIII. Share of profit (loss) of associates	11		1,327,824,790		(406,705,341)
IX. Profit(Loss) before income tax expenses			(12,540,680,819)		4,276,526,777
X. Income Tax Expenses(benefit)	29		(4,040,581,238)		412,936,651
XI. Profit(Loss) for the year			(8,500,099,581)		3,863,590,126
XII. Other Comprehensive Income(loss)			(1,978,188,986)		1,199,317,120
Items that will not be reclassified subsequently to profit or loss					
A. Remeasurements of Defined Benefit Plans		(2,430,755,310)		1,579,925,896	
B. Revaluation Surplus		68,527,676		3,429,872	
Items that will be reclassified subsequently to profit or loss					
(1) Gain / Loss on valuation of cash flow hedging derivatives	9,12	384,038,648		(384,038,648)	
XIII. Total Comprehensive Income			(10,478,288,567)		5,062,907,246
XIV. Earnings (losses) Per Share:	30				
Basic earnings (losses) per ordinary share			(104)		47
Basic earnings (losses) per old type preferred share			(104)		47

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

Statements of Changes in Equity

For each of the two years in the period ended December 31, 2023

Doosan Fuel Cell Co., Ltd. (Unit: Korean Won)

Accounting Title	Capital Stock	Capital Surplus	Other Components of equity	Accumulated Other Comprehensive Income	Retained Earnings	Total
January 1, 2022	8,184,422,600	477,564,223,429	(28,074,580)	640,537,938	31,827,148,101	518,188,257,488
Total Comprehensive Income:						
Profit for the year	-	-	-	-	3,863,590,126	3,863,590,126
Remeasurements of Defined Benefit Plans	-	-	-	-	1,579,925,896	1,579,925,896
Revaluation Surplus	-	-	-	3,429,872	-	3,429,872
Loss on valuation of cash flow hedging derivatives	-	-	-	(384,038,648)	-	(384,038,648)
Transactions with owners directly reflected in equity and others:						
Acquisition of treasury stock	-	-	(254,075,140)	-	-	(254,075,140)
Grant of stock options	-	-	94,380,133	-	-	94,380,133
Changes in share premium	-	(27,043,909)	-	-	-	(27,043,909)
December 31, 2022	8,184,422,600	477,537,179,520	(187,769,587)	259,929,162	37,270,664,123	523,064,425,818
January 1, 2023	8,184,422,600	477,537,179,520	(187,769,587)	259,929,162	37,270,664,123	523,064,425,818
Total Comprehensive Income:						
Loss for the year	-	-	-	-	(8,500,099,581)	(8,500,099,581)
Remeasurements of Defined Benefit Plans	-	-	-	-	(2,430,755,310)	(2,430,755,310)
Revaluation Surplus	-	-	-	68,527,676	-	68,527,676
Gain on valuation of cash flow hedging derivatives	-	-	-	384,038,648	-	384,038,648
Transactions with owners directly reflected in equity, etc.:						
Grant of stock options	-	-	83,687,601	-	-	83,687,601
Changes in share premium	-	(17,947,322)	-	-	-	(17,947,322)
December 31, 2023	8,184,422,600	477,519,232,198	(104,081,986)	712,495,486	26,339,809,232	512,651,877,530

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

Statements of Cash Flows

For each of the two years in the period ended December 31, 2023

Doosan Fuel Cell Co., Ltd. (Unit: Korean Won)

Accounting Title	Notes	2023		2022	
I. Cash flows provided by (used in) operating activities			7,772,755,535		(257,660,943,052)
1. Cash generated from operating activities	34	32,465,373,811		(248,092,996,024)	
(1) Profit(loss) for the year		(8,500,099,581)		3,863,590,126	
(2) Adjustments		78,402,719,632		78,686,167,888	
(3) Change in operating assets and liabilities		(37,437,246,240)		(330,642,754,038)	
2. Interest received		1,278,188,836		467,924,886	
3. Interest Paid		(24,228,376,072)		(5,648,540,911)	
4. Dividends received		1,568,000,000		1,678,265,100	
5. Income Tax Paid		(3,310,431,040)		(6,065,596,103)	
II. Net Cash Flows from Investing Activities			(95,709,122,838)		92,678,387,434
1. Cash Inflows from Investing Activities		22,053,768,105		173,083,938,921	
(1) Government grants received		1,170,071,958		9,820,131,807	
(2) Proceeds from disposal of short-term investment securities		19,578,165,348		161,875,394,988	
(3) Decrease in loans		678,523,549		160,798,882	
(4) Proceeds from disposal of property, plant and equipment		-		44,731,550	
(5) Proceeds from disposal of Intangible Assets		-		1,036,707,104	
(6) Cash inflows from other investing activities		627,007,250		146,174,590	
2. Cash Outflows from Investing Activities		(117,762,890,943)		(80,405,551,487)	
(1) Acquisition of short-term Financial Instruments		1,400,000,000		-	
(2) Acquisition of long-term Financial Instruments		-		1,500,000,000	
(3) Acquisition of property, plant and equipment		113,937,849,445		73,811,029,033	
(4) Acquisition of Intangible Assets		1,266,040,000		3,374,492,824	
(5) Increase in Long-term Loans		1,017,440,258		1,608,931,000	
(6) Cash outflows from other investing activities		141,561,240		111,098,630	
III. Net Cash Flows from Financing Activities			105,279,591,716		190,837,381,866
1. Cash Inflows from Financing Activities		309,314,683,760		193,649,480,000	
(1) Proceeds from short-term borrowings		120,000,000,000		64,000,000,000	
(2) Proceeds from long-term borrowings		40,000,000,000		30,000,000,000	
(3) Issuance of current portion of corporate bond		-		2,492,380,000	
(4) Issuance of Corporate Bond		79,671,260,000		97,157,100,000	
(5) Issuance of long-term		69,643,423,760		-	

Accounting Title	Notes	2023		2022	
securitized debt					
2. Cash Outflows from Financing Activities		(204,035,092,044)		(2,812,098,134)	
(1) Repayment of Short-term Borrowings		124,000,000,000		-	
(2) Redemption of current portion of corporate Bond		77,500,000,000		-	
(3) Repayment of Lease Liabilities		2,535,092,044		2,558,022,994	
(4) Acquisition of treasury stock		-		254,075,140	
IV. Effect of exchange rate changes on cash and cash equivalents			973,304,696		(11,239,737)
V. Net increase (decrease) in cash and cash equivalents			18,316,529,109		25,843,586,511
VI. Cash and cash equivalents as of the beginning of the year			31,856,872,344		6,013,285,833
VII. Cash and cash equivalents as of the end of the year			50,173,401,453		31,856,872,344

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

1. Overview of the Company

Doosan Fuel Cell Co., Ltd. (hereinafter referred to as the "Company") was spun off from Doosan Corporation and newly incorporated on October 01, 2019, to engage in the fuel cell and new renewable energy business and development, manufacture, and sale of facilities, including related installations and maintenance services. The Company's head office is located in Iksan City, Jeollabuk-do, the Republic of Korea.

The Company has been listed on the Korea Stock Exchange since October 18, 2019, and the Company's shareholders and their shareholdings as of December 31, 2023, and 2022 subsequent to a capital increase and changes in ownership percentages between related parties, are as follows:

Name of Shareholders	December 31, 2023		December 31, 2022	
	No. of Ordinary Shares Held	Percentage of Ownership	No. of Ordinary Shares Held	Percentage of Ownership
Doosan Enerbility Co., Ltd.	22,780,229	34.78%	22,780,229	34.78%
Largest shareholder's specially related person	2,000,166	3.05%	2,000,166	3.05%
Employee stock ownership association	166,446	0.25%	327,617	0.50%
Treasury stock	11,047	0.02%	11,047	0.02%
Others	40,535,838	61.90%	40,374,667	61.65%
Total	65,493,726	100.00%	65,493,726	100.00%

With regard to preferred shares, Doosan Enerbility Co., Ltd., and the related parties of the largest shareholder hold 12.47% and 19.52% of the total, respectively, and the remaining 68.01% of the preferred shares are held by other shareholders.

2. Basis of Preparation of the Financial Statements and Material Accounting Policiy information

2.1 Basis of Preparation of the Financial Statements

The Company prepares statutory financial statements in Korean in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS") enacted based on the *Act on External Audit of Stock Companies*. The accompanying financial statements have been translated into English from Korean financial statements. In the event of any differences in interpreting the financial statements or the independent auditor's report thereon, Korean version, which is used for regulatory reporting purposes, shall prevail.

Material accounting policies applied in preparation of the financial statements are described below, and the financial statements have been prepared on the historical cost basis, except for certain non-current assets and financial assets that are measured at revaluation value or fair value as of the end of every reporting period. The historical cost is generally measured at fair value of consideration paid to acquire an asset.

2.2 New and amended standards adopted and applied by the Company

(1) New and amended standards adopted and applied by the Company since January 01, 2023.

The Company initially applied the standard and amendments effective for fiscal years beginning on or after January 1, 2023. The Company has not early applied any standards, interpretations, or amendments that have been published but have not been implemented.

- KIFRS 1117 *Insurance Contracts*

KIFRS 1117 *Insurance Contracts* is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. KIFRS 1117 replaces KIFRS 1104 *Insurance Contracts*. KIFRS 1117 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply. The overall objective of KIFRS 1117 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. KIFRS 1117 is based on a general model, supplemented by:

- a specific adaptation for contracts with direct participation features (the variable fee approach); and
- a simplified approach mainly for short-duration contracts (the premium allocation approach).

The new standard had no impact on the Company's financial statements.

***- Definition of Accounting Estimates* - Amendments to KIFRS 1008**

The amendments to KIFRS 1008 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Company's financial statements.

2.2 New and amended standards adopted and applied by the Company(Cont'd)

- Disclosure of Accounting Policies - **Amendments to KIFRS 1001 and KIFRS Practice Statement 2**

The amendments to KIFRS 1001 and KIFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction **– Amendments to KIFRS 1012**

The amendments to KIFRS 1012 *Income Tax* narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Company's financial statements.

- International Tax Reform—Pillar Two Model Rules **– Amendments to KIFRS 1012**

The amendments to KIFRS 1012 have been introduced in response to the OECD's BEPS Pillar Two Model Rules and include:

• a mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two Model Rules; and

• disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim periods ending on or before December 31, 2023. The amendments had no impact on the Company's financial statements as the Company is not in scope of the Pillar Two Model Rules as its revenue is less than EUR 750 million/year.

(2) Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

2.2 New and amended standards adopted and applied by the Company(Cont'd)

- Amendments to KIFRS 1116: *Lease Liability in a Sale and Leaseback*

The amendments to KIFRS 1116 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of KIFRS 1116. Earlier application is permitted and that fact must be disclosed.

The amendments are not expected to have a material impact on the Company's financial statements.

- Amendments to KIFRS 1001: *Classification of Liabilities as Current or Non-current*

The amendments to paragraphs 69 to 76 of KIFRS 1001 specify the requirements for classifying liabilities as current or non-current. The amendments clarify;

• what is meant by a right to defer settlement;

• that a right to defer must exist at the end of the reporting period;

• that classification is unaffected by the likelihood that an entity will exercise its deferral right; and

• that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

***Supplier Finance Arrangements* - Amendments to KIFRS 1007 and KIFRS 1107**

The amendments to KIFRS 1007 *Statement of Cash Flows* and KIFRS 1107 *Financial Instruments: Disclosures* clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after January 1, 2024. Early adoption is permitted, but will need to be disclosed.

The amendments are not expected to have a material impact on the Company's financial statements.

The amendments will be effective for annual reporting periods beginning on or after January 1, 2024. Early adoption is permitted, but will need to be disclosed.

The amendments are not expected to have a material impact on the Company's financial statements.

2.3 Material Accounting Policy Information

(1) Investment in Associates and Joint Ventures

An associate is an entity over which the 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.

The company accounts for investments in related companies and joint ventures by applying the equity method. Investment interests in affiliates and joint ventures (hereinafter referred to as affiliates) are initially recognized as acquisition costs, and subsequently accounted for as using the equity method. The amount of investment, such as related companies, includes goodwill identified at the time of acquisition and is indicated as the amount after deducting the accumulated amount of impairment losses.

The Company's share of profit or loss of the Associates, etc. is recognized in profit or loss and its share of any changes in equity of the Associates, etc. are directly recognized in equity. Cumulative changes after the acquisition is carrying amount adjusted from the carrying amount of the Company's investments in the Associates, etc. If the Company's share of losses of an associate equal to or exceed its investments in the associate including other unsecured bonds, the Company does not recognize additional losses unless the Company is obliged to pay on behalf of the associate.

Unrealized gains on transactions between the Company and the Associates, etc. are derecognized to the extent of the Company's interest in the associates. Unrealized loss is also derecognized if there is not an objective evidence of impairment on the asset for the transaction.

The accounting policies of associates or joint ventures are changed and applied wherever deemed necessary for consistency with the Company's accounting policies.

The Company translates the financial statements denominated in foreign currency of the Associates, etc., which are domiciled in foreign countries, using the overseas business' foreign currency translation and applies the equity method of accounting. The Company's share of the difference between the amount of assets translated in Korean won less liabilities and equity is accounted for as an equity adjustment in equity method and recognized in accumulated other comprehensive income.

2.3 Material Accounting Policy Information (Cont'd)

(2) Foreign Currency Translation

The Company measures items included in its financial statements using the currency of the primary economic Environment(hereinafter "functional currency") in which it operates. These financial statements are presented in Korean won, which is the
Company's functional currency. Foreign currency transactions are translated into functional currency at the exchange rate as of the date of transaction, or for remeasured items, the exchange rate at the evaluation date. Gains or losses on foreign currency transaction that are generated from the settlement of foreign currency transactions or translation of monetary assets or liabilities denominated in foreign currencies at closing date are recognized in profit or loss; provided that the amount on a cash flow hedging instrument that meets the criteria for hedge accounting is deferred and recognized in equity.

(3) Cash and cash equivalents

The Company classifies investment assets with maturities of three months or less from the acquisition date as cash and cash equivalents. Equity instruments are excluded from cash and cash equivalents, but substantial cash equivalents such as preferred stocks for which the period from acquisition to redemption is short with a fixed redemption dates are included in cash and cash equivalents.

(4) Financial instruments

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.

1) Financial assets

[Recognition and initial measurement]

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them.

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.

2.3 Material Accounting Policy Information (Cont'd)

The Company'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 Company commits to purchase or sell the asset.

[Subsequent measurement]

For purposes of subsequent measurement, financial assets are classified in 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 (equity instruments); and
- financial assets at fair value through profit or loss.

① Financial assets at amortized cost (debt instruments)

The Company 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 solely payments of principal and interest on the principal amount outstanding.

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

② Financial assets at fair value through OCI (debt instruments)

The Company 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 solely payments of principal and interest 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 statement 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.

③ Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company 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 KIFRS 1032 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company 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.

The Company elected to classify irrevocably its non-listed equity investments under this category.

④ 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 solely payments of principal and interest 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 statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

This category includes derivatives and publicly listed equity instruments that have not made an irrevocable choice to account for changes in fair value in other comprehensive income. Dividends on listed equity instruments are recognized in profit or loss when 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.

[Derecognition]

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company 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 Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Company 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 Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2.3 Material Accounting Policy Information (Cont'd)

[Impairment of financial assets]

The Company recognizes 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 Company expects to receive, discounted at an approximation of the original effective interest rate. 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 Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company 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.

2) Financial liabilities

[Recognition and initial 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 and payables, net of directly attributable transaction costs.

[Subsequent measurement]

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

① 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 incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by KIFRS 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 statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in KIFRS 1109 are satisfied.

② Loans and borrowings, payables

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and 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. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

[Derecognition]

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

3) Offsetting of financial instruments

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

4) Financial guarantee liabilities

A financial guarantee contract is a contract in which the issuer must pay a specific amount to compensate for losses incurred by the holder due to the failure of a specific debtor to pay on the payment date according to the initial contract terms or changed contract terms of the debt instrument.

2.3 Material Accounting Policy Information (Cont'd)

A financial guarantee liability is initially measured at fair value and is not designated as a financial liability measured at fair value through profit or loss, or unless the transfer of a financial asset does not meet the terms of derecognition or an ongoing involvement approach is applied, follow-up measurements should be made with the larger of the following:
(A) Loss allowance calculated in accordance with Section 5.5 of KIFRS 1109
(B) The amount deducted from the initial recognition amount from the cumulative amount of profit recognized in accordance with KIFRS 1115

5) Equity instruments

An equity instrument is any contract that represents the remaining equity after deducting all liabilities from an entity's assets. Equity instruments issued by the company are recognized as net amount minus direct issuance cost from the issuance amount.

In the case of reacquisition of equity instruments, those equity instruments are deducted directly from equity. Profit or loss from the purchase, sale, issuance, or incineration of an equity instrument is not recognized in profit or loss.

(6) Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. 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 the 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 Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

2.3 Material Accounting Policy Information (Cont'd)

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company 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.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

- Fair value hedges

The change in the fair value of a hedging derivative is recognized in the statement of profit or loss. 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 statement of profit or loss.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. 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 hedged item is derecognized, the unamortized fair value is recognized immediately in 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 or loss recognized in profit and loss.

- Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement 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 Company 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.

2.3 Material Accounting Policy Information (Cont'd)

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.

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 statement 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 statement of profit or loss.

(7) Trade receivables

Trade receivables represent the Company's right to an amount of consideration in return for inventories sold and services offered within the normal operating cycle. Trade receivables are classified as current assets if they are reasonably expected to be collected within the normal operating cycle. If not, they are classified as non-current assets. Except for the cases where trade receivables do not contain significant financing components on initial recognition pursuant to KIFRS 1115, the Company recognizes trade receivables at fair value and presents the book value at net of allowance for doubtful accounts, which is calculated based on individual analysis and past experience on credit losses.

2.3 Material Accounting Policy Information (Cont'd)

(8) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories includes fixed and variable manufacturing overhead costs and is allocated to inventories based on type of inventories using the most appropriate method. The costs of inventories calculated based on the specific identification method for materials-in-transit and finished goods and moving-average method for all the other inventories recognized in the financial statements. A perpetual inventory system is used to record quantity and amounts of inventories, in which inventories are adjusted to physical inventory counts that are performed at the end of the year.

The Company regularly reviews the possibility of disuse, a decline in market value or obsolescence of inventories, which may cause a material change in the net realizable value of inventories (net realizable value for finished goods, merchandise and semi-finished goods and current replacement cost for raw materials) and recognizes inventory valuation allowance. The Company recognizes loss on valuation of inventories and loss on inventory obsolescence arising from ordinary course of business in cost of sales and recognizes loss on valuation arising from unusual course of business in other non-operating expenses. When the circumstances that previously caused the inventories to be written down cease to exist or there is an increase in net realizable value, the amount of the write-down is reversed to the extent of the original write-down amount so that the new carrying amount is the lower of cost and the revised net realizable value.

(9) Property, plant, and equipment

Property, plant, and equipment are initially stated at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment loss, except for a land applying a revaluation model. When the useful lives of some elements comprising property, plant and equipment are different from the asset as a whole, those elements are depreciated separately based on their specific useful lives. The cost of an asset includes expenditures that is directly attributable to the acquisition of the items, the estimated cost of dismantling and removing the asset and restoring the site.

The cost arising from replacing a part of property, plant and equipment is included in the carrying amount of the asset if the asset's future economic benefit is likely to flow to the Company and whose cost can be measured reliably, and otherwise, the asset is recognized as a separate asset where appropriate. In such case, previously recognized carrying amount of the replaced asset is derecognized from the financial statements. All other repair and maintenance costs are recognized in profit or loss as incurred.

2.3 Material Accounting Policy Information (Cont'd)

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

Type of Asset	Useful Lives of Assets (Years)
Buildings	20~40
Structures	10
Machinery	10
Vehicles	5
Tools and instruments	5
Furniture and fixtures	3~5

When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

The residual values, useful lives, and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

When the carrying amount of an asset is greater than the recoverable amount, it is written down to its recoverable amount and the difference are accounted for as an impairment loss. If the recoverable amount of a subsequently impaired asset is greater than the carrying amount, the impaired carrying amount is depreciated and then the excess is accounted for as a reversal of impairment loss to the residual value. Profits or losses generated from de-recognition of property, plant and equipment are determined at the difference between the net amount sold and the carrying amount and recognized in other non-operating profit or loss when de-recognized.

When the carrying amount of an asset increases as a result of revaluation, the increase is recognized as a revaluation surplus in other comprehensive income. However, if there was a decrease in revaluation amount recognized in profit or loss in the past for the same asset, the amount is recognized as much as the revaluation increase to the extent of the amount. Revaluation loss is recognized in profit or loss. However, if there is the rest of the revaluation surplus, the revaluation decrease is recognized in other comprehensive income to reach the amount.

Furthermore, the Company considers climate-related matters, including physical and transition risks. Specifically, the Company determines whether climate-related legislation and regulations might impact either the useful life or residual values, e.g., by banning or restricting the use of the Company's fossil fuel-driven machinery and equipment or imposing additional energy efficiency requirements on the Company's buildings and office properties.

2.3 Material Accounting Policy Information (Cont'd)

(10) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which it relates.

Other intangible assets, except for goodwill and intangible assets with indefinite useful lives, are amortized on a straight-line basis over the economic useful lives as follows:

Type of Asset	Useful Lives of Assets (Years)
Development costs	5
Other intangible assets	4~5

Development costs that are directly attributable to internally generated by the Company are capitalized when the criteria; such as, technical feasibility, ability to generate probable future economic benefits, ability to measure reliably the expenditure during development and others, are met. The capitalized development expenditures include material costs, direct labor costs and manufacturing overheads that are reasonably allocated. The capitalized expenditures on development activities are amortized by deducting the accumulated amortization and accumulated impairment loss. Development expenditures are amortized on a straight-line basis over their useful lives, and the amortization of intangible asset is recognized in manufacturing costs or selling and administrative expenses. Other development expenditures that do not meet these requirements are recognized in profit or loss as incurred.

Amortization period and methods for intangible assets with finite useful lives are reviewed as of the end of each reporting period. 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.

However, certain intangible assets are determined as having indefinite useful lives and not amortized as there is no foreseeable limit to the period over which the assets are expected to be available for use. The impairment loss of these kinds of assets are recognized through annual impairment testing.

2.3 Material Accounting Policy Information (Cont'd)

(11) Impairment of non-financial assets

Assets with indefinite useful lives such as goodwill are not amortized and reviewed every year to determine whether there is any indication of impairment. Amortized assets are tested for impairment whenever a change in environments or an event indicating that the carrying amount may not be recoverable. An impairment loss is recognized to the extent that the carrying amount of an asset exceeds its recoverable amount. The recoverable amount of an asset is the higher of net fair value and value in use. For the purposes of measuring impairment, assets are classified into the smallest identifiable group of assets that generates cash inflows (cash-generating unit or "CGU"). If an impairment loss is recognized, non-financial assets other than goodwill are reviewed as of the end of each reporting period to determine the probable reversal of impairment loss.

The Company assesses whether climate risks, including physical risks and transition risks could have a significant impact. If so, these risks are included in the cash-flow forecasts in assessing value-in-use amounts.

(12) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

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

The government grants that relate to an asset are derecognized when the carrying amount of the asset is determined and is presented in the statement of financial position. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

Revenue-type government grants are recognized as income on a systematic basis over the periods that the related costs, for which they are intended to compensate. A grant receivable as compensation for costs already incurred or for immediate financial support is recognized as income in the period in which it has a right to receive.

2.3 Material Accounting Policy Information (Cont'd)

(13) Retirement Benefit

The Company operates a defined retirement benefit plan. The calculation of defined benefit obligations is performed annually by a qualified independent actuary using the projected unit credit method. The remeasurements of net defined benefit liabilities comprising of actuarial gains and losses, return on plan assets (Excluding amounts included in net interest on the net defined benefit liability) and the effect of the asset ceiling are recognized immediately in the statement 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 date of the plan amendment or curtailment. Net interest is calculated by applying the discount rate to the net defined benefit liability as of the beginning.

The cost of the defined benefit plan consists of service costs (current service costs, past-service costs, and gains or losses from settlements), net interest expense (income) and remeasurements.

The Company recognizes the service costs and net interest expenses (income) in profit or loss and the remeasurements in OCI. The gains and losses from the curtailment of the plan are treated as past service costs.

In the financial statements, defined benefit obligations are presented as the actual deficit and excess amount of the defined benefit plans. The excess amount is recognized as an asset to the extent of the sum of the present value of economic benefits available in a way that reduces the future contributions to the plan or the amount reimbursed from the plan.

(14) Provisions

Provisions are recognized when the Company has a present legal or constructive obligation 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 effect of the time value of money is material, provisions are determined at the present value of the expected future expenditures for performing its obligations.

Provisions are reviewed as of the end of each reporting period and adjusted to reflect the current best estimates. The increase in provisions over time is recognized as interest costs. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. When it is virtually certain the some or all of the expenditures required to settle a provision are expected to be reimbursed by a third party, a receivable is treated as a separate asset. In this case, the profit attributable to the expected reimbursement is offset with related expenses that will be presented in the statement of comprehensive income according to the recognition of provisions.

2.3 Material Accounting Policy Information (Cont'd)

The Company recognises the received emission rights at the nominal amount (i.e., nil). The Company recognises a provision as emissions are made. As the Company intends to keep the emission rights received to settle its emission liability, the Company takes into consideration the value of received emission rights when measuring a provision. Therefore, until the emission limit is exceeded, there is no impact on the statement of financial provision and the statement of profit or loss. The emission costs are recognised as other operating expenses. Where emission rights are purchased from other parties, the cost of obtaining the allowances determine the measurement of the provision.

(15) Share-based compensation

The Company's share-based compensation granted to officers and employees is measured at fair value of the equity instrument on the date of grant.

The fair value of share-based payment transactions determined on the grant date is estimated on a straight-line basis over the applicable vesting period. As of the end of each reporting period, the Company adjusts the estimates of the quantity of equity instrument that is expected to be vested. The effect of adjusted value on the initial estimate is recognized in profit or loss and reflected in other components of equity over the remaining vesting period hence that the cumulative expenses can reflect such adjustment.

(16) Revenue from contracts with customers

In accordance with KIFRS 1115 Revenue from Contracts with Customers, the Company recognizes the expected consideration to which it is entitled to the sale of fuel cells to its customer as revenue. For services provided under the maintenance service agreement with customer, revenue is recognized over the contractual period of the maintenance services using the percentage of completion method.

1) Identification of performance obligations
The Company identifies performance obligations that are classified as technical support, such as the production, design, installation, repair, and maintenance of fuel cells in the integrated contracts for production and sale of fuel cell facility with customers.

2) Variable consideration
The Company estimates the variable consideration using the expected value method that is expected to better predict the variable consideration to which it will be entitled. The Company includes variable consideration in the transaction price only to the extent that it is probable that a significant reversal in the amount of cumulative revenue already recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

2.3 Material Accounting Policy Information (Cont'd)

3) Revenue recognition when satisfying the performance obligations identified

(a) Performance obligations satisfied at a point in time
The Company recognizes revenue from the sale of goods when the fuel cells that it promised with a customer are delivered to the customer.

(b) Performance obligations satisfied over time
In case of the Company's repair and maintenance performance obligations, as customers simultaneously receive and consume the economic benefits provided by the Company's performance, the Company recognizes service revenue equally over the contractual period of the maintenance service agreement.

(17) Leases

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

The Company as a lessee
The Company applies a single recognition and measurement approach to all leases except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities representing its obligation to make lease payments and right-of-use assets representing its rights to use the underlying assets.

1) Right-of-use assets
The Company recognizes 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 include 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, unless it is reasonably expected that the leased asset is transferred to the Company at the end of the lease term. The Company reviews impairment loss on right-of-use assets.

The Company's right-of-use assets are classified as property, plant, and equipment (See Note 13).

2.3 Material Accounting Policy Information Policies (Cont'd)

2) Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate 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 or a change in the assessment of an option to purchase the underlying asset.

3) Short-term leases and low-value asset leases

The Company applies the short-term lease recognition exemption to its short-term leases (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.

The Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset is classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

2.3 Material Accounting Policy Information (Cont'd)

(18) Income Tax expense and Deferred Tax

Income tax expense comprises current and deferred tax. Income taxes are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income. In case the income tax relates to a specific item of other comprehensive income or equity, it is directly added to or deducted from other comprehensive income or equity for recognition.

Income tax expense is the expected income tax payable for each fiscal year and tax imposed on the income tax pursuant to the Corporate Tax Act and other laws and includes tax payable or refundable on the taxable profit or loss that are related to previous years but recognized for the current year. The Company calculates on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognized, using the asset-liability method, in respect of temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes. However, the deferred tax that incurs at initial recognition of assets and liabilities in a transaction is not recognized if the deferred tax assets and liabilities have made effect neither accounting profit nor taxable income.

Deferred tax is recognized on the basis of the tax rates and tax laws enacted or substantively enacted as of the end of the reporting period, which are expected to be applied when the related deferred tax assets are realized and the deferred tax liabilities are paid.

The carrying amount of a deferred tax asset is reviewed as of the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefits of part or all of that deferred tax asset to be utilized.

2.3 Material Accounting Policy Information (Cont'd)

(19) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of outstanding ordinary shares, adjusted for own shares held, for the effects of all dilutive potential ordinary shares including convertible bonds and share option granted to employees.

(20) Climate-related risk

The Company considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the Company due to both physical and transition risks. Even though the Company believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Company is closely monitoring relevant changes and developments, such as new climate-related legislation.

(21) Approval date on issuance of the financial statements

The financial statements of the Company for the year ended December 31, 2023, were approved by the Board of Directors on February 7, 2024, and will be submitted at the annual shareholders' meeting to be held on March 26, 2024.

3. Critical Accounting Estimates and Judgments

In application of accounting policies described in Note 2, management of the Company is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily available from other information. Actual results may differ from these estimates.

Other disclosure matters for risks and uncertainties to which the Company is exposed include financial risk management and sensitivity analysis (See Note 4).

3.1 Accounting Judgments

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

(1) Critical judgment when determining the contract term in a contract with extension option
The Company determines the lease term as the non-cancellable 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. The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

(2) Critical judgment on deferred tax assets and liabilities
Recognition and measurement of deferred tax assets and liabilities require management's judgment. In particular, the necessity of recognition and extent of recognition of deferred tax assets are affected by assumptions of the future circumstances and management's judgment.

3.2 Accounting estimates and assumptions

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized only in the period in which the estimate is revised if they affect only the current period. If revisions affect both the current period and the future periods, they are recognized both in the period in which the estimate is revised and in any future periods.

(1) Revenue recognition
Revenue from rendering of services is recognized equally over the contractual period of the service contract as the Company has the obligation to provide related services to customers.

(2) Impairment of non-financial assets
The Company assesses whether there is any indication of impairment on all non-financial assets as of the end of each reporting periods. For intangible assets that are effective for an indefinite useful life, the testing on impairment is conducted every year or if any indication of impairment exists. Impairment on other non-financial assets is assessed when there is any indication that the carrying amount will not be recoverable. To calculate the use value, management should determine an appropriate discount rate required to estimate the expected future cash flows generated from the assets or cash generating unit and to calculate the present value of such expected future cash flows.

(3) Defined benefit-type retirement benefit plan
The cost of the defined benefit retirement plan and the present value of the retirement pension liabilities are determined based on the actuarial valuation. Application of the actuarial valuation approach requires a variety of assumptions. These assumptions include determination of discount rates, rates of expected future salary increase, mortality rates, and future pension increase rates. The defined benefit liabilities change sensitively depending on those assumptions due to the valuation method’s complexity, underlying assumptions, and long-term nature. The Company reviews all the assumptions as of the end of each annual reporting period.

(4) Provisions
The Company recognizes the expected cost of warranty repair and sales return in provisions based on the best estimate of the expenditure as of the end of each reporting period. Provisions are determined by the estimate based on past experience.

3.2 Accounting estimates and adjustments (cont'd)

(5) Leases – calculation of incremental borrowing rate

Since the implicit interest rate cannot be readily determined, the Company uses the incremental borrowing rate. The incremental borrowing rate is the rate of interest that a lessee 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. Therefore, the incremental borrowing rate is the amount payable by the Company that is required to measure where there is no observable rate (in case of a subsidiary that is not conducting financial transactions) or the incremental borrowing rate should be adjusted to reflect lease conditions (e.g., a lease is not in the subsidiary's functional currency).

The Company should, where applicable, measure the incremental borrowing rate using observable input variables (such as market interest rate), and prepare estimates by specific entities (such as individual credit rating of subsidiaries).

(6) Fair value

Fair value is the price that will be paid by selling assets or transferring liabilities in normal transactions between market participants at the measurement date, regardless of whether the price is directly observable or estimated using valuation techniques. In estimating the fair value of an asset or liability, we consider the nature of the asset or liability that market participants consider when determining the price of the asset or liability at the measurement date. For measurement or disclosure purposes, fair value is determined by the principles described above, except for measurements that are partially similar to fair value but not fair value, such as the value used in share-based payment transactions included in the scope of application of KIFRS 1102 'Share-based payment', lease transactions included in the scope of application of KIFRS 1017 'Lease', net realization of KIFRS 1002 'Inventory', and K-IFRS 1036 'Impairment of Assets'.

Fair value measurements also classified into levels 1, 2 or 3, as described in Note 12, based on the observable degree of inputs used in fair value measurements for financial reporting purposes and the significance of inputs to the entire fair value measurement.

4. Financial Risk Management

The Company's financial risk management aims to improve its financial structure and enhance efficiency of financial operation to create stable and steady management performance despite various exposure to financial risks, such as market risk, credit risk, liquidity risk and capital risk.

Financial risk management activities are primarily carried out by the Company's finance division. The Company's finance division identifies, evaluates, and hedges financial risks in close cooperation with the Company's other operating units. It also devotes to minimize potential adverse effects from financial risks by reorganizing the financial risk management policy and financial risk monitoring on a regular basis.

(1) Market risk

1) Foreign currency risk
The company operates internationally and is exposed to the risk of exchange rate fluctuations from various currencies. The goal of the Company's foreign exchange risk management is to minimize uncertainty and profit and loss due to exchange rate fluctuations. The Company's foreign exchange risk management is carried out by the foreign exchange risk management regulations, and foreign exchange management for speculative purposes is strictly prohibited.

The Company reduces foreign exchange risk by offsetting the exchange rate fluctuation exposure amount through export and import currency response and manage the exchange rate fluctuation risk using derivatives such as forward exchange according to the exchange risk management regulations.

The carrying amounts of monetary assets and liabilities denominated in foreign currencies instead of functional currencies as of December 31, 2023, and 2022 are as follows:

① 2023

(Unit: KRW)

Classification	USD	GBP	EUR	Total
Foreign financial assets	83,875,223,300	-	-	83,875,223,300
Foreign financial liabilities	7,322,199,012	4,988,726,676	207,832,051	12,518,757,739
Subtotal	76,553,024,288	(4,988,726,676)	(207,832,051)	71,356,465,561

② 2022

(Unit: KRW)

Classification	USD	GBP	EUR	Total
Foreign financial assets	95,370,380,807	-	-	95,370,380,807
Foreign financial liabilities	33,131,129,326	13,994,540,318	773,879,262	47,899,548,906
Subtotal	62,239,251,481	(13,994,540,318)	(773,879,262)	47,470,831,901

4. Financial Risk Management (Cont'd)

On condition that all other variables remain constant and the functional currency for each foreign currency changes by 10%, the effect of the change in exchange rate on profit before income tax expenses for each of the two years in the period ended December 31, 2023, is as follows:

(Unit: KRW)

Classification	2023		2022	
	If increased by 10%	If decreased by 10%	If increased by 10%	If decreased by 10%
Net Income before income taxes	7,135,646,556	(7,135,646,556)	4,747,083,190	(4,747,083,190)

The sensitivity analysis above is aimed at the monetary assets and liabilities denominated in foreign currencies other than the functional currency as of December 31, 2023.

2) Interest rate risk

The Company has financial assets and liabilities with floating interest rates, exposed to the interest rate risk,- as of December 31, 2023, and 2022, as follows:

(Unit: KRW)

Classification	2023	2022
Financial assets	43,596,689,343	23,748,748,465
Financial liabilities	192,500,000,000	99,000,000,000
Subtotal	(148,903,310,657)	(75,251,251,535)

The following describes the effect of the change in interest rate in profit for the year and profit before income tax expenses where all the variables remain constant, and the interest rate of floating-rate financial assets fluctuates by 100bp for each of the two years in the period ended December 31, 2023.

(Unit: KRW)

Classification	2023		2022	
	If increased by 100bp	If decreased by 100bp	If increased by 100bp	If decreased by 100bp
Net income before income taxes	(1,489,033,107)	1,489,033,107	(752,512,515)	752,512,515

4. Financial Risk Management (Cont'd)

3) Price risk

The Company's listed equity investments are exposed to the risk of price changes in the fair value of financial instruments or future cash flows due to changes in market prices. Management of the Company periodically measures the price change risk of listed equity instruments. In addition, important investments in the Company's portfolios are individually managed, and acquisition and disposal are required to be approved by the Board of Directors.

(2) Credit risk

The Company is exposed to credit risk that may cause financial losses to the counterparty due to default on the obligations by either party to financial instruments. Credit risk mainly arises from financial assets which are not equity securities, such as financial assets measured at fair value of other comprehensive income, financial assets measured at fair value through profit or loss, deposits in financial institution, financial derivatives, and guarantee limit, as well as from trade receivables and other receivables from customers. To manage credit risk, the Company does business with customers that boast a credit rating over a certain level and prepares and operates policies and procedures to reinforce credit of financial assets.

The Company evaluates the creditworthiness of each new customer considering the financial information published and the information provided by a credit rating agency when signing a contract, and based on this, the Company establishes credit limit for each customer and is provided with collateral or payment guarantee.

Additionally, the Company periodically reevaluates customers' credit rating to review the credit transaction limit and readjust the collateral level. The Company identifies the present condition of delayed collection and collection measures periodically to financial assets, which has delayed collection and takes measures by cause of delay.

4. Financial Risk Management (Cont'd)

Financial assets exposed to credit risk as of December 31, 2023, and 2022 are as follows and the carrying amount indicates the maximum exposure to credit risk.

(Unit: KRW)

Classification	2023	2022
Cash and cash equivalents	50,173,401,453	31,856,872,344
Short-term financial instruments	1,400,000,000	-
Short and Long-Term Investment Securities:		
Financial assets measured at fair value through profit or loss (*1)	5,699,848,043	5,844,149,407
Trade receivables and other receivables	113,113,788,364	238,542,930,164
Total	170,387,037,860	276,243,951,915

(*1) Equity securities at FVTPL are excluded.

Apart from the above-mentioned financial assets, the guarantee limit (See Note 31) payable upon surety's claim under a financial warranty contract is the maximum amount exposed to credit risk.

Details of trade receivables and other receivables exposed to credit risk, presented using forecast model as of December 31, 2023, and 2022 are as follows:

1) 2023

(Unit: KRW)

Classification	Trade receivables assessed for impairment on an individual and collective basis					Total
	Within due	Less than 3 months	3-6 months	6-12 months	More than 12 months	
Trade receivables	39,036,807,989	4,438,355,865	145,081,359	728,490,282	1,926,400,166	46,275,135,661
Non-trade receivables	2,719,568,709	147,950,913	3,000,688	8,489,452,061	58,267,227,652	69,627,200,023
Accrued income	47,926,863	-	-	-	-	47,926,863
Loans	2,352,683,229	-	-	-	-	2,352,683,229
Deposits	1,546,872,620	-	-	-	-	1,546,872,620
Total	45,703,859,410	4,586,306,778	148,082,047	9,217,942,343	60,193,627,818	119,849,818,396

4. Financial Risk Management (Cont'd)

2) 2022

(Unit: KRW)

Classification	Trade receivables assessed for impairment on an individual and collective basis					Total
	Within due	Less than 3 months	3-6 months	6-12 months	More than 12 months	
Trade receivables	116,633,906,876	226,841,666	30,600,000,000	313,500,000	1,895,850,257	149,670,098,799
Non-trade receivables	9,685,900,547	13,670,145,587	14,564,466,789	20,179,348,391	34,901,392,522	93,001,253,836
Accrued income	82,770,428	-	-	-	-	82,770,428
Loans	1,958,126,553	-	-	-	-	1,958,126,553
Deposits	2,072,318,630	-	-	-	-	2,072,318,630
Total	130,433,023,034	13,896,987,253	45,164,466,789	20,492,848,391	36,797,242,779	246,784,568,246

(3) Liquidity risk

The Company has exposure to liquidity risk that it will encounter difficulty in meeting its financial liabilities' obligations related to financial liabilities incurred by transferring financial assets for settlement, such as cash.

Based on the establishment of a regular funding plan, the Company prepares for the funding balance of its business activities, investment activities and financing activities for the maturity of financial assets and liabilities. The Company manages the liquidity risks that may occur in the future in advance by securing and maintaining required liquidity.

4. Financial Risk Management (cont'd)

A summary of the Company's annual redemption plan of the nominal value of financial liabilities as of December 31, 2023, and 2022 is as follows:

1) 2023

(Unit: KRW)

Classification	Carrying amount	Total cash flows	Less than 1 year	1 to 5 years	More than 5 years
Current liabilities:					
- Trade payables	30,502,168,998	30,502,168,998	30,502,168,998	-	-
- Other payables	33,992,615,135	33,992,615,135	33,992,615,135	-	-
- Short-term borrowings	60,000,000,000	61,391,887,975	61,391,887,975	-	-
- Current portion of debentures	106,340,949,260	110,775,622,849	110,775,622,849	-	-
- Current lease liabilities	2,980,803,394	3,119,681,612	3,119,681,612	-	-
- Current portion of long-term securitized debt	16,661,898,433	21,041,977,854	21,041,977,854	-	-
Subtotal	250,478,435,220	260,823,954,423	260,823,954,423	-	-
Non-current liabilities:					
- Bonds	70,813,635,163	78,609,501,661	4,863,650,000	73,745,851,661	-
- Long-term borrowings	70,000,000,000	82,053,270,778	4,080,013,053	77,973,257,725	-
- Lease liabilities	4,551,091,887	8,371,139,659	-	4,370,582,970	4,000,556,689
- Long-term amount payable	938,113,181	938,113,181	-	938,113,181	-
- Long-term securitized debt	52,762,102,132	54,970,901,031	-	54,970,901,031	-
Subtotal	199,064,942,363	224,942,926,310	8,943,663,053	211,998,706,568	4,000,556,689
Total	449,543,377,583	485,766,880,733	269,767,617,476	211,998,706,568	4,000,556,689

4. Financial Risk Management (cont'd)

2) 2022

(Unit: KRW)

Classification	Carrying amount	Total cash flows	Less than 1 year	1 to 5 years	More than 5 years
Current liabilities:					
- Trade payables	85,660,315,547	85,660,315,547	85,660,315,547	-	-
- Other payables	45,948,287,289	45,948,287,289	45,948,287,289	-	-
- Short-term borrowings	64,000,000,000	64,616,250,410	64,616,250,410	-	-
- Current portion of debentures	77,390,312,476	79,711,180,556	79,711,180,556	-	-
- Current lease liabilities	2,728,360,686	2,847,434,478	2,847,434,478	-	-
Subtotal	275,727,275,998	278,783,468,280	278,783,468,280	-	-
Non-current liabilities:					
- Bonds	97,215,537,168	108,999,034,722	5,697,784,722	103,301,250,000	-
- Long-term borrowings	30,000,000,000	33,023,194,518	1,672,405,477	31,350,789,041	-
- Lease liabilities	6,461,580,199	10,319,990,582	-	6,442,624,248	3,877,366,334
- Long-term amount payable	748,414,810	748,414,810	-	748,414,810	-
Subtotal	134,425,532,177	153,090,634,632	7,370,190,199	141,843,078,099	3,877,366,334
Total	410,152,808,175	431,874,102,912	286,153,658,479	141,843,078,099	3,877,366,334

The above-mentioned maturity amount of financial liabilities is based on undiscounted principal according to a contract, which is different from the carrying amount of financial liabilities in the statement of financial position. Apart from the above-mentioned non-derivative liabilities, as of December 31, 2023, the maximum amount of guarantee that the Company may bear upon surety's claim as a result of a financial guarantee agreement provided by it is explained in Note 31.

4. Financial Risk Management (cont'd)

(4) Capital risk

The Company performs capital risk management to maintain its ability to continuously provide profits to shareholders and parties in interest and to maintain optimum capital structure to reduce capital expenses.

The Company manages its capital based on debt-to-equity ratios to achieve the optimum capital structure like other companies in the same industry. This ratio is calculated as total liabilities divided by total equity.

The debt-to-equity ratios as of December 31, 2023, and 2022 are as follows:

(Unit: KRW)

Classification	2023	2022
Total liabilities	558,190,645,631	503,865,290,192
Total equity	512,651,877,530	523,064,425,818
Cash and cash equivalents	50,173,401,453	31,856,872,344
Bonds (*1)	376,578,584,988	268,605,849,644
Debt-to-equity ratio	108.88%	96.33%
Net borrowing rate (*2)	63.67%	45.26%

(*1) Amount in that discount on bonds is deducted

(*2) (Bonds – Deposits) / Total equity

5. Cash and Cash Equivalents

(1) Details of cash and cash equivalents as of December 31, 2023, and 2022 are as follows:

(Unit: KRW)

Classification	2023	2022
Cash and cash equivalents		
- MMDA	43,596,689,343	23,748,748,465
- Bank deposits and others	6,576,712,110	8,108,123,879
Total	50,173,401,453	31,856,872,344

(2) Financial instruments with restricted use as of December 31, 2023, and 2022 are as follows:

(Unit: KRW)

Classification	2023	2022	Content of Restricted Use
Cash and cash equivalents	11,124,130	12,894,657	Social contribution funds
Short-term financial instruments	1,400,000,000	-	Collateral replenishment for employee stock acquisition loan
Other quick assets	511,089,430	392,461,120	Corporate contributions related to national assignments
Total	1,922,213,560	405,355,777	

6. Short and long-term investment securities

Short-and-long-term investment securities as of December 31, 2023, and 2022 are as follows:

(Unit: KRW)

Classification	2023		2022	
	Acquisition cost	Carrying amount	Acquisition cost	Carrying amount
Current:				
<Financial assets measured at fair value through profit or loss>				
Other Investment Securities	-	-	400,000,000	401,650,916
Equity Investments	-	-	20,480,000,000	18,480,000,000
Subtotal	-	-	20,880,000,000	18,881,650,916
Non-current:				
<Financial assets measured at fair value through profit or loss>				
Other Equity Investments	4,500,000,000	4,562,420,900	4,500,000,000	4,538,114,200
Convertible Bonds	1,500,000,000	1,137,427,143	1,500,000,000	904,384,291
Subtotal	6,000,000,000	5,699,848,043	6,000,000,000	5,442,498,491
Total	6,000,000,000	5,699,848,043	26,880,000,000	24,324,149,407

7. Trade Receivables and Other Receivables

(1) Trade receivables and other receivables as of December 31, 2023, and 2022 are as follows:

(Unit: KRW)

Classification	2023			2022			
	Credit Amount	Loss allowance	Book Value	Credit Amount	Present Value Discount	Loss allowance	Book Value
Current:							
Trade receivables	46,275,135,661	(1,895,850,257)	44,379,285,404	149,670,098,799	-	(1,895,850,257)	147,774,248,542
Non-trade receivables	69,627,200,023	(4,840,179,775)	64,787,020,248	23,299,753,836	-	-	23,299,753,836
Short-term loans	259,113,276	-	259,113,276	169,224,884	-	-	169,224,884
Accrued income	47,926,863	-	47,926,863	82,770,428	-	-	82,770,428
Subtotal	116,209,375,823	(6,736,030,032)	109,473,345,791	173,221,847,947	-	(1,895,850,257)	171,325,997,690
Non-current:							
Long-term non-trade receivables	-	-	-	69,701,500,000	(90,700,737)	(6,255,087,088)	63,355,712,175
Long-term loans	2,093,569,953	-	2,093,569,953	1,788,901,669	-	-	1,788,901,669
Deposits	1,546,872,620	-	1,546,872,620	2,072,318,630	-	-	2,072,318,630
Subtotal	3,640,442,573	-	3,640,442,573	73,562,720,299	(90,700,737)	(6,255,087,088)	67,216,932,474
Total	119,849,818,396	(6,736,030,032)	113,113,788,364	246,784,568,246	(90,700,737)	(8,150,937,345)	238,542,930,164

(2) Details of changes in allowance for bad debts for each of the two years in the period ended December 31, 2023 are as follows:

1) 2023

(Unit: KRW)

Classification	Beginning balance	Reversal	Liquidity substitution	Other changes	Ending balance
Loss allowance for trade receivables	1,895,850,257	-	-	-	1,895,850,257
Loss allowance For non-trade receivables	-	-	4,840,179,775	-	4,840,179,775
Loss allowance for long-term non-trade receivables	6,255,087,088	(1,497,865,833)	(4,840,179,775)	82,958,520	-
Total	8,150,937,345	(1,497,865,833)	-	82,958,520	6,736,030,032

7. Trade Receivables and Other Receivables (Cont'd)

2) 2022

(Unit: KRW)

Classification	Beginning balance	Bad debt expenses	Ending balance
Loss allowance for trade receivables	1,895,850,257	-	1,895,850,257
Loss allowance for long-term non-trade receivables	1,142,026,052	5,113,061,036	6,255,087,088
Total	3,037,876,309	5,113,061,036	8,150,937,345

8. Inventories

Details of inventories as of December 31, 2023, and 2022 are as follows:

(Unit: KRW)

Classification	2023			2022		
	Acquisition Cost	Allowance for Valuation Losses	Book Value	Acquisition Cost	Allowance for Valuation Losses	Book Value
Merchandise	152,319,335,623	(6,765,663,158)	145,553,672,465	188,690,033,107	(384,697,809)	188,305,335,298
Finished goods	169,206,925,414	-	169,206,925,414	112,251,647,200	-	112,251,647,200
Semi-finished goods	30,618,817,395	-	30,618,817,395	13,839,320,318	-	13,839,320,318
Raw materials	116,872,393,515	(4,274,171,911)	112,598,221,604	75,093,019,885	(2,660,353,477)	72,432,666,408
Others	1,768,180,526	(46,080,754)	1,722,099,772	1,963,597,846	(53,567,778)	1,910,030,068
Materials-in-transit	386,400,413	-	386,400,413	41,988,924,845	-	41,988,924,845
Total	471,172,052,886	(11,085,915,823)	460,086,137,063	433,826,543,201	(3,098,619,064)	430,727,924,137

Losses on valuation of inventories for each of the two years in the period ended December 31, 2023 are KRW 7,987 million and KRW 1,100 million, respectively.

9. Derivative Assets

(1) Details of the Company's derivatives and hedge accounting are as follows:

Classification	Type	Significance of input factor
Cash flow hedges	Currency forward	Foreign currency forward contracts were entered into to hedge the risk of fluctuations in cash flow for expected foreign currency expenditures related to the purchase of imported raw materials.

(2) The evaluation details of derivatives for the year ended December 31, 2023, are as follows:

1) There are no outstanding derivatives contracts for the year ended December 31, 2023.

2) 2022

(Unit: KRW, USD)

Classification	Buying		Selling		Derivative Assets(Liabilities)	Accumulated other comprehensive income (*1)
	Currency	Amount	Currency	Amount		
Currency forward	USD	15,000,000	KRW	19,463,250,000	(499,400,062)	(499,400,062)

(*1) The amount before the corporate tax effect is considered.

10. Other Assets

Details of other assets as of December 31, 2023, and 2022 are as follows:

(Unit: KRW)

Classification	2023		2022	
	Current	Non-current	Current	Non-current
Advance payments	974,378,179	-	4,936,396,073	-
Prepaid expenses	25,263,221,716	86,811,459,386	14,784,552,729	51,349,471,023
Value-added tax payments	-	-	2,813,305,876	-
Other quick assets	511,089,430	-	392,461,120	-
Total	26,748,689,325	86,811,459,386	22,926,715,798	51,349,471,023

11. Investments in associates

(1) Details of the Company's investments in associates as of December 31, 2023, and 2022 are as follows:

(Unit: KRW)

Name of related party	Location	Equity ratio	Acquisition cost		Carrying amount	
			2023	2022	2023	2022
Daesan Green Energy Co., Ltd. (*)	Republic of Korea	10.00%	5,100,000,000	5,100,000,000	3,804,246,548	2,476,421,758

(*) Although the Company has less than 20% shares, it is classified as investments in associates because the Company is judged to have a significant influence on the associate by exercising significant influence at the Board of Directors. Moreover, the Company offered its investment shares in associates above as collateral for the loans of Daesan Green Energy Co., Ltd. to Industrial Bank of Korea (See Note 32).

(2) Details of changes in investments in associates for each of the two years in the period ended December 31, 2023 are as follows:

1) 2023

(Unit: KRW)

Name of an associate	Beginning balance	Share of profit	Ending balance
Daesan Green Energy Co., Ltd.	2,476,421,758	1,327,824,790	3,804,246,548

2) 2022

(Unit: KRW)

Name of an associate	Beginning balance	Share of loss	Ending balance
Daesan Green Energy Co., Ltd.	2,883,127,099	(406,705,341)	2,476,421,758

11. Investments in associates (cont'd)

(3) Financial information of the associate is summarized for each of the two years in the period ended December 31, 2023 as follows:

1) 2023

(Unit: KRW)

Name of an associate	Assets	Liabilities	Revenue	Profit for the year
Daesan Green Energy Co., Ltd.	237,690,813,963	171,227,689,701	111,225,108,724	14,540,539,714

2) 2022

(Unit: KRW)

Name of an associate	Assets	Liabilities	Revenue	Loss for the year
Daesan Green Energy Co., Ltd.	245,825,831,204	190,918,490,685	101,689,152,216	(6,640,884,411)

(4) Adjustments from the amount of investee's net assets to carrying amount of the investments in associates as of December 31, 2023, and 2022 are as follows:

1) 2023

(Unit: KRW)

Name of an associate	Net asset	Equity ratio (%)	Share of net asset	Internal transaction, etc.	Carrying amount
Daesan Green Energy Co., Ltd.	66,463,124,262	10.0	6,646,312,426	(2,842,065,878)	3,804,246,548

2) 2022

(Unit: KRW)

Name of an associate	Net asset	Equity ratio (%)	Share of net asset	Internal transaction, etc.	Carrying amount
Daesan Green Energy Co., Ltd.	54,907,340,519	10.0	5,490,734,052	(3,014,312,294)	2,476,421,758

12. Financial instruments by category and others

(1) Details of the Company's financial instruments by category as of December 31, 2023, and 2022 are as follows:

1) 2023

(Unit: KRW)

Financial assets	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Carrying amount	Fair value
Cash and cash equivalents	50,173,401,453	-	50,173,401,453	50,173,401,453
Short-term financial instruments	1,400,000,000	-	1,400,000,000	1,400,000,000
Trade receivables and other receivables (*1)	95,154,481,269	-	95,154,481,269	95,154,481,269
Long-term financial assets	-	5,699,848,043	5,699,848,043	5,699,848,043
Total	146,727,882,722	5,699,848,043	152,427,730,765	152,427,730,765

(*1) As of December 31, 2023, contract assets not classified as financial instruments are excluded, so the amount of trade receivables and other receivables does not match the financial statement.

(Unit: KRW)

Financial liabilities	Financial liabilities at amortized cost	Carrying amount	Fair value
Trade payables and other payables	65,432,897,314	65,432,897,314	65,432,897,314
Current lease liabilities	2,980,803,394	2,980,803,394	2,980,803,394
Current portion of debentures	106,340,949,260	106,340,949,260	106,340,949,260
Current portion of long-term securitized debt	16,661,898,433	16,661,898,433	16,661,898,433
Lease liabilities	4,551,091,887	4,551,091,887	4,551,091,887
Bonds	70,813,635,163	70,813,635,163	70,813,635,163
Borrowings	130,000,000,000	130,000,000,000	130,000,000,000
Long-term securitized debt	52,762,102,132	52,762,102,132	52,762,102,132
Total	449,543,377,583	449,543,377,583	449,543,377,583

12. Financial instruments by category and others (Cont'd)

2) 2022

(Unit: KRW)

Financial assets	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Carrying amount	Fair value
Cash and cash equivalents	31,856,872,344	-	31,856,872,344	31,856,872,344
Short-term financial instruments	-	18,881,650,916	18,881,650,916	18,881,650,916
Trade receivables and other receivables (*1)	206,202,737,778	-	206,202,737,778	206,202,737,778
Long-term financial assets	-	5,442,498,491	5,442,498,491	5,442,498,491
Total	238,059,610,122	24,324,149,407	262,383,759,529	262,383,759,529

(*1) As of December 31, 2022, contract assets not classified as financial instruments are excluded, so the amount of trade receivables and other receivables does not match the financial statement.

(Unit: KRW)

Financial liabilities	Financial liabilities at amortized cost	Derivative liabilities for hedging	Carrying amount	Fair value
Trade payables and other payables	132,357,017,646	-	132,357,017,646	132,357,017,646
Bonds	174,605,849,644	-	174,605,849,644	174,605,849,644
Borrowings	94,000,000,000	-	94,000,000,000	94,000,000,000
Current lease liabilities	2,728,360,686	-	2,728,360,686	2,728,360,686
Lease liabilities	6,461,580,199	-	6,461,580,199	6,461,580,199
Derivative liabilities	-	499,400,062	499,400,062	499,400,062
Total	410,152,808,175	499,400,062	410,652,208,237	410,652,208,237

12. Financial instruments by category and others (Cont'd)

(2) Hierarchy for the fair value of financial instruments

Fair value measurements of financial instruments by fair value hierarchy levels as of December 31, 2023, and 2022 are as follows:

1) 2023

(Unit: KRW)

Classification	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Financial assets at fair value through profit or loss	-	-	5,699,848,043	5,699,848,043

2) 2022

(Unit: KRW)

Classification	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss				
Financial assets at fair value through profit or loss	18,480,000,000	401,650,916	5,442,498,491	24,324,149,407
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities for hedging	-	499,400,062	-	499,400,062

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments as of December 31, 2023, and 2022:

Classification	Significance of input factor
Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2	Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly
Level 3	Unobservable inputs on assets or liabilities

The fair value of financial instruments traded in active markets is based on quoted market prices as of the end of the reporting periods. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily listed equity investments classified as financial assets at fair value through profit or loss.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required for fair value of an instrument are observable, the instrument is included in Level 2.

12. Financial instruments by category and others (Cont'd)

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

(3) Profit or loss of financial instruments by category

Profit or loss of financial instruments recognized for each of the two years in the period ended December 31, 2023 by category is as follows:

1) 2023

(Unit: KRW)

Items	2023					
	Interest income (expenses)	Dividends income	Gain (loss) on Valuation	Gain (loss) on Disposal	Reversal	Foreign exchange effect
Financial assets:						
Financial assets at amortized cost	1,447,938,358	-	-	-	1,497,865,833	1,843,789,316
Financial assets at fair value through profit or loss	-	1,592,306,700	233,042,852	696,514,432	-	-
Financial liabilities:						
Financial liabilities at amortized cost	(17,625,547,210)	-	-	-	-	(426,546,232)

12. Financial instruments by category and others (Cont'd)

2) 2022

(Unit: KRW)

Items	2022					
	Interest income (expenses)	Dividends income	Gain (loss) on Valuation	Gain (loss) on Disposal	Impairment	Foreign exchange effect
Financial assets:						
Financial assets at amortized cost	1,818,387,877	-	-	-	(5,113,061,036)	3,304,924,702
Financial assets at fair value through profit or loss	-	1,696,452,400	(2,593,964,793)	1,734,688,080	-	-
Financial liabilities:						
Financial liabilities at amortized cost	(4,930,728,730)	-	-	-	-	976,373,283

In addition to the above, comprehensive income(loss) arising from derivatives for each of the two years in the period ended December 31, 2023is as follows:

1) 2023

(Unit: KRW)

Classification	Profit or loss		Other comprehensive income (*1)
	Valuation	Disposal	
Derivatives for cash flow hedges	-	-	499,400,062

(*1) The amount before the income tax effect is considered.

2) 2022

(Unit: KRW)

Classification	Profit or loss		Other comprehensive income (*1)
	Valuation	Disposal	
Derivatives for cash flow hedges	-	-	(499,400,062)

(*1) The amount before the income tax effect is considered.

13. Property, plant, and equipment

The carrying amounts of property, plant, and equipment as of December 31, 2023, and 2022 are as follows:

1) 2023

(Unit: KRW)

Description	Acquisition cost	Cumulated depreciation	Cumulated loss on impairment	Government grans	Revaluation Surplus	Carrying amount
Land	2,882,175,143	-	-	-	930,392,857	3,812,568,000
Buildings	63,667,671,198	(3,002,663,071)	-	(5,441,320,832)	-	55,223,687,295
Structures	17,592,454,100	(4,859,092,478)	-	(68,082,417)	-	12,665,279,205
Machinery	78,783,801,061	(24,593,136,737)	(4,637,935,155)	(854,451,405)	-	48,698,277,764
Delivery equip& vehicles	535,758,133	(403,044,792)	-	-	-	132,713,341
Tools & instrument	8,548,498,944	(3,022,918,721)	-	(11,703,649)	-	5,513,876,574
Furniture & fixture	4,230,887,806	(2,623,155,348)	-	(548,371)	-	1,607,184,087
Construction in progress	141,366,950,158	-	(1,014,800,000)	(4,165,832,704)	-	136,186,317,454
Right-of-use assets_Land	1,607,709,147	(72,964,514)	-	-	-	1,534,744,633
Right-of-use assets_buildings	10,319,897,681	(4,867,818,121)	-	-	-	5,452,079,560
Right-of-use assets_delivery equip & vehicles	825,220,222	(340,104,267)	-	-	-	485,115,955
Total	330,361,023,593	(43,784,898,049)	(5,652,735,155)	(10,541,939,378)	930,392,857	271,311,843,868

2) 2022

(Unit: KRW)

Description	Acquisition cost	Cumulated depreciation	Cumulated loss on impairment	Government grans	Revaluation Surplus	Carrying amount
Land	2,882,175,143	-	-	-	845,036,857	3,727,212,000
Buildings	20,690,446,017	(2,015,471,649)	-	(353,201,414)	-	18,321,772,954
Structures	10,357,089,149	(3,575,504,625)	-	(31,167,152)	-	6,750,417,372
Machinery	68,231,376,933	(18,601,718,841)	-	(215,285,434)	-	49,414,372,658
Delivery equip& vehicles	531,336,233	(364,319,502)	-	-	-	167,016,731
Tools & instrument	4,625,216,917	(1,949,330,453)	-	(18,581,329)	-	2,657,305,135
Furniture & fixture	3,592,474,190	(2,196,188,489)	-	(1,096,735)	-	1,395,188,966
Construction in progress	94,434,376,574	-	(1,014,800,000)	(8,750,000,000)	-	84,669,576,574
Right-of-use assets_Land	1,607,709,147	(32,750,366)	-	-	-	1,574,958,781
Right-of-use assets_buildings	11,453,866,349	(3,927,358,822)	-	-	-	7,526,507,527
Right-of-use assets_delivery equip & vehicles	615,985,787	(536,203,450)	-	-	-	79,782,337
Total	219,022,052,439	(33,198,846,197)	(1,014,800,000)	(9,369,332,064)	845,036,857	176,284,111,035

13. Property, plant, and equipment (Cont'd)

(2) Changes in the carrying amounts of property, plant and equipment for each of the two years in the period ended December 31, 2023 are as follows:

1) 2023

(Unit: KRW)

Description	Beginning of Year	Acquisition	Revaluation	Impairment	Disposition (*1)	Depreciation	Others	End of Year
Land	3,727,212,000	-	85,356,000	-	-	-	-	3,812,568,000
Buildings	18,674,974,368	20,228,574,991	-	-	-	(987,191,422)	22,748,650,190	60,665,008,127
Structures	6,781,584,524	4,423,058,088	-	-	-	(1,283,587,853)	2,812,306,863	12,733,361,622
Machinery	49,629,658,092	8,757,939,169	-	(4,637,935,155)	-	(5,991,417,896)	1,794,484,959	49,552,729,169
Vehicles	167,016,731	4,421,900	-	-	-	(38,725,290)	-	132,713,341
Tools & instrument	2,675,886,464	3,187,287,927	-	-	-	(1,073,588,268)	735,994,100	5,525,580,223
Furniture & fixture	1,396,285,701	711,594,837	-	-	(1,081,668)	(513,166,412)	14,100,000	1,607,732,458
Construction in progress	93,419,576,574	67,805,929,901	-	-	-	-	(20,873,356,317)	140,352,150,158
Subtotal	176,472,194,454	105,118,806,813	85,356,000	(4,637,935,155)	(1,081,668)	(9,887,677,141)	7,232,179,795	274,381,843,098
(Deduction) Govern. grants	(9,369,332,064)	(1,340,770,484)	-	-	-	168,163,170	-	(10,541,939,378)
Total deductions	167,102,862,390	103,778,036,329	85,356,000	(4,637,935,155)	(1,081,668)	(9,719,513,971)	7,232,179,795	263,839,903,720
Right-of-use assets for land	1,574,958,781	-	-	-	-	(40,214,148)	-	1,534,744,633
Right-of-use assets for buildings (*1)	7,526,507,527	423,881,849	-	-	(133,341,000)	(2,364,968,816)	-	5,452,079,560
Right-of-use assets for vehicles	79,782,337	652,416,344	-	-	(58,741,240)	(188,341,486)	-	485,115,955
Subtotal	9,181,248,645	1,076,298,193	-	-	(192,082,240)	(2,593,524,450)	-	7,471,940,148
Total	176,284,111,035	104,854,334,522	85,356,000	(4,637,935,155)	(193,163,908)	(12,313,038,421)	7,232,179,795	271,311,843,868

(*1) This includes the amount due to the termination of the lease agreement.

13. Property, plant, and equipment (Cont'd)

2) 2022

(Unit: KRW)

Description	Beginning of Year	Acquisition	Disposition (*1)	Depreciation	Others	End of Year
Land	3,727,212,000	-	-	-	-	3,727,212,000
Buildings	10,125,883,478	2,182,472,885	-	(530,618,030)	6,897,236,035	18,674,974,368
Structures	5,145,608,943	2,394,144,855	(3,523,078)	(957,296,196)	202,650,000	6,781,584,524
Machinery	23,119,772,225	22,003,481,076	(22,848,839)	(4,531,916,227)	9,061,169,857	49,629,658,092
Vehicles	19,906,866	-	-	(24,090,135)	171,200,000	167,016,731
Tools & instrument	1,455,530,074	1,832,727,666	(118,476,653)	(507,950,439)	14,055,816	2,675,886,464
Furniture & fixture	1,310,682,937	619,881,179	(61,086,139)	(451,587,560)	(21,604,716)	1,396,285,701
Construction in progress	36,181,677,693	70,428,641,595	(58,600,000)	-	(13,132,142,714)	93,419,576,574
Subtotal	81,086,274,216	99,461,349,256	(264,534,709)	(7,003,458,587)	3,192,564,278	176,472,194,454
(Deduction) Govern. grants	(70,890,797)	(9,353,781,933)	43,771,066	3,304,335	8,265,265	(9,369,332,064)
Total deductions	81,015,383,419	90,107,567,323	(220,763,643)	(7,000,154,252)	3,200,829,543	167,102,862,390
Right-of-use assets for land	-	1,607,709,147	-	(32,750,366)	-	1,574,958,781
Right-of-use assets for buildings (*1)	9,702,279,391	1,316,942,580	(1,029,718,118)	(2,462,996,326)	-	7,526,507,527
Right-of-use assets for vehicles	208,397,605	-	-	(128,615,268)	-	79,782,337
Subtotal	9,910,676,996	2,924,651,727	(1,029,718,118)	(2,624,361,960)	-	9,181,248,645
Total	90,926,060,415	93,032,219,050	(1,250,481,761)	(9,624,516,212)	3,200,829,543	176,284,111,035

(*1) This includes the amount due to the termination of the lease agreement.

(3) Application of revaluation model of property, plant, and equipment

For land, the Company recognizes the subsequently measured amount as revaluated amount and the revalued amount is the fair value as of the revaluation date. The fair value of land as of the end of the year has been determined based on the assessment conducted by Jeil Appraisal Co., Ltd. on November 29, 2023, which is independent from the Company.

Jeil Appraisal Co., Ltd. is a member of the Korean Association of Property Appraiser and possesses appropriate qualifications and experiences relating to real estate assessment.

In addition, if the land were stated at cost, the land would amount to KRW 2,882 million and KRW 2,882 million as of December 31, 2023, and 2022, respectively.

13. Property, plant, and equipment (Cont'd)

(4) Valuation technique and inputs used for measurement of the fair value of land are as follows:

Valuation technique	Significant unobservable inputs	Association between unobservable inputs and fair value
Official Assessed Reference Land Price ("OARLP"): Determined based on the officially assessed land price of the subject land and nearby land. The fair value is measured in view of the base date of officially assessed land price, adjustments at a point of time, individual factors and other factors	Adjustments at a point of time (fluctuation rate in land price)	Fair value increases (decreases) if rate of land price increases (decreases).
	Individual factors (parcel conditions, etc.)	Fair value increases (decreases) If correction of parcel conditions and others increases (decreases).
	Other factors (land price level, etc.)	Fair value increases (decreases) if correction of land price level increases (decreases).

(5) Details of borrowing costs capitalized as property, plant and equipment for each of the two years in the period ended December 31, 2023 are as follows:

(Unit: KRW)

Classification	2023	2022
Capitalized borrowing costs	5,666,756,993	2,017,518,178
Capitalized interest rate	4.01% ~ 6.48%	4.01% ~ 6.29%

14. Intangible Assets

(1) The carrying amounts as of December 31, 2023, and 2022 are as follows:

1) 2023

(Unit: KRW)

Description	Acquisition Cost	Cumulative Depreciation	Government Grants	Carrying Amount
Goodwill	24,231,548,166	-	-	24,231,548,166
Development expenses	13,982,497,595	(7,760,056,828)	(530,248,806)	5,692,191,961
Other intangible assets	7,369,196,102	(3,521,909,853)	(12,549,374)	3,834,736,875
Membership	465,167,758	-	-	465,167,758
Total	46,048,409,621	(11,281,966,681)	(542,798,180)	34,223,644,760

2) 2022

(Unit: KRW)

Description	Acquisition Cost	Cumulative Depreciation	Government Grants	Carrying Amount
Goodwill	24,231,548,166	-	-	24,231,548,166
Development expenses	13,982,497,595	(5,406,916,363)	(671,648,490)	7,903,932,742
Other intangible assets	6,065,796,102	(2,631,901,101)	(24,647,654)	3,409,247,347
Membership	465,167,758	-	-	465,167,758
Total	44,745,009,621	(8,038,817,464)	(696,296,144)	36,009,896,013

Among other property, plant and equipment, the carrying amount of a membership with an indefinite useful life is KRW 465 million and KRW 465 million as of December 31, 2023, and 2022, respectively.

14. Intangible Assets (Cont'd)

(2) Changes in carrying amounts for each of the two years in the period ended December 31, 2023 are as follows:

1) 2023

(Unit: KRW)

Description	Beginning of Year	Acquisition	Depreciation	End of Year
Goodwill	24,231,548,166	-	-	24,231,548,166
Development costs	8,575,581,232	-	(2,353,140,465)	6,222,440,767
Other intangible assets	3,433,895,001	1,303,400,000	(890,008,752)	3,847,286,249
Membership	465,167,758	-	-	465,167,758
Total	36,706,192,157	1,303,400,000	(3,243,149,217)	34,766,442,940
(Deduction) Government grants	(696,296,144)	-	153,497,964	(542,798,180)
Total deductions	36,009,896,013	1,303,400,000	(3,089,651,253)	34,223,644,760

2) 2022

(Unit: KRW)

Description	Beginning of Year	Acquisition	Disposal	Depreciation	Others	End of Year
Goodwill	24,231,548,166	-	-	-	-	24,231,548,166
Development costs	6,440,064,532	787,850,451	-	(2,153,193,046)	3,500,859,295	8,575,581,232
Other intangible assets	6,225,584,528	2,110,774,074	(3,668,975,606)	(597,083,941)	(636,404,054)	3,433,895,001
Membership	465,167,758	-	-	-	-	465,167,758
Total	37,362,364,984	2,898,624,525	(3,668,975,606)	(2,750,276,987)	2,864,455,241	36,706,192,157
(Deduction) Government grants	(80,849,899)	(709,588,966)	42,396,925	40,242,209	11,503,587	(696,296,144)
Total deductions	37,281,515,085	2,189,035,559	(3,626,578,681)	(2,710,034,778)	2,875,958,828	36,009,896,013

(3) R&D expenditures for each of the two years in the period ended December 31, 2023 are as follows:

(Unit: KRW)

Classification	2023	2022
Manufacturing costs	451,467,495	387,656,224
Selling and administrative expenses	3,339,749,053	5,977,679,909
Total	3,791,216,548	6,365,336,133

14. Intangible Assets (Cont'd)

(4) Recognition of Development costs

The new R&D project is approved through the company's internal development project review committee in consideration of business feasibility, and interim investment adequacy review determines whether research/development continues or stops and applies it to the business through demonstrated commercial operation after completion of technology development. The company generally capitalize development costs and recognize them as intangible assets after the project's investment approval (technical feasibility, our intentions, and future economic benefits) has been met.

(5) Details of Development costs

Details of development costs as of December 31, 2023, and 2022 are as follows:

1) 2023

(Unit: KRW)

Classification	Projects	Carrying Amount	Remaining useful lives (Years)
Amortization of development costs	Development of Tri-gen Fuel Cell System	2,686,283,502	3.75
	Development of PAFC Fuel Cell Cost Improvement Model	3,005,903,459	2.75

2) 2022

(Unit: KRW)

Classification	Projects	Carrying Amount	Remaining useful lives (Years)
Amortization of development costs	Development of Tri-gen Fuel Cell System	3,402,625,770	4.75
	Development of PAFC Fuel Cell Cost Improvement Model	4,098,959,255	3.75

(6) None of the intangible assets have recognized impairment losses for each of the two years in the period ended December 31, 2023.

14. Intangible Assets (Cont'd)

(7) Impairment test on goodwill

1) Carrying amounts of goodwill allocated to each CGU as of December 31, 2023 and 2022 are as follows:

(Unit: KRW)

CGUs	2023	2022	Principal Business
Fuel cells	24,231,548,166	24,231,548,166	Manufacture and sale of fuel cells

2) The recoverable amounts of cash-generating units are determined at net fair value, which is determined by deducting the disposal costs from the market price disclosed in the active market as of December 31, 2023, after adding a management premium.

15. Other Payables and Other Liabilities

(1) Details of other payables as of December 31, 2023, and 2022 are as follows:

(Unit: KRW)

Classification	2023		2022	
	Current	Non-current	Current	Non-current
Non-trade payables	32,558,894,772	938,113,181	38,580,333,403	748,414,810
Accrued expenses	1,433,720,363	-	7,367,953,886	-
Total	33,992,615,135	938,113,181	45,948,287,289	748,414,810

(2) Details of other liabilities as of December 31, 2023, and 2022 are as follows:

(Unit: KRW)

Division	2023		2022	
	Current	Non-current	Current	Non-current
Advances received (*)	12,325,658,846	-	10,443,474,742	-
Deposits	324,482,182	-	276,505,014	-
VAT deposits	1,696,768,315	-	-	-
Accrued expenses	4,804,468,884	902,917,592	4,913,243,718	989,853,203
Unearned revenues	13,115,492	-	183,814,018	-
Total	19,164,493,719	902,917,592	15,817,037,492	989,853,203

(*) Contract liabilities recognized according to provision of Merchandise and services as of December 31, 2023, and 2022 are KRW 12,325 million and KRW 10,443 million respectively.

16. Bonds and Borrowings

(1) Details of bonds issued by the Company as of December 31, 2023, and 2022 are as follows:

(Unit: KRW)

Division	Maturity	Interest Rate	2023	2022
2nd non-guaranteed public bonds	-	-	-	75,000,000,000
3rd non-guaranteed public bonds	Aug. 9, 2024	6.20%	70,000,000,000	70,000,000,000
4th non-guaranteed private bonds	Apr. 28, 2024	8.00%	15,000,000,000	15,000,000,000
5th non-guaranteed private bonds	Nov. 16, 2025	9.20%	10,000,000,000	10,000,000,000
6-1st non-guaranteed private bonds	May. 17, 2024	CD(3M) + 4.53%	2,500,000,000	2,500,000,000
6-2nd non-guaranteed private bonds	-	-	-	2,500,000,000
7-1st non-guaranteed public bonds	Dec. 27, 2024	6.28%	19,000,000,000	-
7-2nd non-guaranteed public bonds	Jun. 27, 2025	6.47%	61,000,000,000	-
Subtotal			177,500,000,000	175,000,000,000
(Deduction) Discount on bonds			(345,415,577)	(394,150,356)
Total deductions			177,154,584,423	174,605,849,644
(Deduction) Reclassification of current portion			(106,340,949,260)	(77,390,312,476)
- Principal of bonds			106,500,000,000	77,500,000,000
- Discount on bonds			(159,050,740)	(109,687,524)
Total after deductions			70,813,635,163	97,215,537,168

(2) Details of short-term borrowings as of December 31, 2023, and 2022 are as follows:

(Unit: KRW)

Type of borrowings	Financial institution	Due date	Interest rate	2023	2022
General borrowing	MHBK	-	-	-	10,000,000,000
	KEB Hana Bank	-	-	-	10,000,000,000
	KEB Hana Bank	2024-10-11	CD(3M) + 2.80%	10,000,000,000	20,000,000,000
	JEONBUK BANK	-	-	-	4,000,000,000
	Korea Development Bank	2024-07-07	Industrial Financial bonds(1year)+1.30%	20,000,000,000	20,000,000,000
	Woori Bank	2024-02-22	CD(3M) + 2.52%	20,000,000,000	-
	Korea Development Bank	2024-10-12	Industrial Financial bonds(1year)+1.36%	10,000,000,000	-
Total				60,000,000,000	64,000,000,000

16. Bonds and Borrowings (Cont'd)

(3) Details of long-term borrowings as of December 31, 2023, and 2022 are as follows:

(Unit: KRW)

Type of borrowings	Financial institution	Due date	Interest rate	2023	2022
Operating loan	Korea Development Bank	2027-12-02	Industrial Financial bonds(1year)+1.47%	30,000,000,000	30,000,000,000
Capital loan	Korea Development Bank	2028-10-12	Industrial Financial bonds(1year)+1.45%	40,000,000,000	-
Total				70,000,000,000	30,000,000,000

(4) Securitized debt

For the year ended December 31, 2023, the Company securitized its debts by establishing a trust property using future receivables from LTSA with customers, aiming to enhance liquidity. Consequently, details of the securitized debts as of December 31, 2023 are as follows :

(Unit: KRW)

Division	Financial institution	Due date	Interest rate	2023
Securitized debt	IBK Capital	2026-04-03	7%	10,000,000,000
	KB Securities	2026-04-03	CD(3M) + 3.61%	10,000,000,000
	Newstar FC 1st Co.,Ltd	2026-04-03	CD(3M) + 3.61%	30,000,000,000
	KIS SF 15th Co.,Ltd	2026-04-03	CP(3M)+3.23%	20,000,000,000
Subtotal				70,000,000,000
(Deduction) Discount on present value				(575,999,435)
Total deductions				69,424,000,565
(Deduction) Reclassification of current portion				(16,661,898,433)
Principal of securitized debt				16,800,000,000
Discount on present value				(138,101,567)
Total after deductions				52,762,102,132

17. Lease Liabilities

(1) Changes in the carrying amounts of lease liabilities for each of the two years in the period ended December 31, 2023 are as follows:

(Unit: KRW)

Classification	2023	2022
Beginning balance	9,189,940,885	9,935,677,219
New lease contracts	1,076,298,193	2,879,823,012
Interest expenses	691,030,980	719,710,382
Redemption	(3,226,123,024)	(3,277,733,376)
Others	(199,251,753)	(1,067,536,352)
Ending balance	7,531,895,281	9,189,940,885

(2) The total amount of minimum lease payments for each period to be paid in the future related to lease liabilities as of December 31, 2023, their present values and liquidity classifications are as follows:

(Unit: KRW)

Division	Lease Payment Amount
Lease liabilities not discounted	
- Within a year	3,119,681,612
- Over a year	8,371,139,659
Subtotal	11,490,821,271
Amount discounted at present value	(3,958,925,990)
Total after deductions	7,531,895,281
Lease Liabilities in the Statement of Financial Position:	
- Current lease liabilities	2,980,803,394
- Non-current lease liabilities	4,551,091,887

17. Lease Liabilities (Cont'd)

(3) The following are the amounts recognized in profit or loss related right-of-use and lease liabilities for the years ended December 31, 2023, and 2022 are as follows:

(Unit: KRW)

Division	2023	2022
Depreciation expense of right-of-use assets	2,593,524,450	2,624,361,960
Interest expense on lease liabilities	691,030,980	719,710,382
Expense relating to short-term leases	221,084,938	641,490,335
Expense relating to leases of low-value assets	27,595,837	79,273,114

(4) During for each of the two years in the period ended December 31, 2023, the cash outflow from financing activities due to the repayment of lease liabilities is KRW 3,226 million, KRW 3,278 million respectively. Also, the cash outflow from operating activities due to the payment of user fees related to short-term lease and lease of low-value assets contracts is KRW 249 million, KRW 721 million respectively.

18. Retirement Benefit Plan

The Company operates a defined benefit retirement plan for employees. Meanwhile, the actuarial valuation of the defined benefit obligations and plan assets is performed by a qualified independent actuary using the projected unit credit method.

(1) Details of net defined benefit liabilities as of December 31, 2023, and 2022 are as follows:

(Unit: KRW)

Classification	2023	2022
Present value of defined benefit obligations	20,745,309,784	15,539,861,606
Fair value of plan assets	(15,866,323,082)	(15,195,891,426)
Contribution to national pension plan	(2,917,900)	(2,917,900)
Net defined benefit liabilities	4,876,068,802	341,052,280

18. Retirement Benefit Plan (Cont'd)

(2) The amount recognized relating to the defined benefit plan as retirement benefits for each of the two years in the period ended December 31, 2023 is as follows:

(Unit: KRW)

Classification	2023	2022
Current service costs (*1)	2,442,297,814	2,947,151,438
Past service costs (*2)	-	1,363,758,728
Interest cost (*3)	798,476,959	477,647,344
Effect from curtailment and settlement	(780,246,540)	(434,890,705)
Total	2,460,528,233	4,353,666,805

(*1) KRW 194 million is included in the current service costs due to the revision of the executive retirement allowance regulations for the year ended December 31, 2022.

(*2) These are the past service costs due to the revision of executive retirement allowance regulations.

(*3) Interest costs of KRW 38 million are included due to the revision of the executive retirement allowance regulations for the year ended December 31, 2022.

(3) Changes in the present value of the defined benefit obligations for each of the two years in the period ended December 31, 2023are as follows:

(Unit: KRW)

Classification	2023	2022
Beginning balance	15,539,861,606	15,577,818,722
Transfer to related parties	138,856,679	(1,223,654,648)
Current service cost	2,442,297,814	2,947,151,438
Past service cost	-	1,363,758,728
Interest cost	798,476,959	477,647,344
Retirement benefit payments	(1,225,242,534)	(1,348,342,231)
Remeasurements related to defined benefit obligation:		
- Demographic assumption changes	849,655	101,166
- Financial assumption changes	3,242,672,849	(3,446,980,152)
- Other changes	(192,463,244)	1,192,361,239
Ending balance	20,745,309,784	15,539,861,606

18. Retirement Benefit Plan (Cont'd)

(4) Changes in plan assets for each of the two years in the period ended December 31, 2023 are as follows:

(Unit: KRW)

Classification	2023	2022
Beginning balance	15,195,891,426	15,400,808,914
Expected profits from plan assets	780,246,540	434,890,705
Transfer to related parties	33,667,203	(804,716,264)
Remeasurements related to plan assets	(63,646,492)	(144,718,959)
Contributions	1,000,000,000	1,000,000,000
Retirement benefit payments	(1,048,565,315)	(659,521,078)
Management cost deducted from plan assets	(31,270,280)	(30,851,892)
Ending balance	15,866,323,082	15,195,891,426

(5) The expected maturity of the defined benefit obligation as of December 31, 2023, is as follows:

(Unit: KRW)

Classification	Within 1 year	1 to 5 years	5 to 10 years	After 10 years	Total
Retirement benefits paid	1,352,188,894	7,903,846,385	4,358,789,979	7,130,484,526	20,745,309,784

(6) Plan assets are mostly invested in time deposits as of December 31, 2023, and 2022.

(7) Key assumptions for actuarial valuation as of December 31, 2023, and 2022 are as follows:

(Unit: KRW)

Classification	2023	2022
Discount rate	4.30%	5.30%
Expected salary growth rate	Workers 5.0%(2024) 3.0%(After 2024)	Workers 5.4%(2023) 3.0%(After 2023)
	Executives 2.0%	Executives 1.5%

To calculate the present value of the defined benefit obligation, the Company uses the rate of return of blue corporate bonds as the discount rate as of December 31, 2023, and 2022 because the present currency and maturity is consistent with the currency and estimated maturity of the defined benefit obligations.

18. Retirement Benefit Plan (Cont'd)

(8) Sensitivity analysis

The sensitivity analysis of defined benefit obligations as of December 31, 2023, and 2022 is as follows:

(Unit: KRW)

Classification	2023				2022			
	Discount rate		Salary growth rate		Discount rate		Salary growth rate	
	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease	1% increase	1% decrease
Amount	(1,353,585,908)	1,552,460,320	1,543,270,951	(1,370,959,516)	(963,696,954)	1,098,620,070	1,056,871,605	(946,517,228)
Ratio	(-)6.52%	7.48%	7.44%	(-)6.61%	(-)6.20%	7.07%	6.80%	(-)6.09%

(9) As of the end of 2023, the weighted average maturity of the defined benefit obligation is about 7.33 years (As of the end of 2022: 6.96 years), and the Company expects to make an estimated contribution of KRW 3,994 million to the defined benefit plans in 2024.

19. Provisions

(1) Nature of provisions

1) Other provisions

The Company provides customers with annual warranties such as annual quantity of power generation under long-term fuel cell maintenance contracts entered into with customers. Meanwhile, where the annual quantity of power generated through operation of facilities by customers fails to reach the quantity guaranteed by the Company for a reason attributable to the Company, the Company adjusts the contract price to reflect the under-capacity damage.

Therefore, the total contract price adjusted by the Company as of December 31, 2023, and 2022 is approximately KRW 19,261 million and KRW 22,598 million, respectively.

2) Provision for product warranties

The Company recognized probable outflow of fuel cell services of KRW 24,527million and KRW 36,097million as of December 31, 2023, and 2022, respectively.

19. Provisions (Cont'd)

(2) Changes in provisions for each of the two years in the period ended December 31, 2023 are as follows:

1) 2023

(Unit: KRW)

Classification	Beginning Balance	Increase	Decrease	Ending Balance
Other provisions	17,092,418,960	19,261,252,674	(24,719,987,672)	11,633,683,962
Provision for product warranties	54,825,147,307	24,526,702,869	(7,369,669,135)	71,982,181,041
Other provisions excluding the above provisions				
- Long-term contract loss provisions	571,074,340	(532,521,131)	-	38,553,209
- Recovery provisions	45,450,915	3,918,808	-	49,369,723
Total	72,534,091,522	43,259,353,220	(32,089,656,807)	83,703,787,935

2) 2022

(Unit: KRW)

Classification	Beginning Balance	Increase	Decrease	Ending Balance
Other provisions	16,065,581,995	22,598,469,049	(21,571,632,084)	17,092,418,960
Provision for product warranties	19,250,144,885	36,097,100,440	(522,098,018)	54,825,147,307
Other provisions excluding the above provisions				
- Long-term contract loss provisions	-	571,074,340	-	571,074,340
- Recovery provisions	-	45,450,915	-	45,450,915
Total	35,315,726,880	59,312,094,744	(22,093,730,102)	72,534,091,522

20. Capital and Capital Surplus

(1) Capital for the year ended December 31, 2023, is as follows :

(Unit: KRW, Shares)

<table>
<tr><th>Type of Shares</th><th>Total number of shares to be issued</th><th>Total number of shares issued(*1)</th><th>Par Value</th><th>Capital Stock(*4)</th></tr>
<tr><td>Ordinary shares</td><td rowspan="3">400,000,000</td><td>65,493,726</td><td rowspan="3">100</td><td>6,549,372,600</td></tr>
<tr><td>Preferred shares1 (Old-type)(*2)</td><td>13,364,200</td><td>1,336,420,000</td></tr>
<tr><td>Preferred shares2 (New-type)(*3)</td><td>2,986,300</td><td>298,630,000</td></tr>
<tr><td colspan="4">Total</td><td>8,184,422,600</td></tr>
</table>

(*1) The number of treasury stocks with the limited voting rights under the Commercial Code is 11,047 ordinary shares and 1,517 preferred shares, respectively. preferred shares issued do not have voting rights.

(*2) The Company's preferred shares 1(old-type preferred shares) are non-participating, non-cumulative shares without voting rights. 1% more cash dividends per annum based on par value than ordinary shares. Dividends for preferred shares do not apply if dividends are not paid or are paid in stock to ordinary shares.

(*3) The Company's preferred shares 2(new-type preferred shares) are participating, non-cumulative shares without voting rights. Based on the par value, the Company provides dividend of 2% per annum. When the dividend rate of ordinary shares exceeds that of preferred shares, holders of preferred shares are entitled to request dividend for the excess by participating in preferred shares at a rate equal to that of ordinary shares.

(*4) There is no change in capital as of December 31, 2023

In accordance with articles of incorporation, preferred shares without voting rights (excluding treasury stocks) have voting rights after the general meeting of stockholders with a resolution not to pay dividends, until the end of the general meeting of stockholders with a resolution to pay preference dividends. Therefore, there was no dividend resolution at 4th general meeting of stockholders, and as of the December 31, 2023, preferred shares without voting rights have voting rights.

(2) Details of capital surplus as of December 31, 2023, and 2022 are as follows:

(Unit: KRW)

Classification	2023	2022
Share Premium	479,425,786,524	479,425,786,524
Other capital surplus	(1,906,554,326)	(1,888,607,004)
Total	477,519,232,198	477,537,179,520

21. Other Components of Equity

(1) Details of other components of equity as of December 31, 2023, and 2022 are as follows:

(Unit: KRW)

Classification	2023	2022
Treasury shares	(282,149,720)	(282,149,720)
Stock options	178,067,734	94,380,133
Total	(104,081,986)	(187,769,587)

(2) The Company holds treasury stocks for the purpose of stabilizing stock prices, and changes in treasury stocks as of the December 31, 2023, and 2022 are as follows:

(Amount Unit: KRW, Share Unit: Shares)

Classification	Number of Shares			Carrying Amount		
	Ordinary shares	Preferred shares	Total	Ordinary shares	Preferred shares	Total
2022.01.01	3,915	1,517	5,432	21,567,143	6,507,437	28,074,580
2022.04.28 Purchase of treasury stocks	7,132	-	7,132	254,075,140	-	254,075,140
2022.12.31	11,047	1,517	12,564	275,642,283	6,507,437	282,149,720
2023.12.31	11,047	1,517	12,564	275,642,283	6,507,437	282,149,720

(3) Restricted Stock Units (RSUs)

The Company offers RSU (Restricted Stock Units) to grant shares to incumbent executives. In accordance with KIFRS 1102, the Company accounts for the fair value of share options as share compensation costs and other capital items over the full period, and the share compensation costs recognized as capital items as of December 31, 2023, are KRW 178 million.

22. Accumulated Other Comprehensive Income

Details of the accumulated other comprehensive income as of December 31, 2023, and 2022 are as follows:

(Unit: KRW)

Classification	2023	2022
Revaluation surplus	712,495,486	643,967,810
Losses on valuation of hedge derivatives	-	(384,038,648)
Total	712,495,486	259,929,162

23. Retained Earnings

(1) Changes in the retained earnings for each of the two years in the period ended December 31, 2023 are as follows:

(Unit: KRW)

Classification	2023	2022
Beginning retained earnings	37,270,664,123	31,827,148,101
Profit(Loss) for the year	(8,500,099,581)	3,863,590,126
Remeasurement of defined benefit plans	(2,430,755,310)	1,579,925,896
Unappropriated retained earnings	26,339,809,232	37,270,664,123

(2) The Company's statements of appropriation of retained earnings for each of the two years in the period ended December 31, 2023 are as follows:

Fifth (Current) Period	from January 01, 2023 to December 31, 2023	Fourth (Prior) Period	from January 01, 2022 to December 31, 2022
Estimated Appropriation Date	March 26, 2024	Approved Date	March 29, 2023

(Unit: KRW)

Accounting Title	2023		2022	
I. Retained earnings before appropriation		26,339,809,232		37,270,664,123
Unappropriated retained earnings carried over from the prior year	37,270,664,123		31,827,148,101	
Remeasurements of defined benefit plans	(2,430,755,310)		1,579,925,896	
Profit (Loss) for the year	(8,500,099,581)		3,863,590,126	
II. Appropriation of retained earnings		-		-
III. Unappropriated retained earnings carried forward to the subsequent year		26,339,809,232		37,270,664,123

24. Revenue from Contracts with Customers

(1) Revenue from contracts with customers

Revenue for each of the two years in the period ended December 31, 2023 is comprised as follows:

(Unit: KRW)

Classification	2023	2022
Revenue from contracts with customers:		
Fuel cell revenue, etc.	145,662,875,642	206,242,018,591
Service revenue	115,223,308,361	105,906,702,223
Total	260,886,184,003	312,148,720,814
Timing of revenue recognition:		
Transfer at a point in time	145,662,875,642	206,242,018,591
Transfer over time	115,223,308,361	105,906,702,223
Total	260,886,184,003	312,148,720,814

(2) Assets and liabilities associated with contracts with customers

Contract assets and contract liabilities recognized by the Company as of December 31, 2023, and 2022 are as follows:

(Unit: KRW)

Classification	2023	2022
Contract assets – Unclaimed assets after delivery of fuel cells	892,800,000	16,744,000,000
Contract assets – Unclaimed assets relating to fuel cell operational services	17,066,507,095	15,596,192,386
Total contract assets (*1)	17,959,307,095	32,340,192,386
Contract liabilities – Advances received for performance of fuel cell delivery (*2)	5,254,968,480	4,290,680,480
Contract liabilities – Advances received for performance relating to fuel cell operational services (*2)	7,070,690,366	6,152,794,262
Contract liabilities – Fuel cell performance obligation liability (*3)	11,633,683,962	17,092,418,960
Total contract liabilities	23,959,342,808	27,535,893,702

(*1) Accounted for as trade receivables.

(*2) Accounted for as advance payments in other current liabilities.

(*3) The liabilities arising from the contract with the customer are accounted for other provisions.

24. Revenue from Contracts with Customers (cont'd)

The contract assets are the amounts that the Company has not claimed that it has the right to be paid for the goods or services transferred to the customers, which will be reclassified as receivables upon claim. The contract liabilities are amounts acquired in advance from customers for construction contracts, etc. that are fulfilled over a period, and these amounts are reclassified as revenues as goods or services are transferred to customers. Among the contract liabilities as of December 31, 2022, the amount recognized as revenues during year ended December 31, 2023 term is KRW 10,216 million.

(3) Transaction price changes allocated to performance obligations fulfilled over time

The changes in transaction prices allocated to performance obligations fulfilled over the contract period for each of the two years in the period ended December 31, 2023 are as follows:

1) 2023

(Unit: KRW)

Client	Projects	Beginning balance	Increase/ Decrease	Recorded in sales	Ending Balance
Daesan Green Energy Co., Ltd.	Operation service contract	1,517,088,512,218	282,039,296,372	115,223,308,361	1,683,904,500,229

2) 2022

(Unit: KRW)

Client	Projects	Beginning balance	Increase/ Decrease	Recorded in sales	Ending Balance
Daesan Green Energy Co., Ltd.	Operation service contract	1,392,305,110,702	230,690,103,739	105,906,702,223	1,517,088,512,218

25. Classification of Expenses by Nature

Information on the classification of expenses incurred for each of the two years in the period ended December 31, 2023 by nature is provided as follows;

(Unit: KRW)

Classification	2023	2022
Changes in inventories	(29,166,211,212)	(221,646,226,159)
Purchase of raw materials and merchandise	173,108,107,884	405,916,888,152
Employee benefit expenses	35,980,954,731	38,369,035,566
Employee welfare	5,126,348,582	3,699,588,801
Taxes and dues	1,010,388,637	1,240,757,777
Freight expenses and warehousing	2,900,481,939	2,663,525,857
Commission expenses	15,909,679,115	16,715,954,303
Supplies expense	8,756,194,216	8,055,975,923
Utility cost	2,757,124,273	2,814,107,075
Outside order expenses	15,960,324,044	25,643,000,770
Depreciation	9,719,513,971	7,000,154,252
Intangible asset depreciation	3,089,651,253	2,710,034,778
Depreciation of right-of-use assets	2,593,524,450	2,624,361,960
Others	11,498,308,146	9,119,625,584
Total (*)	259,244,390,029	304,926,784,639

(*) The aggregate of the cost of sales and selling and administrative expenses.

26. Selling and Administrative Expenses

Selling and administrative expenses for each of the two years in the period ended December 31, 2023 are as follows:

(Unit: KRW)

Classification	2023	2022
Wages and salaries	12,109,082,979	11,509,683,782
Retirement benefits	931,952,198	2,601,424,001
Employee welfare	4,187,230,773	2,900,701,616
Depreciation	3,754,461,399	2,134,954,417
Training expenses	722,854,143	916,740,230
Travel expense	773,221,031	846,286,699
Freight expenses and warehousing	597,258,693	648,550,049
Commission expenses	7,386,211,748	7,660,482,373
Amortization	979,887,074	1,261,364,306
Others	6,453,484,981	6,976,834,941
Total	37,895,645,019	37,457,022,414

27. Other Income and Expenses

Details of other income and expenses for each of the two years in the period ended December 31, 2023 are as follows:

(Unit: KRW)

Classification	2023	2022
Other income:		
Rental income	24,564,000	38,100,000
Gain on disposal of intangible assets	-	1,556,956,841
Gain on valuation of short-term investment securities	-	1,650,916
Gain on disposal of short-term investment securities	742,070,062	3,175,293,166
Gain on valuation of long-term investment securities	233,042,852	-
Gain related lease contracts	7,169,513	37,818,234
Miscellaneous income	4,137,558,099	757,424,701
Reversal of Allowance	1,497,865,833	-
Total	6,642,270,359	5,567,243,858
Other expenses:		
Loss on disposal of tangible assets	1,004,668	4,588,638
Loss on impairment of tangible assets	4,637,935,155	-
Loss on valuation of short-term investment securities	-	2,000,000,000
Loss on valuation of long-term investment securities	-	595,615,709
Loss on disposal of short-term investment securities	45,555,630	1,440,605,086
Donations	1,643,078,000	1,679,745,472
Other bad debt expenses	-	5,113,061,036
Miscellaneous loss	2,417,529,189	37,747,017
Total	8,745,102,642	10,871,362,958
Total deductions	(2,102,832,283)	(5,304,119,100)

28. Financial Income and Costs

Details of finance income and costs for each of the two years in the period ended December 31, 2023 are as follows:

(Unit: KRW)

Classification	2023	2022
Financial income:		
Interest income	1,447,938,358	1,818,387,877
Dividend income	1,592,306,700	1,696,452,400
Gain on foreign currency transactions	2,235,948,657	5,488,589,095
Gain on foreign exchange translation	2,176,970,071	6,186,448,645
Total	7,453,163,786	15,189,878,017
Financial expenses:		
Interest expenses	17,625,547,210	4,930,728,730
Loss on foreign currency transactions	2,814,249,828	6,089,554,566
Loss on foreign exchange translation	181,425,816	1,304,185,189
Financial guarantee expenses	239,408,232	99,994,489
Total	20,860,631,086	12,424,462,974
Total after deduction	(13,407,467,300)	2,765,415,043

29. Income Tax Expenses (Income)

(1) Income tax expenses (Income) for each of the two years in the period ended December 31, 2023 are determined as follows:

(Unit: KRW)

Classification	2023	2022
Income tax payable	272,625,781	2,674,658,193
Changes in deferred tax due to a temporary difference	(4,847,020,400)	(1,823,596,027)
Changes in deferred tax directly reflected to equity	533,813,381	(438,125,515)
Income tax expenses (Income)	(4,040,581,238)	412,936,651

29. Income Tax Expenses (Income) (Cont'd)

(2) Changes in deferred tax assets (liabilities) for each of the two years in the period ended December 31, 2023 are as follows:

1) 2023

(Unit: KRW)

Classification	Beginning Balance	Changes		Ending Balance
		Profit or loss	Equity	
Accrued income	(258,082)	(4,486,677)	-	(4,744,759)
Undetermined cost	19,482,638,012	(3,029,503,714)	-	16,453,134,298
Depreciation	205,397,711	1,011,868,849	-	1,217,266,560
Government grants	2,575,390,721	19,113,207	-	2,594,503,928
Defined benefit obligations	3,589,033,996	(20,795,444)	669,712,721	4,237,951,273
Plan assets	(3,510,250,919)	219,283,756	14,237,720	(3,276,729,443)
Valuation allowance for inventories	715,781,004	898,233,954	-	1,614,014,958
Revaluation of property, plant, and equipment	(72,027,319)	-	(16,828,324)	(88,855,643)
Right-of-use assets	(2,120,868,437)	884,723,027	-	(1,236,145,410)
Lease liabilities	2,122,876,344	(876,812,056)	-	1,246,064,288
Long-term prepaid expenses	(13,271,496,945)	(6,559,230,873)	-	(19,830,727,818)
Long-term non-trade receivables	20,951,870	(20,951,870)	-	-
Loss allowance	1,310,892,627	(581,187,809)	-	729,704,818
Derivative liabilities	115,361,414	-	(115,361,414)	-
Securitized debt	-	(107,734,505)	-	(107,734,505)
Donation	-	309,508,006	-	309,508,006
Carryforward loss	-	8,171,110,341	-	8,171,110,341
Tax deduction carryforward	-	4,519,296,964	-	4,519,296,964
Other	1,267,802,334	(519,228,137)	(17,947,322)	730,626,875
Total	12,431,224,331	4,313,207,019	533,813,381	17,278,244,731

29. Income Tax Expenses (Income) (Cont'd)

2) 2022

(Unit: KRW)

Classification	Beginning Balance	Changes		Ending Balance
		Profit or loss	Equity	
Accrued income	(225,182)	(32,900)	-	(258,082)
Undetermined cost	10,516,985,180	8,965,652,832	-	19,482,638,012
Depreciation	132,291,836	73,105,875	-	205,397,711
Government grants	140,068,101	2,435,322,620	-	2,575,390,721
Defined benefit obligations	3,579,518,717	572,262,797	(562,747,518)	3,589,033,996
Plan assets	(3,579,518,717)	36,393,172	32,874,626	(3,510,250,919)
Valuation allowance for inventories	483,567,800	232,213,204	-	715,781,004
Revaluation of property, plant, and equipment	(75,457,191)	-	3,429,872	(72,027,319)
Right-of-use assets	(2,394,732,931)	273,864,494	-	(2,120,868,437)
Lease liabilities	2,400,497,406	(277,621,062)	-	2,122,876,344
Long-term prepaid expenses	(1,750,651,715)	(11,520,845,230)	-	(13,271,496,945)
Long-term non-trade receivables	375,487,961	(354,536,091)	-	20,951,870
Loss allowance	415,594,298	895,298,329	-	1,310,892,627
Derivative liabilities	-	-	115,361,414	115,361,414
Other	364,202,741	930,643,502	(27,043,909)	1,267,802,334
Total	10,607,628,304	2,261,721,542	(438,125,515)	12,431,224,331

(3) Details of deferred taxes directly added to or subtracted from equity as of December 31, 2023, and 2022 are as follows:

(Unit: KRW)

Classification	2023	2022
Remeasurements of defined benefit plans	683,950,441	(529,872,892)
Revaluation surplus	(16,828,324)	3,429,872
Share premium	(17,947,322)	(27,043,909)
Losses on valuation of hedge derivatives	(115,361,414)	115,361,414
Total	533,813,381	(438,125,515)

29. Income Tax Expenses (Income) (Cont'd)

(4) The following table shows the relationship between income tax expense (Income) and accounting profits (losses) for each of the two years in the period ended December 31, 2023:

(Unit: KRW)

Classification	2023	2022
Profit (Loss) for the year before income tax expenses	(12,540,680,819)	4,276,526,777
Tax burden at applied statutory tax rates	(2,599,002,291)	1,034,919,480
Adjustments:		
Permanent difference (Non-deductible, etc.) effect	50,907,223	771,271,668
Tax deduction	-	(1,013,756,258)
Effect of changes in temporary difference not recognized as deferred taxes	(606,046,574)	-
Other effect	(886,439,596)	(379,498,239)
Subtotal	(1,441,578,947)	(621,982,829)
Income tax expenses (Income)	(4,040,581,238)	412,936,651
Average effective tax rate	-	9.66%

(5) The following table shows temporary differences not recognized as deferred tax assets as of December 31, 2023:

(Unit: KRW)

Classification	2023	Reason
Deductible temporary differences:		
Investment in Associates	1,295,753,452	Temporary difference will not reverse in the foreseeable future

30. Earnings per Share

(1) Basic earnings per share

1) Basic earnings per share for each of the two years in the period ended December 31, 2023 are as follows:

(Unit: KRW)

Classification	2023	2022
Basic earnings per ordinary shares	(104)	47
Basic earnings (losses) per old-type preferred shares (*)	(104)	47

(*) The Company calculated earnings (losses) per share for old-type preferred shares due to the nature of the share,
which does not have preferred right on dividends and liquidation. Therefore, the share is considered as ordinary shares based on KIFRS 1033 *Earnings per Share*.

30. Earnings per Share (Cont'd)

2) Profit for the year attributable to the ordinary equity holders of the Company for each of the two years in the period ended December 31, 2023 is as follows:

(Unit: KRW)

Classification	2023	2022
Profit (Loss) for the year	(8,500,099,581)	3,863,590,126
(-) Profit (Loss) attributable to new-type preferred shares	310,167,455	(140,981,868)
(-) Profit (Loss) attributable to old-type preferred shares	1,388,050,327	(630,917,025)
Profit (Loss) for the year attributable to the ordinary equity holders of the Company	(6,801,881,799)	3,091,691,233

3) Weighted-average numbers of outstanding ordinary and preferred shares for each of the two years in the period ended December 31, 2023 are as follows:

(Unit: Shares)

Classification	2023		2022	
	Ordinary Shares	Old-type Preferred Shares	Ordinary Shares	Old-type Preferred Shares
Beginning outstanding shares	65,482,679	13,362,957	65,489,811	13,362,957
Increased paid-in capital	-	-	(4,846)	-
Weighted-average number of outstanding ordinary shares	65,482,679	13,362,957	65,484,965	13,362,957

(2) Diluted earnings per share

Diluted earnings per share are equal to basic earnings per share as of December 31, 2023, and 2022.

On the other hand, due to the anti-dilution effect, it was not considered in calculating diluted earnings per share as of December 31, 2023, but the details of potential common shares that could dilute basic earnings per share in the future are as follows:

Classification	Par value
Restricted Stock Unit(RSU)	7,132 shares

(3) Dividend conditions for preferred shares

(Amount Unit: KRW, Share Unit: Shares)

Classification	Par value	Shares	Dividend conditions
Old-type preferred shares	100	13,364,200	Cash dividends available to ordinary shares plus 1%
New-type preferred shares	100	2,986,300	The Company should distribute 2% of par value of preferred shares annually. In case the Company distributes more than 2% of par value for ordinary shares, preferred shares are participated in dividend for the exceeded dividend.

31. Contingent liabilities and significant commitments

(1) The credit limit granted by financial institutions as of December 31, 2023, is as follows:

(Unit in won: KRW, Unit in foreign currency: USD)

Financial Institution	Content	Currency	Limit
KEB Hana Bank	Working capital loan	KRW	10,000,000,000
	Secured loan of credit sales, etc.	KRW	10,000,000,000
	Secured loan by accounts receivable	KRW	1,500,000,000
	Other loans	USD	3,000,000
Nonghyup Bank	Import letter of credit	USD	25,000,000
Mizuho Bank	Working capital loan	KRW	25,000,000,000
Korea Development Bank	Working capital loan	KRW	30,000,000,000
	Facility loan	KRW	70,000,000,000
Woori Bank	Working capital loan	KRW	20,000,000,000
The export-import Bank of Korea	Working capital loan	KRW	30,000,000,000
New star FC 1st Co.,Ltd, etc.	Securitized debt	KRW	70,000,000,000
Total		KRW	266,500,000,000
		USD	28,000,000

(2) Loan agreement

As of December 31, 2023, the bond recruitment contract for unguaranteed public bonds issued by the Company, includes provisions for maintaining a debt ratio of 700% or less based on its financial statements, restrictions on the establishment of security rights within 500% of equity capital, and restrictions on the disposal of assets within 100% of total assets.
This agreement includes an arrangement of event of default in case the regulations above are not complied. Bonds issued by applying the regulations above are ₩150,000 million as of December 31, 2023.
As of December 31, 2023, the acquisition contract of unguaranteed private placement bonds issued by the Company, includes an arrangement of event of default if the credit rating falls below BB+ during the borrowing agreement period. Bonds issued by applying the regulations above are ₩27,500 million as of December 31, 2023.

As of December 31, 2023, the Company has ₩70,000 million in securitized loans provided by New Star FC The 1st Co., Ltd. In this regard, the agreement includes an arrangement of event of default if the collateral provided by the Company (including deposit return bonds and other rights to be collected under the Long-Term Service Agreement, which is the original trust in the trust contract) is transferred or provided to a third party.

(3) Payment guarantees provided by financial institutions to the Company as of the December 31, 2023, are as follows:

(Unit in won: KRW, Unit in foreign currency: USD)

Guarantee Authority	Type of Contract	Currency	Limit of Guarantee	Amount in Use
Machinery Financial Cooperative	Performance guarantee, etc.	KRW	364,993,672,000	153,272,561,516
Seoul Guarantee Insurance Company	Performance guarantee, etc.	KRW	128,427,440,275	128,427,440,275
		USD	4,003,965	4,003,965
Total		KRW	493,421,112,275	281,700,001,791
		USD	4,003,965	4,003,965

(4) The Company is obliged to repay, jointly with Doosan Corporation, the debts that the parent Company owed prior to the spin-off and contingent liabilities for tax purposes may occur caused by the joint obligation for tax liabilities.

(5) Ongoing litigation cases

As of December 31, 2023, the Company is involved in litigation claiming damages amounting to KRW 5,389 million, and the outcome of this litigation is not estimable. There are no provisions recognized in the financial statements relating to ongoing litigation cases.

(6) Technology introduction contracts

As of December 31, 2023, and 2022, the Company has entered into an agreement with Doosan Fuel Cell America, Inc. to transfer key technology, and the cost for transferring technology recognized as expenses by the Company for the for each of the two years in the period ended December 31, 2023 is KRW 2,288 million, KRW 4,255 million, respectively.

During the year ended December 31, 2023, the Company signed a license agreement with Ceres Power Licence Co., Ltd. to transfer SOFC (Solid Oxide Fuel Cell) cell stack manufacturing technology, invest in facilities to be mass-produced in Korea, and sell mass-produced finished goods. In this regard, the technology introduction fee paid by the Company during the year ended December 31, 2023, and 2022 is KRW 9,592 million, KRW 16,944 million respectively and are recognized as construction in progress.

31. Contingent liabilities and significant commitments (Cont'd)

(7) Agreements to provide supplementary funds

Daesan Green Energy Co., Ltd., has signed loan agreements with financial institutions such as Korea Development Bank. In this regard, the investors of Daesan Green Energy (Doosan fuel cell Co., Ltd., and other shareholders) have signed investment agreements with the financial institutions, and if the net operating cash inflows of Daesan Green Energy Co., Ltd., fall short of basis for the risk sharing, the investors will be obligated to provide fund based on their investment ratio. In accordance with the settlement procedure agreement signed with Daesan Green Energy Co., Ltd., the investors are obliged to provide cash, exercise subordinated loans, or fail to receive payments upon arising of obligation to provide expenses to perform settlement.

Regarding the above agreements to provide supplementary funds, the Company loaned KRW 689 million to Daesan Green Energy Co., Ltd. as of December 31, 2023.

32. Pledged assets

(1) The details of collateral provided for the company's financial liabilities as of December 31, 2023 are as follows:

(Unit: KRW)

Institution	Collateral	Related account	Financial liabilities	Amount of pledged assets
Korea Development Bank	Plant's land ,entire building, structures, and parts of mechanical equipments	Property, plant, and equipment	100,000,000,000	90,000,000,000
Korea Securities Finance Corporation	Time Deposit	Short-term financial instruments	-	1,400,000,000

The Company pledges the first-class beneficiary certificates, issued on the basis of future accounts receivable of the Company, as collateral to provide deposit-backed bonds to New star FC 1st Co., Ltd. and KEB Hana Bank and another financial institution, as well as to the Company's major creditors: KIS SF 15th Co.,Ltd., IBK Capital Co., Ltd., and KB Securities Co., Ltd. The collateral provision period is from April 3, 2023, to April 3, 2026. The Company must entrust additional bonds if the anticipated cash flows from the trust property fall short of the agreement (See Note 16).

(2) As of December 31, 2023, the collateral details of providing assets owned by the Company for its related parties are as follows:

(Unit: KRW)

Institution	Collateral	Carrying amount	Collateral amount	Related party
Korea Development Bank	Investments in associates	3,804,246,548	5,100,000,000	Daesan Green Energy Co., Ltd.

33. Transactions with Related Parties

(1) Details of related parties of the Company as of December 31, 2023, and 2022 are as follows:

Type	2023	2022
Ultimate Parent	Doosan Corporation	Doosan Corporation
The largest shareholder	Doosan Enerbility Co., Ltd.	Doosan Enerbility Co., Ltd.
Associate	Daesan Green Energy Co., Ltd.	Daesan Green Energy Co., Ltd.
Subsidiaries of the ultimate parent and the largest shareholder	Doosan Bobcat and its subsidiaries, HyAxiom, Inc., Oricom Inc., Doosan H2 Innovation, Doosan Business Research Institute, Doosan Cuvex Co., Ltd., Doosan Bears Inc., Doosan Digital Innovation America, Inc., etc.	Doosan Bobcat and its subsidiaries, HyAxiom, Inc., Oricom Inc., Doosan H2 Innovation, Doosan Business Research Institute, Doosan Cuvex Co., Ltd., Doosan Bears Inc., Doosan Digital Innovation America, Inc., etc.
Associate of the largest shareholder	Doosan Engineering & Construction Co., Ltd., Samcheok Blue Power Co., Ltd., HYCHANGWON Co., Ltd., etc.	Doosan Engineering & Construction Co., Ltd., Samcheok Blue Power Co., Ltd., HYCHANGWON Co., Ltd., etc.
Other related parties (*1)	Chung-ang University, Chung-ang University Hospital, Doosan Yonkang Foundation, etc.	Chung-ang University, Chung-ang University Hospital, Doosan Yonkang Foundation, etc.

(*1) Other related parties are out of the scope specified in KIFRS 1024 but include subsidiaries of the same group of large-scale enterprises pursuant to the Monopoly Regulation and Fair-Trade Act.

33. Transactions with Related Parties (Cont'd)

(2) Significant transactions with the related parties for each of the two years in the period ended December 31, 2023 are as follows:

1) 2023

(Unit: KRW)

Classification	Name of Related Parties	Content of Transactions	Revenue, etc.	Purchase, etc.
Ultimate Parent	Doosan Corporation	Purchase of raw materials, etc.	-	71,141,564,410
		Rental income	24,564,000	-
The largest shareholder	Doosan Enerbility Co., Ltd.	Other income	3,360,000	-
		Other expenses	-	1,680,000
Subsidiaries of the ultimate parent	HyAxiom, Inc.	Sale of raw materials, etc.	14,165,749,937	-
		Commission expenses, etc.	-	10,176,193,463
	Doosan H2 Innovation	Disposal of intangible assets, etc.	449,077,602	-
	Doosan Digital Innovation America, Inc.	Other expenses	-	771,605,600
	Oricom Inc.	Use of group services	-	923,193,873
	Doosan Business Research Institute	Training expenses	-	849,699,480
	Doosan Cuvex Co., Ltd.	Other expenses	-	521,899,738
	Doosan Bears Inc.	Other expenses	-	1,500,000,000
	Doosan Logistics Solutions Co.,Ltd.	Purchase of tangible and intangible assets	-	124,606,787
Associate	Daesan Green Energy Co., Ltd.	Revenue	14,542,800,981	-
		Other expenses	-	43,200,000
Other related parties	Chung-ang University Hospital	Other expenses	-	105,100,000
	Chung-ang University	Other expenses	-	1,500,000,000
	Doosan Yonkang Foundation	Other expenses	-	35,716,386
Total			29,185,552,520	87,694,459,737

33. Transactions with Related Parties (Cont'd)

2) 2022

(Unit: KRW)

Classification	Name of Related Parties	Content of Transactions	Revenue, etc.	Purchase, etc.
Ultimate Parent	Doosan Corporation	Purchase of raw materials, etc.	-	66,183,002,752
		Rental income	38,100,000	-
The largest shareholder	Doosan Enerbility Co., Ltd.	Other income	824,680	-
Subsidiaries of the ultimate parent	HyAxiom, Inc.	Sale of raw materials, etc.	45,405,272,463	-
		Purchase of goods, etc.	-	160,645,245,077
	Doosan H2 Innovation	Disposal of intangible assets, etc.	5,558,252,383	-
	Doosan Digital Innovation America, Inc.	Other expenses	-	1,095,587,549
	Oricom Inc.	Use of group services	-	922,433,742
	Doosan Business Research Institute	Training expenses	-	1,047,009,261
	Doosan Cuvex Co., Ltd.	Other expenses	-	394,103,044
	Doosan Bears Inc.	Other expenses	-	1,000,000,000
	Doosan Logistics Solutions Co.,Ltd.	Purchase of tangible and intangible assets	-	521,500,000
Associate of the largest shareholder	Doosan Engineering & Construction Co., Ltd.	Revenue	29,087,100,000	-
Associate	Daesan Green Energy Co., Ltd.	Revenue	14,523,400,806	-
		Other expenses	-	43,200,000
Other related parties	Chung-ang University Hospital	Other expenses	-	92,080,000
	Chung-ang University	Other expenses	-	1,500,000,000
	Doosan Yonkang Foundation	Other expenses	-	25,652,981
Total			94,612,950,332	233,469,814,406

33. Transactions with Related Parties (Cont'd)

(3) Receivables from and payables to the related parties as of December 31, 2023, and 2022 are as follows:

1) 2023

(Unit: KRW)

Classification	Name of Related Parties	Receivables		Payables	
		Trade Receivables	Other receivables	Trade Payables	Other Payables
Ultimate Parent	Doosan Corporation	-	1,097,009,700	9,146,334,751	1,889,053,933
Subsidiaries of the ultimate parent	HyAxiom, Inc.(*1)	768,658,959	67,830,737,718	1,786,562,983	5,181,473,237
	Doosan H2 Innovation	-	368,026,031	-	-
	Doosan Digital Innovation America	-	-	-	127,418,610
	Oricom Inc.	-	-	-	69,605,033
	Doosan Business Research Institute	-	-	-	77,433,647
	Doosan Cuvex Co., Ltd.	-	-	-	3,469,156
Associate	Daesan Green Energy Co., Ltd.	3,625,000,000	688,814,000	-	3,960,000
Other related parties	Chung-ang University	-	-	-	31,820,000
	Doosan Yonkang Foundation	-	17,955,380	-	3,194,015
Total		4,393,658,959	70,002,542,829	10,932,897,734	7,387,427,631

(*1) As of December 31 2023, the Company has set allowance of KRW 4,840 million for receivables of HyAxiom, Inc.

33. Transactions with Related Parties (Cont'd)

2) 2022

(Unit: KRW)

Classification	Name of Related Parties	Receivables		Payables	
		Trade Receivables	Other receivables	Trade Payables	Other Payables
Ultimate Parent	Doosan Corporation	-	1,105,962,500	3,873,838,604	1,280,590,809
Subsidiaries of the ultimate parent	HyAxiom, Inc.(*1)	468,054,431	86,813,633,434	22,773,971,130	962,080,000
	Doosan H2 Innovation	-	4,843,576,387	-	10,321,457
	Doosan Digital Innovation America	-	-	-	51,460,250
	Oricom Inc.	-	-	-	173,775,279
	Doosan Business Research Institute	-	-	-	41,989,436
	Doosan Cuvex Co., Ltd.	-	-	-	2,548,375
Associate	Daesan Green Energy Co., Ltd.	3,625,000,000	1,003,931,000	-	-
Other related parties	Chung-ang University	-	-	-	34,810,000
	Doosan Yonkang Foundation	-	17,979,580	-	3,415,030
Total		4,093,054,431	93,785,082,901	26,647,809,734	2,560,990,636

(*1) As of December 31 2022, the company has set allowance of KRW 6,255 million for receivables of HyAxiom, Inc.

(4) The Company loaned KRW 1,004 million to Daesan Green Energy Co., Ltd. based on the cash deficiency agreement concluded with its shareholders. The Company has collected a portion of the loans during 2023, resulting in an outstanding loan balance of KRW 689 million as of December 31, 2023 (refer to Note 31).

(5) The Company determined registered executives, non-registered executives, and heads of each business division with important authority and responsibility for planning, operation, and control of corporate activities as key management. Details of the compensation for key management personnel for each of the two years in the period ended December 31, 2023 are as follows:

(Unit: KRW)

Type	2023	2022
Salaries	2,126,050,449	2,256,728,014
Retirement benefits (*1)	386,559,984	1,729,663,308
Share-based payment	124,736,567	122,717,233
Total	2,637,347,000	4,109,108,555

(*1) The previous year's retirement benefits include KRW 1,596 million incurred due to revision of the executive retirement allowance regulations.

34. Statements of Cash Flows

(1) Cash generated from operating activities for each of the two years in the period ended December 31, 2023 is as follows:

(Unit: KRW)

	2023	2022
Profit (Loss) for the year	(8,500,099,581)	3,863,590,126
Adjustments:		
- Non-cash adjustments:	78,402,719,632	78,686,167,888
Income tax expenses(income)	(4,040,581,238)	412,936,651
Stock compensation cost	124,736,567	122,717,233
Retirement benefits	2,285,920,919	4,153,593,540
Depreciation	9,719,513,971	7,000,154,252
Amortization	3,089,651,253	2,710,034,778
Depreciation of right-of-use assets	2,593,524,450	2,624,361,960
Loss on disposal of property, plant and equipment	1,004,668	4,588,638
Impairment loss on property, plant and equipment	4,637,935,155	-
Gain on disposal of intangible assets	-	(1,556,956,841)
Interest income	(1,447,938,358)	(1,818,387,877)
Interest expenses	17,625,547,210	4,930,728,730
Gain on valuation of short-term investment securities	-	(1,650,916)
Loss on valuation of short-term investment securities	-	2,000,000,000
Gain on disposal of short-term investment securities	(742,070,062)	(3,175,293,166)
Loss on disposal of short-term investment securities	45,555,630	1,440,605,086
Gain on valuation of long-term investment securities	(233,042,852)	-
Loss on valuation of long-term investment securities	-	595,615,709
Dividend income	(1,592,306,700)	(1,696,452,400)
Gain related to lease contracts	(7,169,513)	(37,818,234)
Loss on valuation of inventories	7,987,296,759	1,100,405,014
Gain on foreign currency translations	(2,176,970,071)	(6,186,448,645)
Loss on foreign currency translations	181,425,816	1,304,185,189
Share of gain of associates	(1,327,824,790)	-
Share of loss of associates	-	406,705,341
Increase in provisions	43,255,434,412	59,266,643,829
Other bad debt expenses(revarsals)	(1,497,865,833)	5,113,061,036
Other	(79,057,761)	(27,161,019)
- Changes in operating assets and liabilities:	(37,437,246,240)	(330,642,754,038)
Trade receivables	103,399,012,017	(118,616,638,581)
Other receivables	24,717,027,940	(13,067,351,717)
Inventories	(38,390,709,643)	(226,345,306,883)
Other current assets	(3,402,929,336)	11,385,576,607
Other non-current assets	(35,461,988,363)	(31,664,529,566)
Trade payables	(55,158,768,833)	70,641,995,945
Other payables	(3,035,679,044)	8,172,691,920
Other current liabilities	3,185,918,149	(6,648,254,051)
Other non-current liabilities	(127,984,577)	(299,448,073)
Retirement benefits paid	(176,677,219)	(688,821,153)
Transfer of defined benefit liabilities from affiliates	105,189,476	(418,938,384)
Contribution to plan assets	(1,000,000,000)	(1,000,000,000)
Provision for product warranties	(7,369,669,135)	(522,098,018)
Other Provision	(24,719,987,672)	(21,571,632,084)
Cash generated from operating activities	32,465,373,811	(248,092,996,024)

34. Statements of Cash Flows (cont'd)

(2) The significant non-cash transactions for each of the two years in the period ended December 31, 2023 are as follows:

(Unit: KRW)

Classification	2023	2022
Reclassification of current portion of bonds	106,256,936,366	74,848,765,205
Reclassification of current portion of lease liabilities	2,855,656,667	2,837,521,825
Reclassification of current portion of long-term Securitized debt	16,661,898,433	-
Reclassification of construction in progress to property, plant and equipment and others	28,444,215,112	21,137,462,246
Increase (decrease) in non-trade payables related to acquisition of property, plant, and equipment	(8,819,042,632)	25,650,320,223
Increase (decrease) in non-trade payables related to acquisition of intangible assets	37,360,000	(475,868,299)
Increase (decrease) in non-trade receivables related to disposal of intangible assets	-	(4,146,828,418)
Changes in lease liabilities due to lease contract terminations	(199,251,753)	(1,067,536,352)
Changes in right of use assets due to lease contract terminations	(192,082,240)	(1,029,718,118)

(3) Changes in liabilities arising from financing activities for each of the two years in the period ended December 31, 2023 are as follows:

1) 2023

(Unit: KRW)

Classification	Beginning Balance	Cash flows from financing activities	Reclassification of current portion	Others	Ending Balance
Current bonds	77,390,312,476	(77,500,000,000)	106,256,936,366	193,700,418	106,340,949,260
Short-term borrowings	64,000,000,000	(4,000,000,000)	-	-	60,000,000,000
Current long-term securitized debt	-	-	16,661,898,433	-	16,661,898,433
Current lease liabilities	2,728,360,686	(2,535,092,044)	2,855,656,667	(68,121,915)	2,980,803,394
Bonds	97,215,537,168	79,671,260,000	(106,256,936,366)	183,774,361	70,813,635,163
Long-term borrowings	30,000,000,000	40,000,000,000	-	-	70,000,000,000
Long-term securitized debt	-	69,643,423,760	(16,661,898,433)	(219,423,195)	52,762,102,132
Non-current leases liabilities	6,461,580,199	-	(2,855,656,667)	945,168,355	4,551,091,887

34. Statements of Cash Flows (cont'd)

2) 2022

(Unit: KRW)

Classification	Beginning Balance	Cash flows from financing activities	Reclassification of current portion	Others	Ending Balance
Current bonds	-	2,492,380,000	74,848,765,205	49,167,271	77,390,312,476
Short-term borrowings	-	64,000,000,000	-	-	64,000,000,000
Long-term borrowings	-	30,000,000,000	-	-	30,000,000,000
Bonds	74,752,054,534	97,157,100,000	(74,848,765,205)	155,147,839	97,215,537,168
Current lease liabilities	2,871,983,927	(2,558,022,994)	2,837,521,825	(423,122,072)	2,728,360,686
Non-current leases liabilities	7,063,693,292	-	(2,837,521,825)	2,235,408,732	6,461,580,199

35. Operating segments

(1) The Company does not include separate financial information for each segment because the reporting segment is a single segment under KIFRS 1108 *Operating Segments*.

(2) The Company does not include geographical segment because a place of business is located in Korea.

(3) Information about major customers
Major customers accounting for more than 10 percent of the Company's total revenues for each of the two years in the period ended December 31, 2023 are as follows:

(Unit: KRW)

Key Customers	2023	2022
Korea Western Power Co., Ltd.	52,481,412,000	26,151,588,000
Korea Engineering Consultants Corp.	46,435,200,000	-
Samchully Energy Solution. Co., Ltd.	44,854,038,134	110,962,586,840
Korea Western Power Co., Ltd	26,875,823,947	19,752,034,152
Total	170,646,474,081	156,866,208,992

36. Subsequent events

On January 2, 2024, the Company acquired 100,000 ordinary shares of HyAxiom Motors Co., Ltd. from HyAxiom, Inc., a subsidiary of the ultimate parent company, thereby obtaining control over HyAxiom Motors Co., Ltd., with ownership interest of 100%.