

COMPANY REGISTRATION NUMBER: 02992830

**Euro E-Land Company Plc**

**Financial Statements**

**For the year ended**

**31 December 2021**

5/7/22

258

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# **Euro E-Land Company Plc**

## **Financial Statements**

**Year ended 31 December 2021**

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# **Euro E-Land Company Plc**

## **Officers and Professional Advisers**

### **The board of directors**

S H Kim (Resigned 31 January 2021)  
C Chon  
J Y Jang (Appointed 1 February 2021)

### **Company secretary**

C Murray

### **Registered office**

Baron Avenue  
Earls Barton  
Northampton  
Northants  
NN6 0JF

### **Auditor**

Streets  
Chartered Accountants & statutory auditor  
Enterprise House  
38 Tyndall Court  
Commerce Road  
Lynch Wood  
Peterborough  
Cambs  
PE2 6LR

# **Euro E-Land Company Plc**

## **Strategic Report**

**Year ended 31 December 2021**

### **Principal Activity**

The principal activity of the company during the year was the holding and management of the investments in its subsidiary undertakings.

### **Business Review**

The company reported a loss of £3.6m (2020 - £12.9m) for the year. The closing members deficit stands at £90m (2020 - £86m). Trading conditions for the company's subsidiaries have been adversely affected by the covid pandemic and restructuring action is being taken where necessary.

### **Future Developments**

Markets for all the company's subsidiaries continue to be challenging. The directors expected the general level of activity to improve from 2020, however the UK and Europe has continued to experience restrictions as a result of the ongoing pandemic. The directors remain committed to the protection of the businesses and are mindful of the significant ongoing support being offered on a local and national level. The directors are also mindful of the impact of Brexit and are taking appropriate steps to to minimise disruption to the company.

The company and its subsidiaries are supported by its parent, ELand World Limited, and this support has been guaranteed for at least 12 months from the date of signing and approving this report.

The group monitors its financial affairs and management accounting information covering all areas of the business is reviewed on a regular basis.

### **Principal Risks and uncertainties**

The principal risks and uncertainties affecting the company are considered to be:-

- the impact of changes in the economic environment and changes to fashion trends which affect the demand for the groups branded products and
- the ability to meet retailer demand for goods with the company current manufacturing capabilities and variability of costs involved in the manufacturing process.

### **Corporate and Social Responsibility**

The company actively manages its reputation and drives best practice, through the application of ethical sales and purchasing policies.

The company is committed to negating its impact on the environment.

### **Section 172(1) Statement**

During the year ended 31 December 2021 the board of directors considers as individuals and collectively that it has acted in a way it considers, in good faith, would most likely promote the success of the company for the benefit of its members, as a whole by having regard, amongst other matters to;

- a. The likely consequences of any decision in the long term,
- b. The need to foster the company's business relationships with suppliers, customers and others,

# **Euro E-Land Company Plc**

## **Strategic Report** *(continued)*

**Year ended 31 December 2021**

- c. The impact of the company's operations on the community and the environment,
- d. The desirability of the company maintaining a reputation for high standards of the business conduct, and
- e. The need to act fairly as between members of the company.

### **Directors duties**

The directors have been briefed on their duties with access available to professional advice from the company's external legal team as necessary. On Company Secretarial matters, where necessary, the board has been supported by external advisors. The directors fulfill their duties in part through a governance framework that includes delegation of certain day-to-day decision making to senior employees where necessary.

### **Financial risk management objectives and policies**

The company's activities expose it to a number of financial risks including credit risk, currency risk and liquidity risk.

#### **Credit risk**

The company seeks to manage its credit risk by dealing with established customers or otherwise checking the credit worthiness of new customers, establishing clear contractual relationships with those customers and by identifying and addressing any credit issues arising in a timely manner.

#### **Currency risk**

The company minimises its risk to foreign currency fluctuations by invoicing and purchasing in sterling where possible and where not, by balancing as far as possible sales and purchases in matching foreign currency.

#### **Liquidity risk**

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitability. Short-term flexibility is achieved by overdraft facilities.

This report was approved by the board of directors on 29/6/22 and signed on behalf of the board by:

  
J Y Jang  
Director

Registered office:  
Baron Avenue  
Earls Barton  
Northampton  
Northants  
NN6 0JE

# **Euro E-Land Company Plc**

## **Directors' Report**

### **Year ended 31 December 2021**

The directors present their report and the financial statements of the company for the year ended 31 December 2021.

#### **Directors**

The directors who served the company during the year were as follows:

C Chon	
J Y Jang	(Appointed 1 February 2021)
S H Kim	(Resigned 31 January 2021)

#### **Dividends**

The directors do not recommend the payment of a dividend.

#### **Greenhouse gas emissions and energy consumption**

Information not included

These financial statements do not include energy use because the company consumed less than 40,000kwh of energy during the year.

#### **Other matters**

##### **Going Concern**

The directors have prepared the financial statements on a going concern basis. As part of their going concern review, the directors have considered the liabilities of the company and have received a letter of support from ELand World Limited which confirms it will continue to provide support to the company for the foreseeable future, being a period of at least 12 months from the date of signing and approving these financial statements.

During 2021 the UK and Europe continued to experience a pandemic of COVID-19 which restrictions in place during part of the year to limit the spread of the virus. This led to many of the company's subsidiary company customers closing their businesses reducing demand on their services. The company is utilising the ongoing financial support packages being offered by group and are confident that the company, with support of its parent, will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and consequently have prepared the financial statements on a going concern basis.

#### **Disclosure of information in the strategic report**

The company has chosen to set out in the strategic report information about the review and future developments of the company, the financial risks and policies.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

# **Euro E-Land Company Plc**

## **Directors' Report** *(continued)*

### **Year ended 31 December 2021**

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

## **Euro E-Land Company Plc**

### **Directors' Report** *(continued)*

**Year ended 31 December 2021**

This report was approved by the board of directors on 29/6/22 and signed on behalf of the board by:

J Y Jang  
Director



Registered office:  
Baron Avenue  
Earls Barton  
Northampton  
Northants  
NN6 0JE



# **Euro E-Land Company Plc**

## **Independent Auditor's Report to the Members of Euro E-Land Company Plc**

**Year ended 31 December 2021**

### **Opinion**

We have audited the financial statements of Euro E-Land Company Plc (the 'company') for the year ended 31 December 2021 which comprise the statement of income and retained earnings, statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 UK, including the FRC's Ethical Standard, 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.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Euro E-Land Company Plc**

### **Independent Auditor's Report to the Members of Euro E-Land Company Plc *(continued)***

**Year ended 31 December 2021**

#### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## **Euro E-Land Company Plc**

### **Independent Auditor's Report to the Members of Euro E-Land Company Plc *(continued)***

**Year ended 31 December 2021**

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Euro E-Land Company Plc**

### **Independent Auditor's Report to the Members of Euro E-Land Company Plc** *(continued)*

**Year ended 31 December 2021**

#### **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 ISAs (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the company and sector in which it operates;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006 and taxation legislation.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set

## **Euro E-Land Company Plc**

### **Independent Auditor's Report to the Members of Euro E-Land Company Plc *(continued)***

#### **Year ended 31 December 2021**

out in Note 3 were indicative of potential bias; and

- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- inquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to inquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

## **Euro E-Land Company Plc**

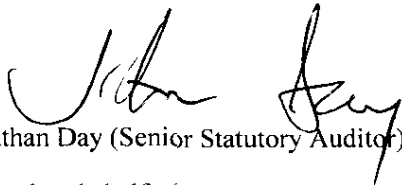
### **Independent Auditor's Report to the Members of Euro E-Land Company Plc *(continued)***

**Year ended 31 December 2021**

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Jonathan Day (Senior Statutory Auditor)

For and on behalf of  
Streets  
Chartered Accountants & statutory auditor  
Enterprise House  
38 Tyndall Court  
Commerce Road  
Lynch Wood  
Peterborough  
Cambs  
PE2 6LR

30 June 2022.

**Euro E-Land Company Plc**  
**Statement of Income and Retained Earnings**  
**Year ended 31 December 2021**

	Note	2021 £	2020 £
Administrative expenses		<u>(296,377)</u>	1,443,574
<b>Operating (loss)/profit</b>	<b>4</b>	<b>(296,377)</b>	1,443,574
Other interest receivable and similar income	<b>6</b>	<b>1,113,506</b>	756,510
Amounts written back to investments	<b>7</b>	<b>–</b>	(10,913,809)
Interest payable and similar expenses	<b>8</b>	<b>(4,397,155)</b>	(4,228,331)
<b>Loss before taxation</b>		<b>(3,580,026)</b>	(12,942,056)
Tax on loss	<b>9</b>	<b>–</b>	–
<b>Loss for the financial year and total comprehensive income</b>		<b><u>(3,580,026)</u></b>	<b><u>(12,942,056)</u></b>
<b>Retained losses at the start of the year</b>		<b><u>(154,120,250)</u></b>	<b><u>(141,178,194)</u></b>
<b>Retained losses at the end of the year</b>		<b><u>(157,700,276)</u></b>	<b><u>(154,120,250)</u></b>

All the activities of the company are from continuing operations.

The notes on pages 15 to 21 form part of these financial statements.

# Euro E-Land Company Plc

## Statement of Financial Position

31 December 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Investments	10	3,785,426	3,785,426
<b>Current assets</b>			
Debtors: due within one year	11	26,090,782	20,910,496
Debtors: due after more than one year	11	2,480,000	1,310,000
Cash at bank and in hand		124,870	3,614
		<u>28,695,652</u>	<u>22,224,110</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(122,057,685)</u>	<u>(112,006,117)</u>
<b>Net current liabilities</b>		<u>(93,362,033)</u>	<u>(89,782,007)</u>
<b>Total assets less current liabilities</b>		<u>(89,576,607)</u>	<u>(85,996,581)</u>
<b>Net liabilities</b>		<u>(89,576,607)</u>	<u>(85,996,581)</u>
<b>Capital and reserves</b>			
Called up share capital	13	68,123,669	68,123,669
Profit and loss account	14	<u>(157,700,276)</u>	<u>(154,120,250)</u>
<b>Shareholders deficit</b>		<u>(89,576,607)</u>	<u>(85,996,581)</u>

These financial statements were approved by the board of directors and authorised for issue on 29/6/22, and are signed on behalf of the board by:

J Y Jang  
Director

Company registration number: 02992830

The notes on pages 15 to 21 form part of these financial statements.



**Euro E-Land Company Plc**  
**Notes to the Financial Statements**  
**Year ended 31 December 2021**

**1. General information**

Euro E-Land Company Plc is a company incorporated in the England and Wales under the Companies Act. The address of the registered office is Baron Avenue, Earls Barton, Northampton, Northants NN6 0JE. The nature of the company's operations and its principal activities are the holding and management of the investments in its subsidiary undertakings.

**2. Statement of compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

**3. Accounting policies**

**Basis of preparation**

The financial statements have been prepared on the historical cost basis. The financial statements are prepared in sterling, which is the functional currency of the entity.

**Going concern**

The directors have prepared the financial statements on a going concern basis. As part of their going concern review, the directors have considered the liabilities of the company and have received a letter of support from ELand World Limited which confirms it will continue to provide support to the company for the foreseeable future, being a period of at least 12 months from the date of signing and approving these financial statements.

During 2021 the UK and Europe continued to experience a pandemic of COVID-19 which restrictions in place during part of the year to limit the spread of the virus. This led to many of the company's subsidiary company customers closing their businesses reducing demand on their services. The company is utilising the ongoing financial support packages being offered by group and are confident that the company, with support of its parent, will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and consequently have prepared the financial statements on a going concern basis.

For these reasons, the directors have prepared the financial statements on a going concern basis.

**Disclosure exemptions**

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of ELand World Limited. As such, *advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:*

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) Disclosures in respect of share-based payments have not been presented.
- (e) No disclosure has been given for the aggregate remuneration of key management personnel.

# **Euro E-Land Company Plc**

## **Notes to the Financial Statements** *(continued)*

**Year ended 31 December 2021**

### **3. Accounting policies** *(continued)*

#### **Consolidation**

As permitted by s401 of the Companies Act 2006 the company has not prepared consolidated financial statements as it is a wholly owned subsidiary of a company registered in South Korea, which prepares consolidated financial statements that include the results of the Company. The company which draws up the consolidated account is ELand World Limited. These financial statements therefore present information about the company as an individual undertaking and not about the group.

#### **Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key assumption concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is discussed below.

#### **Impairment of investments**

The company reviews the valuation of all its investments for impairments annually or if events and changes in circumstances indicate that the carrying value may not be recoverable. The recoverable amount is determined based on value-in-use calculations. The use of this method requires the estimation of future cash flows and the choice of a suitable discount rate in order to calculate the present value of these cash flows. Prior impairments are also reviewed for possible reversal at each reporting date.

#### **Foreign currencies**

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to profit and loss.

#### **Investments**

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

# **Euro E-Land Company Plc**

## **Notes to the Financial Statements** *(continued)*

**Year ended 31 December 2021**

### **3. Accounting policies** *(continued)*

#### **Impairment of fixed assets**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

#### **Financial instruments**

The company holds basic financial instruments as defined in FRS102. The financial assets and financial liabilities of the company and their measurement basis are as follows:

Financial assets - other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments. Cash at bank is classified as a basic financial instrument and is measured at amortised cost.

Financial liabilities - loans, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

### **4. Operating profit**

Operating profit or loss is stated after charging/crediting:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Foreign exchange differences	<b><u>276,796</u></b>	<b><u>(1,459,508)</u></b>

### **5. Auditor's remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Fees payable for the audit of the financial statements	<b><u>8,100</u></b>	<b><u>8,100</u></b>
Fees payable to the company's auditor and its associates for other services:		
Taxation compliance services	<b><u>1,620</u></b>	<b><u>1,620</u></b>

# Euro E-Land Company Plc

## Notes to the Financial Statements *(continued)*

**Year ended 31 December 2021**

**6. Other interest receivable and similar income**

	2021	2020
	£	£
Interest on loans and receivables	<u>1,113,506</u>	<u>756,510</u>

**7. Amounts written back to investments**

	2021	2020
	£	£
Impairment of fixed asset investments	<u>—</u>	<u>10,913,809</u>

**8. Interest payable and similar expenses**

	2021	2020
	£	£
Interest due to group undertakings	<u>4,397,155</u>	<u>4,228,331</u>

**9. Tax on loss**

**Reconciliation of tax income**

The tax assessed on the loss on ordinary activities for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%).

	2021	2020
	£	£
Loss on ordinary activities before taxation	<u>(3,580,026)</u>	<u>(12,942,056)</u>
Loss on ordinary activities by rate of tax	<u>(680,205)</u>	<u>(2,458,991)</u>
Effect of expenses not deductible for tax purposes	1,874	1,181
Unused tax losses	678,331	384,186
Effect of impairment of investment not deductible for tax purposes	—	2,073,624
Tax on loss	<u>—</u>	<u>—</u>

As at the balance sheet date the company had an unprovided deferred tax asset of £7.3m (2020 - £5.7m) as a result of tax losses carried forward. The deferred tax rate changed in the year from 19% to 25% which equates to the significant increase in the deferred tax asset.

# Euro E-Land Company Plc

## Notes to the Financial Statements *(continued)*

**Year ended 31 December 2021**

### 10. Investments

	Shares in group undertakings £
<b>Cost</b>	
At 1 January 2021 and 31 December 2021	<u>154,191,734</u>
<b>Impairment</b>	
At 1 January 2021 and 31 December 2021	<u>150,406,308</u>
<b>Carrying amount</b>	
At 31 December 2021	<u>3,785,426</u>
At 31 December 2020	<u>3,785,426</u>

+ Held directly by Euro E-Land Company Plc.

#### **Subsidiaries, associates and other investments**

Subsidiary undertakings	Registered office	Class of share	Percentage of shares held
Gloverall Plc +	Baron Avenue, Earls Barton, Northampton, NN6 9JE, England	Ordinary	100
Lochcarron John Buchan Limited +	Waverly Mill, Rogers Road, Selkirk, TD7 5DX, Scotland	Ordinary	100
E.Land Italy SRL +	Via Tortona 27, Milano, 20144, Italy	Ordinary	100
Lario 1898 Srl	Via Tortona 27, Milano, 20144, Italy	Ordinary	100
Mandarina Duck SPA	Via Tortona 27, Milano, 20144, Italy	Ordinary	100
Mandarina Duck Espana S.A.	Rambla Cataluna 23, 8007 Barcelona, Spain	Ordinary	100
Lochcarron of Scotland Inc.	1618 White Mountain Highway, North Conway, New Hampshire, 03860 USA	Ordinary	100
Plastiweb USA	488 Madison Avenue, New York	Ordinary	100
Mandarina Duck GmbH	Alexander Stasse 25, Dusseldorf, 40210, Germany	Ordinary	100

# Euro E-Land Company Plc

## Notes to the Financial Statements *(continued)*

**Year ended 31 December 2021**

### 10. Investments *(continued)*

	Registered office	Class of share	Percentage of shares held
	109 Boulevard		
	Beaumarchais, Paris, 75003,		
Mandarina Duck France Sarl	France	Ordinary	100
	Via Lega dei Carrettieri 6,		
Coccinelle SPA	Sala Baganza, Parma, 43038	Ordinary	100

### 11. Debtors

Debtors falling due within one year are as follows:

	2021	2020
	£	£
Amounts owed by group undertakings	26,045,607	20,862,777
Other debtors	45,175	47,719
	<u>26,090,782</u>	<u>20,910,496</u>

Debtors falling due after one year are as follows:

	2021	2020
	£	£
Amounts owed by group undertakings	<u>2,480,000</u>	<u>1,310,000</u>

### 12. Creditors: amounts falling due within one year

	2021	2020
	£	£
Amounts owed to group undertakings	122,048,685	111,997,117
Accruals and deferred income	9,000	9,000
	<u>122,057,685</u>	<u>112,006,117</u>

### 13. Called up share capital

**Issued, called up and fully paid**

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>68,123,669</u>	<u>68,123,669</u>	<u>68,123,669</u>	<u>68,123,669</u>

### 14. Reserves

Profit and loss account - this reserve records retained earnings and accumulated losses.

# **Euro E-Land Company Plc**

## **Notes to the Financial Statements *(continued)***

### **Year ended 31 December 2021**

#### **15. Contingencies**

The company had provided guarantee against loans of a group company totalling £nil (2020 - £3,475,601).

#### **16. Related party transactions**

The company has taken advantage of the exemption available under section 33 of FRS102 relating to the disclosure of related party transactions with other members of ELand World Limited Group.

#### **17. Controlling party**

The company is owned by E.Land International Limited, a company incorporated in China. The directors regard ELand World Limited, a company incorporated in the Republic of Korea, as the ultimate parent undertaking of Euro E-Land Company Plc. The group financial statements of this company are publicly available and can be obtained from the Company's registered office. The groups controlling party is Song Soo Park.

# **ELAND WORLD LIMITED and Subsidiaries**

**Consolidated Financial Statements**  
**December 31, 2021 and 2020**

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# **ELAND WORLD LIMITED and Subsidiaries**

## **Index**

**December 31, 2021 and 2020**

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**Independent Auditor's Report**  
(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of  
ELAND WORLD LIMITED

**Opinion**

We have audited the accompanying consolidated financial statements of ELAND WORLD LIMITED and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

**Basis for Opinion**

We conducted our audits in accordance with Korean Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Emphasis of Matter**

Without modifying our opinion, we draw attention to Note 3 to the consolidated financial statements of the Group. As discussed in Note 3 to the consolidated financial statements, the world including South Korea is facing uncertainty for severe economic conditions and prolonged situation due to the spread of Coronavirus disease 2019 ("COVID-19") during 2021. The ultimate effect of the recession on the financial position of the Group cannot presently be determined and, accordingly, no adjustments related to such uncertainties have been reflected in the accompanying consolidated financial statements.

**Other Matter**

Auditing standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to audit such consolidated financial statements may differ from those generally accepted and applied in other countries.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations.

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

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

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

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

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

We remain solely responsible for our audit opinion.

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

*Samuel PricewaterhouseCoopers*

Seoul, Korea

March 29, 2022

This report is effective as at March 29, 2022, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

**ELAND WORLD LIMITED and Subsidiaries**  
**Consolidated Statements of Financial Position**  
**December 31, 2021 and 2020**

<i>(in millions of Korean won)</i>	<b>Notes</b>	<b>2021</b>	<b>2020</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4, 5, 7, 8	W 738,299	W 753,738
Short-term financial instruments	4, 5, 7, 8, 35	148,352	116,125
Trade receivables	4, 7, 9, 10, 36	321,297	331,091
Receivables on construction contracts	4, 7, 9, 11	728	11,420
Other receivables	4, 7, 9, 11, 36	109,971	80,548
Other financial assets	4, 5, 7, 14, 15	114,334	46,569
Inventories	12	1,298,770	1,164,511
Current tax assets		8,628	2,097
Other current assets	13	95,714	81,418
		<u>2,836,093</u>	<u>2,587,517</u>
<b>Non-current assets held for sale</b>			
		<u>14,129</u>	<u>-</u>
<b>Non-current assets</b>			
Long-term financial instruments	4, 5, 7, 8, 35	38,102	9,342
Other receivables	4, 7, 9	242,443	264,694
Other financial assets	4, 5, 7, 14, 15	29,289	24,767
Investments in associates	16, 36	99,194	71,989
Property, plant and equipment	17, 35	5,789,643	5,043,206
Right-of-use assets	18	767,805	738,078
Intangible assets	19, 36	96,817	95,136
Investment property	18, 20, 35	109,037	111,490
Deferred tax assets	25	52,794	59,972
Other non-current assets	13	5,201	6,710
		<u>7,230,325</u>	<u>6,425,384</u>
<b>Total assets</b>		<u>W 10,080,547</u>	<u>W 9,012,901</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables	4, 7, 21, 36	W 303,899	W 269,334
Other payables	4, 7, 21, 36	543,326	498,498
Borrowings and bonds	4, 5, 7, 10, 22, 35	1,760,023	2,267,089
Current lease liabilities	4, 7, 18	194,337	168,769
Other financial liabilities	4, 5, 7	13	1,007
Current tax liabilities		56,735	17,336
Provisions		27,482	60,345
Other current liabilities	11, 23	114,844	128,455
		<u>3,000,659</u>	<u>3,410,833</u>
<b>Non-current liabilities</b>			
Other payables	4, 7, 21, 36	73,931	74,700
Borrowings and bonds	4, 5, 7, 10, 22, 35	2,177,893	1,649,528
Non-current lease liabilities	4, 7, 18	555,060	531,203
Net defined benefit liabilities	24	48,805	50,975
Deferred tax liabilities	25	443,563	231,213
Other financial liabilities	4, 5, 7	161	4,264
Provisions		15,071	20,183
Other non-current liabilities	23	81,670	91,265
		<u>3,396,154</u>	<u>2,653,331</u>
<b>Total liabilities</b>		<u>6,396,813</u>	<u>6,064,164</u>
<b>Equity</b>			
Share capital	26	28,284	28,284
Share premium		492,945	492,945
Retained earnings	27	582,805	544,763
Accumulated other comprehensive income	28	1,155,545	451,628
Other components of equity	28	732,567	734,607
<b>Equity attributable to owners of the Parent Company</b>		<u>2,992,146</u>	<u>2,252,227</u>
<b>Non-controlling interest</b>		<u>691,588</u>	<u>696,510</u>
<b>Total equity</b>		<u>3,683,734</u>	<u>2,948,737</u>
<b>Total liabilities and equity</b>		<u>W 10,080,547</u>	<u>W 9,012,901</u>

The above consolidated statements of financial position should be read in conjunction with the accompanying notes.

**ELAND WORLD LIMITED and Subsidiaries**  
**Consolidated Statements of Profit or Loss**  
**Years Ended December 31, 2021 and 2020**

<i>(in millions of Korean won)</i>	<b>Notes</b>	<b>2021</b>	<b>2020</b>
<b>Revenue</b>	6,11,36 W	4,860,426 W	4,631,476
<b>Cost of sales</b>	11,31,36	2,719,429	2,728,034
<b>Gross profit</b>		2,140,997	1,903,442
Selling and administrative expenses	29,31	2,029,041	2,008,576
<b>Operating profit (loss)</b>	6	111,956	(105,134)
Other income	7,30	356,577	61,820
Other expenses	7,30	108,960	193,837
Finance income	6,7,32,36	88,474	102,454
Finance expense	6,7,32	271,710	314,002
Share of net profit (loss) of associates	16	(13,580)	(7,854)
Profit (loss) before income tax		162,757	(456,553)
Income tax expense (benefit)	25	98,586	(88,907)
<b>Profit (loss) for the year</b>	W	64,171 W	(367,646)
<b>Profit (loss) is attributable to:</b>			
Owners of the Parent Company	W	27,888 W	(392,756)
Non-controlling interests		36,283	25,110

The above consolidated statements of profit or loss should be read in conjunction with the accompanying notes.

**ELAND WORLD LIMITED and Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
**Years Ended December 31, 2021 and 2020**

<i>(in millions of Korean won)</i>	<b>Notes</b>	<b>2021</b>	<b>2020</b>
<b>Profit (loss) for the year</b>		<u>₩ 64,171</u>	<u>₩ (367,646)</u>
<b>Other comprehensive income (loss)</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of net defined benefit liabilities	24	684	850
Share of other comprehensive income of associates	16	(73)	66
Revaluation of land	17,28	674,112	(893)
Gain on valuation of financial assets at fair value through other comprehensive income	28	81	2,864
<i>Items that may be subsequently reclassified to profit or loss</i>			
Share of other comprehensive income of associates	16,28	830	(27)
Exchange differences	28	95,545	(18,696)
<b>Other comprehensive income (loss) for the year, net of tax</b>		<u>771,179</u>	<u>(15,836)</u>
<b>Total comprehensive income (loss) for the year</b>		<u>₩ 835,350</u>	<u>₩ (383,482)</u>
<b>Total comprehensive income (loss) for the year is attributable to:</b>			
Owners of the Parent Company	W	741,959	(405,368)
Non-controlling interest		93,391	21,886

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

**ELAND WORLD LIMITED and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**Years Ended December 31, 2021 and 2020**

(in millions of Korean won)

	Attributable to owners of the Parent Company								Non-controlling interest	Total equity
	Share capital	Share premium	Retained earnings	Accumulated other comprehensive income	Other components of equity	Total				
<b>Balance at January 1, 2020</b>	₩ 28,284	₩ 492,945	₩ 952,923	₩ 448,836	₩ 757,128	₩ 2,590,116	₩ 782,796	₩	3,472,902	
<b>Comprehensive Income :</b>										
Profit (loss) for the year	-	-	(392,756)	-	-	(392,756)	25,110	-	(367,646)	
<b>Other comprehensive income</b>										
Gain on valuation of financial assets at fair value through other comprehensive income	-	-	-	2,858	-	2,858	6	-	2,864	
Share of other comprehensive income of associates	-	-	65	(27)	-	39	-	-	39	
Remeasurements of net defined benefit liabilities	-	-	607	-	-	607	243	-	850	
Revaluation of land	-	-	-	(868)	-	(868)	(25)	-	(893)	
Exchange differences	-	-	-	(15,248)	-	(15,248)	(3,448)	-	(18,696)	
<b>Disposal of revalued land, etc.</b>	-	-	10,624	(10,624)	-	-	-	-	-	
<b>Disposal of financial assets at fair value through other comprehensive income</b>	-	-	(26,701)	26,701	-	-	-	-	-	
<b>Transactions with owners :</b>										
Acquisition of subsidiaries	-	-	-	-	-	-	10	-	10	
Change in ownership interest over subsidiaries	-	-	-	-	(32,521)	(32,521)	(73,305)	-	(105,826)	
Dividends paid	-	-	-	-	-	-	(34,867)	-	(34,867)	
<b>Balance at December 31, 2020</b>	₩ 28,284	₩ 492,945	₩ 544,763	₩ 451,628	₩ 734,607	₩ 2,252,227	₩ 696,510	₩	2,948,737	

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.



**ELAND WORLD LIMITED and Subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**Years Ended December 31, 2021 and 2020**

(in millions of Korean won)

	Attributable to owners of the Parent Company										Non-controlling interest	Total equity
	Share capital	Share premium	Retained earnings	Accumulated other comprehensive income	Other components of equity	Total						
Balance at January 1, 2021	₩ 28,284	₩ 492,945	₩ 544,763	₩ 451,628	₩ 734,607	₩ 2,252,227	₩ 898,510	₩ 2,948,737				
Comprehensive income	-	-	27,888	-	-	27,888	36,283	64,171				
Profit for the year	-	-	-	-	-	-	-	-				
Other comprehensive income	-	-	-	-	-	-	-	-				
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	-	-	-	83	-	83	(2)	81				
Share of other comprehensive income of associates	-	-	(73)	830	-	757	-	757				
Remeasurements of net defined benefit liabilities	-	-	553	-	-	553	131	684				
Revaluation of land	-	-	-	624,257	-	624,257	49,855	674,112				
Exchange differences	-	-	-	88,421	-	88,421	7,124	95,545				
Disposal of revalued land, etc.	-	-	9,590	(9,590)	-	-	-	-				
Disposal of financial assets at fair value through other comprehensive income	-	-	84	(84)	-	-	-	-				
Transactions with owners	-	-	-	-	-	-	-	-				
Acquisition of subsidiaries	-	-	-	-	-	-	(27,183)	(27,183)				
Change in ownership interest over subsidiaries	-	-	-	-	(2,040)	(2,040)	(41,368)	(43,408)				
Dividends paid	-	-	-	-	-	-	(29,732)	(29,732)				
Balance at December 31, 2021	₩ 28,284	₩ 492,945	₩ 582,805	₩ 1,155,545	₩ 732,567	₩ 2,992,146	₩ 681,588	₩ 3,683,734				

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes

**ELAND WORLD LIMITED and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2021 and 2020**

(in millions of Korean won)

	Notes	2021	2020
<b>Cash flows from operating activities</b>			
Cash generated from operations	33	₩ 358,022	₩ 310,435
Interest received		10,071	22,302
Interest paid		(170,724)	(198,141)
Dividends received		483	344
Income taxes paid		(45,094)	(103,360)
<b>Net cash inflow from operating activities</b>		<b>152,758</b>	<b>31,580</b>
<b>Cash flows from investing activities</b>			
Net decrease (increase) in short-term financial instruments		(27,679)	164,600
Decrease in long-term financial instruments		2,877	4,115
Increase in long-term financial instruments		(12,086)	(6,036)
Disposal of other financial assets		241,967	174,441
Acquisition of other financial assets		(303,362)	(224,579)
Repayment of loans		2,357	4,085
Loans granted		(2,289)	(1,654)
Disposal of associates	16	28,540	-
Acquisition of associates	16	(47,500)	(17,695)
Disposal of subsidiaries		230,992	347
Disposal of property, plant and equipment	17	89,701	20,593
Acquisition of property, plant and equipment	17	(300,398)	(191,877)
Acquisition of right-of-use assets	18	(7,395)	(1,182)
Disposal of investment property	20	53,008	24,717
Acquisition of investment property	20	(11,408)	(640)
Disposal of intangible assets	19	1,244	134
Acquisition of intangible assets	19	(8,182)	(3,149)
Decrease in long-term other receivables		138,773	52,156
Increase in long-term other receivables		(100,390)	(27,712)
Cash inflow from other investing activities, net		3,560	23,370
<b>Net cash outflow from investing activities</b>		<b>(27,670)</b>	<b>(5,966)</b>
<b>Cash flows from financing activities</b>			
Net increase(decrease) in short-term borrowings and bonds	22	(77,207)	2,546
Repayment of current portion of long-term borrowings	22	(1,159,005)	(428,761)
Repayment of current portion of bonds	22	(76,000)	(68,300)
Proceeds from long-term borrowings	22	1,499,102	700,864
Repayment of long-term borrowings	22	(436,537)	(74,222)
Proceeds from bonds	22	363,379	219,293
Repayments of bonds	22	(51,500)	-
Repayments of lease liabilities		(168,713)	(174,726)
Increase in other payables		15,228	-
Decrease in other payables		(14,504)	-
Dividends paid		(33,199)	(37,366)
Proceeds from disposal of subsidiaries		168,405	-
Additional acquisition of subsidiaries		(97,790)	(105,909)
Cash inflow from transactions with non-controlling interest		-	10
Cash outflow from transactions with non-controlling interest		(110,000)	-
<b>Net cash inflow (outflow) from financing activities</b>		<b>(178,341)</b>	<b>33,429</b>
<b>Net increase(decrease) in cash and cash equivalents</b>		<b>(53,253)</b>	<b>59,043</b>
Cash and cash equivalents at the beginning of the year		753,738	701,414
Effects of exchange rate changes on cash and cash equivalents		37,814	(6,719)
<b>Cash and cash equivalents at the end of the year</b>		<b>₩ 738,299</b>	<b>₩ 753,738</b>

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

**ELAND WORLD LIMITED and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021 and 2020**

**1. General Information**

ELAND WORLD LIMITED (the "Company") and its subsidiaries (collectively referred to as the "Group") are engaged in manufacturing, wholesale and retail of clothing and fashion accessories ("fashion business"), distribution business such as operating department and discount stores ("distribution business"), tour, leisure, condominium and construction ("future business") and real estate and rental business ("other businesses"). The Group operates its fashion business mainly in Korea and China, and its distribution, future and other businesses mainly in Korea.

Details of the Company's subsidiaries as at December 31, 2021 and 2020, are as follows:

Name of subsidiary	Industry	Percentage of ownership (%)		Location	Closing month
		2021	2020		
Domestic :					
E.Land Retail Limited	Department/Discount store	100.0	97.2	Korea	December
E.Land Park Ltd.	Comprehensive tourism	99.9	99.9	Korea	December
E-World Co., Ltd.	Management of amusement and theme park	70.6	47.5	Korea	December
E.Land Construction, Inc.	Construction	100.0	100.0	Korea	December
ELAND INNOBLE Co., Ltd. (formerly, E.Land Systems Ltd.)	Information system consulting	100.0	100.0	Korea	December
Wine Castle Limited	Sale and import of wine	100.0	100.0	Korea	December
Matnuri	Industrial farming and distribution	90.0	90.0	Korea	December
E-land Theme Park Jeju Inc.	Real estate development	96.9	96.9	Korea	December
E Cruise Co., Ltd. (formerly, E.Land Cruise Co., Ltd.)	Inland water transportation	79.1	79.1	Korea	December
KENSINGTON WORLD CO., LTD.	General tourism	100.0	100.0	Korea	December
Eland Gong Deok Co., Ltd.	Real estate development	95.0	95.0	Korea	December
Lead Ltd.	Advertising and insurance agent	100.0	100.0	Korea	December
Leadon Ltd.	Human resources development consulting	100.0	100.0	Korea	December
E.NEST Co., Ltd.	Building maintenance/service	100.0	100.0	Korea	December
Olivestudio Co., Ltd.	Production/distribution of animation	-	98.2	Korea	December
Global Sport Inc. <sup>1</sup>	Garments manufacturing/seller	100.0	100.0	Korea	December
E.Land China Fashion Design Ltd.	Garments design	100.0	100.0	Korea	December
E.Land Wish Design Ltd.	Garments design	100.0	100.0	Korea	December
YEJI SILUP Co., Ltd.	Management of ski resort	-	98.8	Korea	December
E.Land Sports Limited	Management of sports club	100.0	100.0	Korea	December
Korea Investment Retail <sup>2</sup>	SPC	11.2	100.0	Korea	December
E-LAND Global HRD Center	Educational Services	100.0	100.0	Korea	December
EnC World	Garments manufacturing/seller	100.0	100.0	Korea	December
ELAND EATS CO., LIMITED	Sale of food and beverage	100.0	100.0	Korea	December
EKIDSLAND CO., LIMITED	Indoor amusement facility	100.0	100.0	Korea	December
KENSINGTON PYEONGCHANG (formerly, Kensingtonkorea Ltd.)	Real estates	100.0	100.0	Korea	December

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Eland Investment Management Co., Ltd.	Management consulting	100.0	100.0	Korea	December
E.Land Service Co., Ltd.	Building maintenance/service	100.0	100.0	Korea	December
KENSINGTON FARM	Industrial farming and distribution	90.0	90.0	Korea	December
ELAND VENTURES LIMITED	Management consulting	100.0	-	Korea	December
E KOCREF CR-REIT	SPC	56.8	75.0	Korea	December
PAMCO Logistics REIT 3 <sup>2</sup>	SPC	28.2	28.2	Korea	December
PAMCO Logistics REIT 5	SPC	-	29.9	Korea	December
KAIT CR REITS 4 <sup>2</sup>	SPC	28.6	28.6	Korea	December
KB WISE REITS 6	SPC	100.0	100.0	Korea	December
Newcore Gangnam Corporate Restructuring Real Estate Investment Trust <sup>2</sup>	SPC	26.0	26.0	Korea	December
ES No.1 Limited Company <sup>2</sup>	SPC	10.0	10.0	Korea	December
IGIS Neovalue General Investment Type Private Placement Real Estate Fund No.2 (formerly, IGIS Professional Investment Type Private Placement Real Estate Fund No.1) <sup>2</sup>	SPC	3.0	3.0	Korea	December
E-NEW-STAY No1. CO <sup>2</sup>	SPC	0.0	0.0	Korea	December
E-NEW-STAY No2. CO <sup>2</sup>	SPC	0.0	0.0	Korea	December
JR Qualified Investors Private Placement Real Estate Fund Investment Trust No.7 <sup>2</sup>	SPC	0.0	0.0	Korea	December
KORAMCO Professional Investors' Private Real Estate Investment Trust No.105	SPC	100.0	100.0	Korea	December
ELAND Asset Development (formerly, E-Asset Leisure Development Co., Ltd.)	Real estate investment	100.0	100.0	Korea	December
ERS 1st Co., Ltd.	SPC	-	0.0	Korea	December
ERS 2nd Co., Ltd.	SPC	-	0.0	Korea	December
ERS 3rd Co., Ltd.	SPC	-	0.0	Korea	December
ERS 4th Co., Ltd.	SPC	-	0.0	Korea	December
ERS 5th Co., Ltd.	SPC	-	0.0	Korea	December
EBG the 1st Co., Ltd. <sup>2</sup>	SPC	0.0	0.0	Korea	December
EBG the 2nd Co., Ltd. <sup>2</sup>	SPC	0.0	0.0	Korea	December
EBG the 3rd Co., Ltd. <sup>2</sup>	SPC	0.0	0.0	Korea	December
EBG the 5th Co., Ltd. <sup>2</sup>	SPC	0.0	-	Korea	December
EBG Royal the 9th Co., Ltd. <sup>2</sup>	SPC	0.0	-	Korea	December
ERS the 6th Co., Ltd. <sup>2</sup>	SPC	0.0	0.0	Korea	December
ERS the 7th Co., Ltd. <sup>2</sup>	SPC	0.0	0.0	Korea	December

<sup>1</sup> As at December 31, 2021, Global Sport Inc. is under process of liquidation.

<sup>2</sup> As at December 31, 2021, the Group owns less than 50% of equity of Korea Investment Retail, PAMCO Logistics REIT 3, KAIT CR REITS 4, Newcore Gangnam Corporate Restructuring Real Estate Investment Trust, ES No.1 Limited Company, IGIS Neovalue General Investment Type Private Placement Real Estate Fund No.2 (formerly, IGIS Professional Investment Type Private Placement Real Estate Fund No.1), E-NEW-STAY No1. CO, E-NEW-STAY No2. CO, JR Qualified Investors Private Placement Real Estate Fund Investment Trust No.7, EBG the 1st Co., Ltd. and 6 others but as the special purpose companies proceed activities in

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accordance with the needs from certain business of the Group and as the Group receives more than half of beneficial profits from the operation of these special purpose companies, the Group is considered to have control over these companies.

Name of subsidiary	Industry	Percentage of ownership (%)		Location	Closing month
		2021	2020		
China :					
E.Land Fashion Shanghai	Garments manufacturing/seller	100.0	100.0	China	December
Eland (Shanghai) World Tour International	Tourism	100.0	100.0	China	December
Guilin E.Land Hotel	Hotel	90.0	90.0	China	December
Shanghai E.land Industrial Co., Ltd.	Garments seller	100.0	100.0	China	December
Beijing E.Land Bright Trading	Garments seller	100.0	100.0	China	December
Shenzhen E.Land Trading	Garments seller	100.0	100.0	China	December
Xi An E.Land Trading	Garments seller	100.0	100.0	China	December
Chengdu E.Land Trading	Garments seller	100.0	100.0	China	December
E.Land Fashion Hong Kong	Holding company	100.0	100.0	China	December
E.Land International Fashion Shanghai	Garments manufacturing/seller	100.0	100.0	China	December
Wish Trading Shanghai	Garments manufacturing/seller	100.0	100.0	China	December
Deco Fashion Shanghai	Garments manufacturing/seller	100.0	100.0	China	December
E.land (China) Investment Co., Ltd.	Investment company	100.0	100.0	China	December
Shanghai Ding zhi Trademark Agency Co., LTD.	Intellectual property management system	100.0	100.0	China	December
NEWCORE RETAIL HONG KONG LIMITED	Holding company	100.0	100.0	China	December
Newcore Retail Industrial (Shanghai) Co., Ltd.	Retail	100.0	100.0	China	December
Shanghai Shangxun Business Consulting	Garments seller	100.0	100.0	China	December
Shenzhen E.Land International Trading	Garments seller	100.0	100.0	China	December
Beijing E.Land International Bright Trading	Garments seller	100.0	100.0	China	December
Chengdu E.Land International Trading	Garments seller	100.0	100.0	China	December
Xi An E.Land International Trading	Garments seller	100.0	100.0	China	December
Shanghai E.Land Industrial Investment	Garments seller	100.0	100.0	China	December
E.Land International	Holding company	100.0	100.0	China	December
E.Land Investment Management	Management outsourcing services	100.0	100.0	China	December
E-Land Food and Beverage Management	Sale of food and Beverage	100.0	100.0	China	December
E-Land Accessories Trading(Shanghai)	General merchandise wholeseller and import/export	100.0	100.0	China	December
Wish Hong Kong	Holding company	100.0	100.0	China	December
Wish Fashion Shanghai	Garments manufacturing/seller	100.0	100.0	China	December
Shanghai E.Land Tour Industrial Investment Co.. Ltd.	Investment company	-	100.0	China	December

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Parkson Newcore Retail Shanghai Co., Ltd.	Department/Discount store	51.0	51.0	China	December
Eland International (Shanghai) Trading Co., Ltd.	SPC	100.0	100.0	China	December
Shanghai Yulian Construction	Construction	100.0	100.0	China	December
Chengdu Eland Retail Co., Ltd.	Department/Discount store	100.0	100.0	China	December
Nanchang Parkson newcore Co., Ltd.	Department/Discount store	100.0	100.0	China	December

Name of subsidiary	Industry	Percentage of ownership (%)		Location	Closing month
		2021	2020		
Others :					
E-Land Asia Holdings	Holding company	100.0	100.0	Singapore	December
E-Land Vietnam	Garments manufacturing/seller	100.0	100.0	Vietnam	December
E-Land Fashion India	Garments manufacturing/seller	100.0	100.0	India	December
Jewoo Manufacturing	Garments manufacturing	100.0	100.0	Myanmar	December
E-Land Fashion China Holdings	Holding company	100.0	100.0	Cayman Islands	December
E-Land Apparel	Weaving, textile and clothing manufacturing	65.8	65.8	India	December
SY Vina Joint Stock Company	Weaving, textile and clothing manufacturing	100.0	100.0	Vietnam	December
Elphis Lanka	Garments manufacturing/seller	100.0	100.0	Sri Lanka	December
Savimex Corporation	Furniture manufacturing	61.8	61.6	Vietnam	December
E-Land Systems India Pte. Ltd.	Information system consulting	100.0	100.0	India	December
Belfe S.A	Rent of trademarks and license	-	100.0	Luxembourg	December
E-Land USA <sup>1</sup>	Garments seller	100.0	100.0	USA	December
EL International(USA), Inc.	Garments seller	100.0	100.0	USA	December
EL International West Inc.	Garments seller	100.0	100.0	USA	December
WHO.A.U. Holdings	Garments seller	100.0	100.0	USA	December
Micronesia Resort, Inc.	Condominium	99.6	99.6	Saipan	December
Suwaso Corporation	Golf resort	100.0	100.0	Saipan	December
InterPacific Resorts (Saipan) Corp.	Resort condominium	100.0	100.0	Saipan	December
Consultant international	Resort condominium	100.0	100.0	Saipan	December
Marianas Staffing Solutions, Incorporated	Labor supply/ maintenance	100.0	-	Saipan	December
Euro E-Land Company PLC	Holding company	100.0	100.0	U.K.	December
Gloverall PLC	Sale of garments	100.0	100.0	U.K.	December
Lochcarron John Buchan Ltd.	Garments manufacturing/seller	100.0	100.0	U.K.	December
Lochcarron of Scotland Inc.	Garments seller	100.0	100.0	USA	December
Mandarina Duck	General merchandise manufacturing/seller	100.0	100.0	Italy	December
Mandarina Duck Espana S.A.	General merchandise seller	100.0	100.0	Spain	December
Mandarina Duck France SARL	General merchandise seller	100.0	100.0	France	December
Mandarina Duck GMBH	General merchandise seller	100.0	100.0	Germany	December
Plastiweb US INC.	General merchandise seller	100.0	100.0	USA	December
LARIO1898, S.p.A.	General merchandise manufacturing/seller	100.0	100.0	Italy	December

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LARIO France <sup>2</sup>	General merchandise seller	100.0	100.0	France	December
Eland Italy S.r.l.	Holding company	100.0	100.0	Italy	December
COCCINELLE S.p.A.	General merchandise manufacturing/seller	100.0	100.0	Italy	December
E-Land USA Holdings Inc.	Holding company	100.0	100.0	USA	December
OTZ Shoes Inc.	Garments manufacturing/seller	100.0	100.0	USA	December
Mandarina Duck Operation US LLC	General merchandise seller	100.0	100.0	USA	December
Thanh Cong Textile Garment Investment Trading Joint Stock Company <sup>3</sup>	Garments manufacturing	43.3	43.3	Vietnam	December
Thanh Cong Medical Center JSC Clinic	Medical Service	70.9	70.9	Vietnam	December
TC Tower Company	Real estate development	100.0	100.0	Vietnam	December
Korel Co., Ltd.	Export and import agent	100.0	100.0	Bangladesh	December
Eland Engineering & Construction Vietnam Company Limited	Construction	100.0	100.0	Vietnam	December
Mariana Eland Corporation	Resort condominium	100.0	100.0	Saipan	December
TC COMMERCE COMPANY LIMITED	E-commerce retail brokerage	100.0	-	Vietnam	December

<sup>1</sup> E-Land USA went out of business prior to 2009.

<sup>2</sup> LARIO France is dormant corporation.

<sup>3</sup> Although the Group owns less than 50% of the voting rights of Thanh Cong Textile Garment Investment Trading Joint Stock Company, the Group is considered to have control over Thanh Cong Textile Garment Investment Trading Joint Stock Company as the Group has a right to appoint or dismiss the majority of its Board of Directors by virtue of an agreement with other investors.

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Summarized financial information of material consolidated subsidiaries as at and for the years ended December 31, 2021 and 2020, are as follows:

(in millions of Korean won)

	2021					
	Asset	Liability	Equity	Sales	Profit (loss) for the year	Total comprehensive income (loss)
E.Land Retail Limited	₩ 4,239,663	₩ 2,551,751	₩ 1,687,912	₩ 1,724,895	₩ 1,910	₩ 224,744
E.Land Park Ltd.	792,460	731,110	61,350	89,361	(73,731)	(39,877)
E-World Co., Ltd.	433,175	194,324	238,851	125,778	(13,811)	(4,748)
E.Land Construction, Inc.	290,309	134,403	155,906	214,414	22,932	22,954
Micronesia Resort, Inc.	146,567	19,872	126,695	8,998	(4,773)	6,479
Korea Investment Retail	365,525	185,282	180,243	21,171	14,425	14,425
E KOCREF CR-REIT	442,601	289,094	153,507	28,622	22,052	18,260
PAMCO Logistics REIT 3	101,334	94,471	6,863	9,655	3,749	3,749
KB WISE REITS 6	238,211	162,083	76,128	13,650	5,230	5,230
Newcore Gangnam Corporate Restructuring Real Estate	404,496	237,523	166,973	13,338	3,967	3,967
IGIS Neovalue General Investment Type Private Placement Real Estate Fund No.2 (formerly, IGIS Professional Investment Type Private Placement Real Estate Fund No.1)	326,508	180,675	145,833	17,974	3,191	3,191
JR Qualified Investors Private Placement Real Estate Fund Investment Trust No.7	103,549	68,446	35,103	6,028	4,359	4,359
E-land Theme Park Jeju Inc.	146,329	66,059	80,270	-	(4,818)	25,244
E.Land Fashion Shanghai <sup>1</sup>	570,867	278,920	291,947	464,857	133,406	155,785
E.Land Fashion Hong Kong	214,319	46,990	167,329	4,916	(8,380)	4,867
E.Land International Fashion Shanghai	633,986	239,528	394,458	416,039	5,584	46,127
E.Land (China) Investment Co., Ltd.	281,625	40,809	240,816	13,290	777	25,684
Newcore Retail Industrial (Shanghai) Co., Ltd. <sup>1</sup>	162,864	165,900	(3,036)	51,825	4,730	4,136
Wish Fashion Shanghai	225,644	126,264	99,380	260,961	9,868	22,402
E-Land Asia Holdings	276,106	71,296	204,810	16,893	40,508	55,355
Thanh Cong Textile Garment Investment Trading Joint Stock Company <sup>1</sup>	188,348	96,061	92,287	176,417	5,086	13,672
COCCINELLE S.p.A.	115,851	100,773	15,078	91,951	(1,624)	4,493
E-Land USA Holdings Inc.	114,926	1	114,925	-	684	10,102

<sup>1</sup> Consolidated financial information including its subsidiaries.



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(in millions of Korean won)

	2020					
	Asset	Liability	Equity	Sales	Profit (loss) for the year	Total comprehensive income (loss)
E.Land Retail Limited	₩ 4,072,850	₩ 2,609,682	₩ 1,463,168	₩ 1,756,484	₩ (169,775)	₩ (175,999)
E.Land Park Ltd.	589,209	421,821	167,388	75,607	(152,068)	(151,711)
E-World Co., Ltd.	447,854	85,229	362,625	131,484	(15,416)	(12,396)
E.Land Construction, Inc.	203,221	70,269	132,952	132,506	1,449	1,458
Micronesia Resort, Inc.	132,283	3,468	128,815	8,204	(6,520)	(14,930)
YEJI SILUP Co., Ltd.	145,157	189,534	(44,377)	8,391	(28,780)	(28,758)
Korea Investment Retail	363,912	185,504	178,408	20,681	13,682	13,682
E KOCREF CR-REIT	450,162	296,251	153,911	28,500	19,780	19,780
PAMCO Logistics REIT 3	95,751	94,480	1,271	9,560	3,654	3,654
KB WISE REITS 6	240,348	162,140	78,208	13,533	4,249	4,249
Newcore Gangnam Corporate Restructuring Real Estate	404,123	236,250	167,873	13,338	3,344	3,344
PAMCO Logistics REIT 5	87,522	57,480	30,042	4,421	86	86
IGIS Neovalue General Investment Type Private Placement Real Estate Fund No.2 (formerly, IGIS Professional Investment Type Private Placement Real Estate Fund No.1)	325,544	179,807	145,737	17,541	2,269	2,269
JR Qualified Investors Private Placement Real Estate Fund Investment Trust No.7	143,954	94,947	49,007	6,169	3,340	3,340
E-land Theme Park Jeju Inc.	95,272	40,245	55,027	-	(3,239)	(3,243)
ELAND EATS CO., LIMITED	116,823	79,942	36,881	232,011	(67,069)	(66,413)
E.Land Fashion Shanghai <sup>1</sup>	499,268	363,105	136,163	456,956	(11,922)	(10,569)
E.Land Fashion Hong Kong	211,011	48,549	162,462	8,260	(183)	(9,798)
E.Land International Fashion Shanghai	546,550	198,220	348,330	405,752	7,057	9,390
E.land (China) Investment Co., Ltd.	252,381	37,250	215,131	11,470	144	1,711
Newcore Retail Industrial (Shanghai) Co., Ltd. <sup>1</sup>	159,097	166,269	(7,172)	23,469	(2,921)	(3,409)
Wish Fashion Shanghai	231,101	111,235	119,866	226,762	11,488	12,019
E-Land Asia Holdings	254,373	104,919	149,454	27,224	(32,441)	(41,418)
Thanh Cong Textile Garment Investment Trading Joint Stock Company <sup>1</sup>	139,290	59,177	80,113	176,262	13,472	8,432
COCCINELLE S.p.A.	128,039	111,400	16,639	78,521	(14,638)	(13,602)
E-Land USA Holdings Inc.	105,518	695	104,823	-	11	(6,714)

<sup>1</sup> Consolidated financial information including its subsidiaries.

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Details of subsidiaries newly included in the consolidation for the year ended December 31, 2021, are as follows:

Location	Name of subsidiary	Reason
Domestic	ELAND VENTURES LIMITED	Newly established
	EBG the 5th Co., Ltd.	Gain of control
	EBG Royal the 9th Co., Ltd.	Gain of control
Others	TC COMMERCE COMPANY LIMITED	Newly established
	Marianas Staffing Solutions, Incorporated	Newly established

Details of subsidiaries excluded from the consolidation for the year ended December 31, 2021, are as follows:

Location	Name of subsidiary	Reason
Domestic	Olivestudio Co., Ltd.	Merged
	PAMCO Logistics REIT 5	Control ceased
	ERS the 1st Co., Ltd.	Repayment
	ERS the 2nd Co., Ltd.	Repayment
	ERS the 3rd Co., Ltd.	Repayment
	ERS the 4th Co., Ltd.	Repayment
	ERS the 5th Co., Ltd.	Repayment
	YEJI SILUP Co., Ltd.	Merged
China	Shanghai E.Land Tour Industrial Investment Co., Ltd.	Disposal
Others	Belfe S.A.	Liquidated

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**2. Significant Accounting Policies**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**2.1 Basis of Preparation**

The Group maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS). The accompanying consolidated financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Group's financial position, financial performance or cash flows, is not presented in the accompanying consolidated financial statements.

The consolidated financial statements of the Group have been prepared in accordance with Korean IFRS. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board (IASB) that have been adopted by the Republic of Korea.

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment and investment property – measured at fair value
- assets held for sale – measured at fair value less costs to sell, and
- defined benefit pension plans – plan assets measured at fair value.

The preparation of financial statements requires the use of critical accounting estimates. Management also needs to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

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**2.2 Changes in Accounting Policies and Disclosures**

**(1) New and amended standards adopted by the Group**

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2021.

*(a) Amendments to Korean IFRS 1109 Financial Instruments, Korean IFRS 1039 Financial Instruments: Recognition and Measurement, Korean IFRS 1107 Financial Instruments: Disclosure, Korean IFRS 1104 Insurance Contracts and Korean IFRS 1116 Leases – Interest Rate Benchmark Reform (Phase 2 amendments)*

In relation to interest rate benchmark reform, the amendments provide exceptions including adjust effective interest rate instead of book amounts when interest rate benchmark of financial instruments at amortized costs is replaced, and apply hedge accounting without discontinuance although the interest rate benchmark is replaced in hedging relationship. The amendment does not have a significant impact on the financial statements

*(b) Amendment to Korean IFRS 1116 Leases - Covid-19 - Related Rent Concessions beyond June 30, 2021*

The application of the practical expedient, a lessee may elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification, is extended to lease payments originally due on or before June 30, 2022. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying this Standard if the change were not a lease modification. The Group has early adopted this amendment and changed the accounting policy for all the rent concessions that meets the criteria. The Group describes the impact of this amendment on the financial statements in Note 18.

**(2) New standards and interpretations not yet adopted by the Group**

The following new accounting standards and interpretations have been published but are not mandatory for December 31, 2021 reporting period and have not been early adopted by the Group.

*(a) Amendments to Korean IFRS 1103 Business Combination – Reference to the Conceptual Framework*

The amendments update a reference of definition of assets and liabilities to be recognized in a business combination in revised Conceptual Framework for Financial Reporting. However, the amendments add an exception for the recognition of liabilities and contingent liabilities within the scope of Korea IFRS 1037 Provisions, Contingent Liabilities and Contingent Assets, and Korean IFRIC 2121 Levies. The amendments also clarify that contingent assets should not be recognized at the acquisition date. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

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*(b) Amendments to Korean IFRS 1016 Property, Plant and Equipment - Proceeds before intended use*

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognize the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Group is in review for the impact of these amendments on the financial statements.

*(c) Amendments to Korean IFRS 1037 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts : Cost of Fulfilling a Contract*

The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts when assessing whether the contract is onerous. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

*(d) Amendments to Korean IFRS 1001 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current*

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability includes the transfer of the entity's own equity instruments. However, it would be excluded if an option to settle them by the entity's own equity instruments in compound financial instruments is met the definition of equity instruments and recognized separately from the liability. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Group is in review for the impact of these amendments on the financial statements.

*(e) New Standard: Korean IFRS 1117 Insurance Contract*

Korean IFRS 1117 *Insurance Contracts* replaces Korean IFRS 1104 *Insurance Contracts*. This Standard estimates future cash flows of an insurance contract and measures insurance liabilities using discount rates applied with assumptions and risks at the measurement date. The entity recognizes insurance revenue on an accrual basis including services (insurance coverage) provided to the policyholder by each annual period. In addition, investment components (refunds due to termination/maturity) repaid to a policyholder even if an insured event does not occur, are excluded from insurance revenue, and insurance financial income or expense and the investment income or expense are presented separately to enable users of the information to understand the sources of income or expenses. This Standard should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted for entities that applied Korean IFRS 1109 Financial Instruments. The Group is in review for the impact of this new standard on the financial statements.

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*(f) Korean IFRS 1001 Presentation of Financial Statements - Disclosure of Accounting Policies*

The amendments to Korean IFRS 1001 define and require entities to disclose their material accounting policies. The IASB amended IFRS Practice Statement 2 *Disclosure of Accounting Policies* to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Group is in review for the impact of these amendments on the financial statements.

*(g) Korean IFRS 1008 Accounting policies, changes in accounting estimates and errors - Definition of Accounting Estimates*

The amendments define accounting estimates and clarify how to distinguish them from changes in accounting policies. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

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

The amendments include an additional condition to the exemption to initial recognition of an asset or liability that a transaction does not give rise to equal taxable and deductible temporary differences at the time of the transaction. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

*(i) Annual improvements to Korean IFRS 2018-2020*

Annual improvements of Korean IFRS 2018-2020 Cycle should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

- Korean IFRS 1101 *First time Adoption of Korean International Financial Reporting Standards* – Subsidiaries that are first-time adopters
- Korean IFRS 1109 *Financial Instruments* – Fees related to the 10% test for derecognition of financial liabilities
- Korean IFRS 1116 *Leases* – Lease incentives
- Korean IFRS 1041 *Agriculture* – Measuring fair value

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**2.3 Consolidation**

The Group has prepared the consolidated financial statements in accordance with Korean IFRS 1110 *Consolidated Financial Statements*.

**(1) Subsidiaries**

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred is measured at the fair values of the assets transferred, and identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. All other non-controlling interests are measured at fair values, unless otherwise required by other standards. Acquisition-related costs are expensed as incurred.

The Group applies the book amount method to account for business combinations of entities under a common control. Identifiable assets acquired and liabilities assumed in a business combination are measured at their book amounts on the consolidated financial statements of the Group. However, if the consolidated financial statements are not available, the Group applies the carrying amount of assets and liabilities accounted on acquiree's financial statements. In addition, the difference between the sum of consolidated book amounts of the assets and liabilities transferred and accumulated other comprehensive income; and the consideration paid is recognized as reserves.

The excess of consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in the profit or loss as a bargain purchase.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed when necessary to ensure consistency with the policies adopted by the Group.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. Change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interest to reflect their relative interest in the subsidiary. Any differences between the amount of the adjustment to non-controlling interest and any consideration paid or received are recognized in a separate reserve within equity attributable to owners of the Parent Company.

When the Group ceases to consolidate for a subsidiary because of a loss of control, any retained

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interest in the subsidiary is remeasured to its fair value with changes in carrying amount recognized in profit or loss.

**(2) Associates**

Associates are entities over which the Group has significant influence but not control or joint control, generally an investee that the Group owns 20% to 50% of the shares in which the Group has voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. If the Group's share of losses of an associate equals or exceeds its interest in the associate (including long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If there is an objective evidence of impairment for the investment in the associate, the Group recognizes the difference between the recoverable amount of the associate and its book amount as impairment loss. If an associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, if necessary, adjustments shall be made to make the associate's accounting policies conform to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

**(3) Joint arrangements**

A joint arrangement, wherein two or more parties have joint control, is classified as either a joint operation or a joint venture. A joint operator recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. Interests in joint ventures are accounted for using the equity method, after initially being recognized at cost in the consolidated statement of financial position.

**2.4 Foreign Currency Translation**

**(1) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the "functional currency"). The consolidated financial statements are presented in Korean won, which is the Parent Company's functional and presentation currency.

**(2) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in other comprehensive income if they relate to qualifying cash flow hedges and qualifying effective portion of net investment hedges, or are attributable to monetary part of the net investment in a foreign operation.



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Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss within 'other income or other expenses'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities held at fair value through other comprehensive income are recognized in other comprehensive income.

(3) Translation to the presentation currency

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period,
- income and expenses for each statement of profit or loss are translated at average exchange rates,
- equity is translated at the historical exchange rate, and
- all resulting exchange differences are recognized in other comprehensive income.

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**2.5 Financial Assets**

**(1) Classification**

The Group classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss,
- those to be measured at fair value through other comprehensive income, and
- those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Group reclassifies debt investments when, and only when its business model for managing those assets changes.

For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. Changes in fair value of non-designated equity investment are recognized in profit or loss.

**(2) Measurement**

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

**A. Debt instruments**

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into one of the following three measurement categories:

- **Amortized cost** : Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'finance income' using the effective interest rate method.
- **Fair value through other comprehensive income**: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other

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comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'finance income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'other income or expenses' and impairment losses are presented in 'other expenses'.

- **Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the statement of profit or loss within 'other income or expenses' in the year in which it arises.

**B. Equity instruments**

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments, which held for long-term investment or strategic purpose, in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividend income from such investments continue to be recognized in profit or loss as 'finance income' when the right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in 'other income and expenses' in the statement of profit or loss as applicable. Impairment loss (reversal of impairment loss) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

**(3) Impairment**

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and lease receivables, the Group applies the simplified approach, which requires expected lifetime credit losses to be recognized from initial recognition of the receivables.

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**(4) Recognition and derecognition**

Regular way purchases and sales of financial assets are recognized or derecognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

If a transfer does not result in derecognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The Group classified the financial liability as "borrowings and bonds" in the statement of financial position.

**(5) Offsetting of financial instruments**

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

**2.6 Derivative Instruments**

Derivatives are initially recognized at fair value on the date when a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss within 'other income (expenses)' or 'finance income (costs)' based on the nature of transactions.

**2.7 Trade Receivables**

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. Trade receivables are subsequently measured at amortized cost using the effective interest method, less loss allowance.

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**2.8 Inventories**

Inventories are stated at the lower of cost and net realizable value. The costs of inventories are determined using the average method and the First-In-First-Out (FIFO) method, except for materials-in-transit, completed commercial construction, incomplete commercial construction and land held for housing projects which are stated at actual cost determined using the specific identification method.

**2.9 Non-current Assets (or Disposal Group) Held-for-sale**

Non-current assets (or disposal group) are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. The assets are measured at the lower amount between their carrying amount and the fair value less costs to sell.

**2.10 Property, Plant and Equipment**

Land (except of those related to resort business) is shown at fair value based on valuations by external independent valuers. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Increases in the carrying amount arising on revaluation of land are credited to other comprehensive income and shown as other reserves in equity. Decreases that offset previous increases of the same asset are charged to other comprehensive income and debited against other reserves directly in equity; all other decreases are charged to the statement of profit or loss.

All other property, plant and equipment, except for land, are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation of all property, plant and equipment, except for land, is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

	<b>Estimated Useful Lives</b>
Buildings and fixtures	5 - 60 years
Tools and furniture	1 - 30 years
Leasehold improvements	1 - 40 years
Others	1 - 40 years

The assets' depreciation method, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is adjusted to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized as 'other income (expenses)' in the statement of profit or loss. When revalued assets are sold, the amounts included in revaluation reserves are reclassified to retained earnings.

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**2.11 Borrowing Costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Investment income earned on the temporary investment of specific borrowings on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

**2.12 Government Grants**

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants related to assets are presented in the statement of financial position either by deducting the grant in arriving at the carrying amount of the asset, and government grants related to income are deferred and later deducted from the related expense.

**2.13 Intangible Assets**

Goodwill is measured as explained in Note 2.3.(1) and carried at its cost less accumulated impairment losses. Intangible assets, except for goodwill and brands, are initially recognized at its historical cost and carried at its cost less accumulated amortization and accumulated impairment losses.

Goodwill, brands, and membership rights that have an indefinite useful life are not subject to amortization because there is no foreseeable limit to the period over which the assets are expected to be utilized. The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

	<b>Estimated Useful Lives</b>
Industrial property rights	5 - 33 years
Software	1 - 20 years
Lease premium	5 - 55 years
Land facility usage rights	36 - 95 years
Others	1 - 36 years

**2.14 Investment Property**

Investment property is property held to earn rentals or for capital appreciation or both. An investment property is measured initially at its cost. An investment property is measured after initial measurement at depreciated cost (less any accumulated impairment losses). After recognition as an asset, investment property is carried at cost less accumulated depreciation and impairment losses. The Group depreciates investment properties, except for land, using the straight-line method over their economic useful lives of 15 to 50 years.

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**2.15 Impairment of Non-financial Assets**

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**2.16 Trade and Other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of reporting period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities, unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

**2.17 Financial Liabilities**

**(1) Classification and measurement**

The Group's financial liabilities at fair value through profit or loss are financial instruments held for trading. A financial liability is held for trading if it is incurred principally for the purpose of repurchasing in the near term. A derivative that is not a designated as hedging instruments and an embedded derivative that is separated are also classified as held for trading.

The Group classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and present as 'trade payables', 'other payables', 'borrowings and bonds' and 'other financial liabilities' in the statement of financial position.

Preferred shares that require mandatory redemption at a particular date are classified as liabilities. Interest expenses on these preferred shares using the effective interest method are recognized in the statement of profit or loss as 'finance expense', together with interest expenses recognized from other financial liabilities.

**(2) Derecognition**

Financial liabilities are removed from the statement of financial position when it is extinguished; for example, when the obligation specified in the contract is discharged or cancelled or expired or when the terms of an existing financial liability are substantially modified. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

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#### **2.18 Financial Guarantee Contracts**

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value, subsequently at the higher of following and recognized in the statement of financial position within 'other financial liabilities'.

- the amount determined in accordance with the expected credit loss model under Korean IFRS 1109 *Financial Instruments*, and
- the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with Korean IFRS 1115 *Revenue from Contracts with Customers*.

#### **2.19 Compound Financial Instruments**

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option, and subsequently recognized at amortized cost until extinguished on conversion or maturity of the bonds. The equity component is recognized initially on the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

#### **2.20 Provisions**

Provisions for service warranties, make good obligation, and legal claims are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period, and the increase in the provision due to the passage of time is recognized as interest expense.

#### **2.21 Current and Deferred Tax**

The tax expense for the period consists of current and deferred tax. Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is measured at the amount expected to be paid to the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.



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Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

The Group recognizes a deferred tax liability all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, The Group recognizes a deferred tax asset for all deductible temporary differences arising from such investments to the extent that it is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset when the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the assets and settle the liability simultaneously.

## **2.22 Employee Benefits**

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

For defined contribution plans, the Group pays contribution to publicly or privately administered pension insurance plans on mandatory, contractual or voluntary basis. The Group has no further payment obligation once the contribution have been paid. The contribution are recognized as employee benefit expense when they are due.

A defined benefit plan is a pension plan that is not a defined contribution plan. Generally, post-employment benefits are payable after the completion of employment, and the benefit amount depended on the employee's age, periods of service or salary levels. The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service costs.

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**2.23 Revenue Recognition**

**(1) Consideration payable to customers**

The Group provides promotional rebates to customers for various reasons and recognizes them as selling and administrative expenses.

With implementation of Korean IFRS 1115, the Group shall account for consideration payable to customers as a reduction of the transaction price and, therefore, of revenue unless the payment to the customer is in exchange for a distinct good or service. If the Group cannot reasonably estimate the fair value of the good or service received from the customer, the Group shall account for all of the consideration payable to the customer as a reduction of the transaction price.

The consideration payable to customers is subtracted from revenue when the Group recognizes revenue for the transfer of goods and services to customers or when the Group pays or promises to pay the consideration.

The financial effects of consideration payable to customers on the Group are not significant.

**(2) Returns**

A gross refund liability for the expected refunds to customers is recognized as adjustment to revenue. The Group has a right to recover the product from the customer where the customer exercises his right of return and recognizes an asset and a corresponding adjustment to cost of sales. A right to recover is measured by deducting the costs to recover the products from the former carrying amount of the product.

**2.24 Lease**

**(1) Lessor**

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

**(2) Lessee**

The Group leases various offices, warehouses, retail stores, equipment and cars. Lease contracts are typically made for fixed periods of 1 to 10 years, but may have extension options.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is lessee, the Group applies the practical expedient which has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

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Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The Group determines the lease term as the non-cancellable period of a lease, together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. When the lessee and the lessor each has the right to terminate the lease without permission from the other party, the Group should consider a termination penalty in determining the period for which the contract is enforceable.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

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

Lease liability measurement also include payments to be made in option periods if the lessee is reasonably certain to exercise an option to extend the lease.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

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Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Although the Group elected to apply the revaluation model to its land that are presented in property, plant and equipment, the Group elected not to apply that revaluation model to land held by the Group that are presented in the right-of-use assets.

Payments associated with short-term leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

**(3) Variable lease payments**

Some property leases contain variable payment terms that are linked to sales generated from a store. For individual stores, up to 100 per cent of lease payments are on the basis of variable payment terms and, when determining lease payments, percentages ranges applied to sale is from 5 percent to 25 percent of sales. Variable payment terms are used for a variety of reasons, including minimizing the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognized in profit or loss in the period in which the condition that triggers those payments occurs.

**(4) Extension and termination options**

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

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(5) Residual value guarantees

To optimize lease costs during the contract period, the Group sometimes provides residual value guarantees in relation to equipment leases.

**2.25 Segment Reporting**

Information of each operating segment is reported in a manner consistent with the internal business segment reporting provided to the chief operating decision-maker (Note 6). The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as CSO and CFO that make strategic decisions.

**2.26 Approval of Issuance of the Financial Statements**

The consolidated financial statements of the Group were approved for issue by the Board of Directors on January 28, 2022 and are subject to change with the approval of shareholders at their Annual General Meeting.

**3. Critical Accounting Estimates and Assumptions**

The preparation of financial statements requires the Group to make estimates and assumptions concerning the future. Management also needs to exercise judgement in applying the Group's accounting policies. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As the resulting accounting estimates will, by definition, seldom equal the related actual results, it can contain a significant risk of causing a material adjustment.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Additional information of significant judgement and assumptions of certain items are included in relevant notes.

During 2021, the spread of Coronavirus disease 2019 ("COVID-19") has a material impact on the global economy. It may have a negative impact; such as, decrease in productivity, decrease or delay in sales, collection of existing receivables and others. Accordingly, it may have a negative impact on the financial position and financial performance of the Group.

Significant accounting estimates and assumptions applied in the preparation of the consolidated financial statements can be adjusted depending on changes in the uncertainty from COVID-19. Also, the ultimate effect of COVID-19 to the Group's business, financial position and financial performance cannot presently be determined.

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(1) Impairment loss on non-financial assets

The recoverable amount for impairment test of non-financial assets is determined by the higher of value in use or an asset's fair value less costs of disposal.

(2) Income taxes

The Group's taxable income generated from these operations are subject to income taxes based on tax laws and interpretations of tax authorities in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain.

If certain portion of the taxable income is not used for investments or increase in wages, the Group is liable to pay additional income tax calculated based on the tax laws. Accordingly, the measurement of current and deferred income tax is affected by the tax effects from the new tax system. As the Group's income tax is dependent on the investments, increase in wages and dividends, there is an uncertainty measuring the final tax effects.

(3) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period (Note 5).

(4) Impairment of financial assets

The provision for impairment for financial assets is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(5) Net defined benefit liability

The present value of net defined benefit liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate (Note 24).

(6) Uncertainty of the estimated total contract revenue

Total contract revenue is measured based on contractual amount initially agreed. The contract revenue can be increased by additional contract work, claims and incentive payments in the course of construction, or decreased by the penalty when the completion of contract is delayed due to the Group's fault. Therefore, this measurement of contract revenue is affected by the uncertainty of the occurrence of future events. The change in contract revenue is recognized when it is probable that the customer will approve the increase in revenue due to the changes in contract work, or when it is probable that the Group will be able to satisfy the performance requirements, and the amount can be estimated reliably.

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(7) Estimated total contract costs

Construction revenue is recognized according to the percentage of completion, which is measured on the basis of the gross amount incurred to date. Total contract costs are estimated based on future estimates of material costs, labor costs, construction period and others.

(8) Lease

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(9) Net realizable value of inventories

Net realizable value of inventories is determined by the estimated selling price in the market in which the Group's inventories are primarily sold.

**4. Financial Risk Management**

**4.1 Financial Risk Factors**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize any adverse effects on the financial performance of the Group. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Treasury team under policies approved by the Board of Directors. The Treasury team identifies, evaluates and hedges financial risks through close cooperation among other departments. The Board reviews and approves written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

**4.1.1 Market Risk**

(1) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US dollar, Euros, Chinese yuan and Vietnam Dong. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign entities. The CFO department has set up a policy to require the Group to manage their foreign exchange risk against their functional currencies.

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The impact of weakened/strengthened Korean won by 10% against foreign currencies with all other variables held constant on the after-tax profit for the year and equity of the Group as at December 31, 2021 and 2020, are as follows:

(in millions of Korean won)		Impact on after-tax profit				Impact on equity			
		2021		2020		2021		2020	
KRW/USD	Weakened	₩	(17,374)	₩	(5,188)	₩	(17,374)	₩	(5,188)
	Strengthened		17,374		5,188		17,374		5,188
KRW/EUR	Weakened		2,664		2,132		2,664		2,132
	Strengthened		(2,664)		(2,132)		(2,664)		(2,132)
KRW/CNY	Weakened		2,445		4,831		2,445		4,831
	Strengthened		(2,445)		(4,831)		(2,445)		(4,831)
KRW/VND	Weakened		216		(94)		216		(94)
	Strengthened		(216)		94		(216)		94

(\*) The above sensitivity analysis was performed on monetary assets and liabilities denominated in foreign currencies other than the Group's functional currency as at the end of the financial year.

(2) Price risk

The Group is exposed to equity securities price risk arising from investments held by the Group that are classified either as financial assets at fair value through other comprehensive income or financial assets at fair value through profit or loss in the consolidated statement of financial position. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

The Group's equity investments are publicly traded and foreign investments are included in BSE equity index, NSE equity index and others.

As at December 31, 2021 and 2020, the impact of increase/decrease in the stock price by 30% with all other variables held constant on the Group's post-tax profit and equity are as follows:

(in millions of Korean won)		Impact on post-tax profit				Impact on equity			
		2021		2020		2021		2020	
Listed stocks	Increase	₩	794	₩	82	₩	877	₩	158
	Decrease		(794)		(82)		(877)		(158)
Unlisted stocks	Increase		149		138		340		363
	Decrease		(149)		(138)		(340)		(363)



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(3) Interest rate risk

Interest rate risk is defined as the risk that the interest income or expenses arising from deposits and borrowings will fluctuate because of changes in future market interest rate. The interest rate risk mainly arises on floating rate deposits and borrowings. The objective of interest rate risk management lies in maximizing corporate value by minimizing uncertainty in interest rates fluctuations and net interest expense.

The Group adequately minimizes risks from interest rate fluctuations through various policies, such as sharing excess cash within the Group (internal cash sharing) to minimize external borrowings, avoiding high rate borrowings, reforming capital structure, managing an appropriate ratio of fixed rate borrowings and floating rate borrowings, monitoring a fluctuation of domestic and foreign interest rates daily, weekly and monthly, establishing alternatives, and balancing floating rate short-term borrowings with floating rate deposits.

The impact of 1% higher/lower interest rate with all other variables held constant on the Group's post-tax profit for the year and on equity as at December 31, 2021 and 2020, is as follows:

(in millions of Korean won)	Impact on post-tax profit				Impact on equity			
	2021		2020		2021		2020	
Increase	₩	(3,747)	₩	(3,816)	₩	(3,747)	₩	(3,816)
Decrease		3,747		3,816		3,747		3,816

**4.1.2 Credit Risk**

(1) Risk management

Credit risk is managed on a group basis. Credit risk arises from ordinary transactions, investing activities and the breach of contracts by customers or counterparties. The Group makes the transactions with customers with credit ratings above a certain level to manage the credit risk. The credit ratings of customers are periodically reevaluated and credit limits and the level of collaterals are adjusted accordingly.

(2) Impairment of financial assets

The Group has financial assets that are subject to the expected credit loss model:

- trade receivables and others for sales of goods and provision of services,
- contract assets relating to provision of services, and
- other financial assets carried at amortized cost.

While cash equivalents are also subject to the impairment requirement, the identified impairment loss was immaterial.

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(a) Trade receivables and others

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables and non-trade accounts receivable, receivables on construction contracts. To measure the expected credit losses, trade receivables, non-trade accounts receivable and receivables on construction contracts have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on forward-looking information.

Changes in the loss allowance provision for trade receivables, non-trade accounts receivable and receivables on construction contracts for the years ended December 31, 2021 and 2020, are as follows:

(in millions of Korean won)	Trade receivables		Non-trade accounts receivable		Receivables on construction contracts	
	2021	2020	2021	2020	2021	2020
<b>Beginning balance</b>	₩ 33,341	₩ 30,924	₩ 8,256	₩ 7,454	₩ 763	₩ 665
Increase (decrease) in loss allowance recognized in profit or loss during the year	3,114	10,470	1,932	1,344	(98)	98
Others <sup>1</sup>	(3,362)	(8,053)	(3,006)	(542)	-	-
<b>Ending balance</b>	₩ 33,093	₩ 33,341	₩ 7,182	₩ 8,256	₩ 665	₩ 763

<sup>1</sup> Other includes currency fluctuation differences, etc.

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(b) Other financial assets amortized cost

Other financial assets at amortized cost include loans, accrued income, long-term non-trade receivables and deposits receivable.

Changes in loss allowance provision for other financial assets at amortized cost for the years ended December 31, 2021 and 2020, are as follows:

(in millions of Korean won)	Loans		Accrued income		Other receivables and others <sup>1</sup>	
	2021	2020	2021	2020	2021	2020
<b>Beginning balance</b>	₩ 34,166	₩ 34,642	₩ 4,780	₩ 5,903	₩ 5,902	₩ 5,836
Increase (decrease) in loss allowance recognized in profit or loss during the year	21	(390)	35	6	(66)	66
Others	(6,928)	(86)	15	(1,129)	-	-
<b>Ending balance</b>	<u>₩ 27,259</u>	<u>₩ 34,166</u>	<u>₩ 4,830</u>	<u>₩ 4,780</u>	<u>₩ 5,836</u>	<u>₩ 5,902</u>

<sup>1</sup>Other receivables and others include long-term non-trade receivables and deposits receivable.

All of the financial assets at amortized costs are considered to have low credit risk, and the loss allowance recognized during the period was, therefore, limited to 12 months expected losses. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

(3) Impairment loss

Following losses are recognized in profit or loss in relation to impaired financial assets for the years ended December 31, 2021 and 2020, are as follows:

(in millions of Korean won)	2021	2020
Trade receivables	₩ 3,114	₩ 10,470
Non-trade accounts receivable	1,932	1,344
Receivables on construction contracts	(98)	98
Loans	21	(390)
Accrued income	35	6
Other receivables and others <sup>1</sup>	(66)	66

<sup>1</sup>Other receivables and others include long-term non-trade receivables and deposits receivable.

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**4.1.3 Liquidity Risk**

The Group monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (Note 35) at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and, if applicable external regulatory or legal requirements – for example, currency restrictions.

The analysis of the Group's liquidity risk as at December 31, 2021 and 2020, are as follows:

*(in millions of Korean won)*

	2021		
	Less than 1 year	Between 1 and 5 years	Over 5 years
Trade payables	₩ 303,899	₩ -	₩ -
Other payables <sup>1</sup>	543,554	50,098	68,510
Borrowings and bonds <sup>2</sup>	1,866,985	2,130,724	190,804
Lease liabilities <sup>3</sup>	205,833	490,590	193,001
Other financial liabilities	13	161	-

*(in millions of Korean won)*

	2020		
	Less than 1 year	Between 1 and 5 years	Over 5 years
Trade payables	₩ 269,334	₩ -	₩ -
Other payables <sup>1</sup>	498,711	40,031	82,208
Borrowings and bonds <sup>2</sup>	2,359,584	1,654,014	114,779
Lease liabilities <sup>3</sup>	180,330	456,916	205,961
Other financial liabilities	1,007	4,264	-

<sup>1</sup> The amount is before considering present value discount

<sup>2</sup> The borrowings amount is the sum of face value before discount on bonds and expected interest expenses.

<sup>3</sup> The lease liabilities are measured at nominal value.

Also, the Group has signed into a cash deficiency support agreement in connection with the securitized loans (Note 34).

**4.2 Capital Risk Management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so the Group can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares and sell assets to reduce debt.

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The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is total borrowings (including 'short and long-term borrowings' as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is 'equity' as shown in the consolidated statement of financial position plus net debt.

The gearing ratios as at December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>		<b>2020</b>	
Total borrowings	₩	3,937,916	₩	3,916,617
Less: cash and cash equivalents		738,299		753,738
Net debt		3,199,617		3,162,879
Total equity		3,683,734		2,948,737
Total capital	₩	6,883,351	₩	6,111,616
Gearing ratio		46.48%		51.75%

**5. Fair Value**

**5.1 Fair Value of Financial Instruments by Category**

Carrying amount and fair value of financial instruments by category as at December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>		<b>2020</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
<b>Financial assets<sup>1</sup></b>				
Cash and cash equivalents	₩ 738,299	₩ 738,299	₩ 753,738	₩ 753,738
Financial assets at fair value through profit or loss	69,489	69,489	65,020	65,020
Financial assets at fair value through other comprehensive income	1,172	1,172	1,290	1,290
Derivative financial assets	2,328	2,328	-	-
Long-term and short-term financial instruments	186,454	186,454	125,467	125,467
	₩ 997,742	₩ 997,742	₩ 945,515	₩ 945,515
<b>Financial liabilities<sup>1</sup></b>				
Borrowings and bonds	₩ 3,937,916	₩ 3,937,916	₩ 3,916,617	₩ 3,916,617
Derivative financial liabilities	174	174	5,271	5,271
	₩ 3,938,090	₩ 3,938,090	₩ 3,921,888	₩ 3,921,888

<sup>1</sup> Trade receivables, trade payables, construction receivables, other receivables, other financial assets at amortized cost and other payables whose carrying amount is reasonable approximation of fair value are excluded from the fair value disclosures.

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**5.2 Fair Value Hierarchy**

Items that are measured at fair value or for which the fair value is disclosed are categorized by the fair value hierarchy levels, and the defined levels are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- All inputs other than quoted prices included in level 1 that are observable (either directly that is, prices, or indirectly that is, derived from prices) for the asset or liability (Level 2).
- Unobservable inputs for the asset or liability (Level 3).

Fair value hierarchy classifications of the financial instruments that are measured at fair value or its fair value is disclosed as at December 31, 2021 and 2020, are as follows:

*(in millions of Korean won)*

		<b>2021</b>			
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Recurring fair value measurements</b>					
Financial assets at fair value through profit or loss	₩	4,677	₩ 60,634	₩ 4,178	₩ 69,489
Equity instruments at fair value through other comprehensive income		345	-	827	1,172
Derivative financial assets		-	2,328	-	2,328
Derivative financial liabilities		-	174	-	174

*(in millions of Korean won)*

		<b>2020</b>			
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Recurring fair value measurements</b>					
Financial assets at fair value through profit or loss	₩	548	₩ 60,367	₩ 4,105	₩ 65,020
Equity instruments at fair value through other comprehensive income		317	-	973	1,290
Derivative financial liabilities		-	5,271	-	5,271

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**5.3 Transfers Between Fair Value Hierarchy Levels of Recurring Fair Value Measurements**

The Group's policy is to recognize transfers between levels of the fair value at the end of the reporting period.

Details of transfers between levels of each fair value hierarchy of financial instruments are as follows:

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

Changes in level 3 for recurring fair value measurements for the years ended December 31, 2021 and 2020, are as follows:

(in millions of Korean won)

	<b>2021</b>			
	<b>Financial assets</b>			
	<b>Financial assets at fair value through profit or loss</b>		<b>Financial assets at fair value through other comprehensive income</b>	
Beginning	₩	4,105	₩	973
Purchases		50		-
Disposals		(1)		(250)
Total profit or loss				
Amount recognized in profit or loss		24		-
Amount recognized in other comprehensive income		-		104
Ending	₩	4,178	₩	827
Unrealized gains or losses	₩	-	₩	375

(in millions of Korean won)

	<b>2020</b>			
	<b>Financial assets</b>			
	<b>Financial assets at fair value through profit or loss</b>		<b>Financial assets at fair value through other comprehensive income</b>	
Beginning	₩	3,269	₩	47,921
Purchases		1,632		-
Disposals		(197)		(47,319)
Total profit or loss				
Amount recognized in profit or loss		(731)		-
Amount recognized in other comprehensive income		-		371
Others		132		-
Ending	₩	4,105	₩	973
Unrealized gains or losses	₩	-	₩	371

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**5.4 Valuation Techniques and the Inputs**

Valuation techniques and inputs used in the recurring fair value measurements and disclosed fair values categorized within Level 3 of the fair value hierarchy as at December 31, 2021 and 2020, are as follows:

(in millions of Korean won)		2021				
		Fair value	Level	Valuation techniques	Inputs	Range of inputs (weighted average)
Financial assets at fair value through other comprehensive income						
Equity securities	₩	827	3	Net asset approach and others	-	-

(in millions of Korean won)		2020				
		Fair value	Level	Valuation techniques	Inputs	Range of inputs (weighted average)
Financial assets at fair value through other comprehensive income						
Equity securities	₩	973	3	Net asset approach and others	-	-

**6. Operating Segment Information**

Details of the Group's reportable segments are as follows:

Reporting segment	Products and services	Customer information
Fashion business	Manufacturing and sale of clothing & fashion accessories	Consumer etc.
Distribution business	Department and discount stores	Consumer etc.
Future business	Amusement and theme park, total resort, and construction	Consumer etc.
Others business	Real estate, rental, information system and other management service	Consumer etc.

Management has determined the operating segments based on the information reviewed by the CSO department and the CFO department for the purposes of distribution of resources and performance evaluation.



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Profit or loss by each segment for the years ended December 31, 2021 and 2020, are as follows:

(in millions of Korean won)	2021						
	Total segment revenue	Inter-segment revenue	Revenue from external customers	Operating profit (loss) <sup>1</sup>	Depreciation and amortization expense <sup>1</sup>	Interest income <sup>1</sup>	Interest expense <sup>1</sup>
Fashion	₩ 2,927,591	₩ (375,903)	₩ 2,551,688	₩ 137,706	₩ 142,024	₩ 8,959	₩ 39,413
Distribution	1,887,755	(148,648)	1,739,107	(51,495)	148,065	8,283	58,509
Future	592,448	(115,235)	477,213	(57,610)	35,753	781	18,490
Others	406,879	(314,461)	92,418	83,355	30,565	367	73,964
	<u>₩ 5,814,673</u>	<u>₩ (954,247)</u>	<u>₩ 4,860,426</u>	<u>₩ 111,956</u>	<u>₩ 356,407</u>	<u>₩ 18,390</u>	<u>₩ 190,376</u>

(in millions of Korean won)	2020						
	Total segment revenue	Inter-segment revenue	Revenue from external customers	Operating profit (loss) <sup>1</sup>	Depreciation and amortization expense <sup>1</sup>	Interest income <sup>1</sup>	Interest expense <sup>1</sup>
Fashion	₩ 2,717,176	₩ (405,223)	₩ 2,311,953	₩ 20,409	₩ 163,192	₩ 6,458	₩ 47,871
Distribution	1,905,030	(163,952)	1,741,078	(65,313)	143,267	8,545	57,590
Future	505,060	(46,676)	458,384	(128,032)	55,122	2,373	23,400
Others	463,239	(343,178)	120,061	67,802	31,714	932	80,549
	<u>₩ 5,590,505</u>	<u>₩ (959,029)</u>	<u>₩ 4,631,476</u>	<u>₩ (105,134)</u>	<u>₩ 393,295</u>	<u>₩ 18,308</u>	<u>₩ 209,410</u>

<sup>1</sup> Operating profit(loss), depreciation and amortization expense, and interest income and expense were presented after the elimination of inter-company transactions.

<sup>2</sup> Total assets and liabilities per each operating segment are not presented because they are not periodically reported to the Group management.

Details of revenue for the years ended December 31, 2021 and 2020, are as follows:

(in millions of Korean won)	2021	2020
Merchandise	₩ 1,883,902	₩ 1,841,031
Manufactured goods	2,360,347	2,230,737
Construction	128,342	100,566
Real estate	8,840	6,617
Others	478,995	452,525
	<u>₩ 4,860,426</u>	<u>₩ 4,631,476</u>

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**7. Financial Instruments by Category**

Categorizations of financial assets as at December 31, 2021 and 2020, are as follows:

(in millions of Korean won)

	<b>2021</b>			
	<b>Financial assets at fair value through profit or loss</b>	<b>Financial assets at fair value through other comprehensive income</b>	<b>Financial assets at amortized costs</b>	<b>Total</b>
Cash and cash equivalents	₩ -	₩ -	₩ 738,299	₩ 738,299
Short-term financial instruments	-	-	148,352	148,352
Trade receivables	-	-	321,297	321,297
Receivables on construction contracts	-	-	728	728
Other receivables	-	-	109,971	109,971
Other financial assets (current)				
Financial assets at fair value through profit or loss	42,820	-	-	42,820
Financial assets at amortized cost	-	-	67,648	67,648
Other finance lease receivables	-	-	1,909	1,909
Derivative financial assets	1,956	-	-	1,956
Long-term financial instruments	-	-	38,102	38,102
Long-term other receivables	-	-	242,443	242,443
Other financial assets (non-current)				
Financial assets at fair value through profit or loss	26,669	-	-	26,669
Financial assets at fair value through other comprehensive income	-	1,172	-	1,172
Financial assets at amortized cost	-	-	150	150
Other finance lease receivables	-	-	925	925
Derivative financial assets	372	-	-	372
	₩ 71,817	₩ 1,172	₩ 1,669,824	₩ 1,742,813

(in millions of Korean won)

	<b>2020</b>			
	<b>Financial assets at fair value through profit or loss</b>	<b>Financial assets at fair value through other comprehensive income</b>	<b>Financial assets at amortized costs</b>	<b>Total</b>
Cash and cash equivalents	₩ -	₩ -	₩ 753,738	₩ 753,738
Short-term financial instruments	-	-	116,125	116,125
Trade receivables	-	-	331,091	331,091
Receivables on construction contracts	-	-	11,420	11,420
Other receivables	-	-	80,548	80,548
Other financial assets (current)				
Financial assets at fair value through profit or loss	41,891	-	-	41,891
Financial assets at amortized cost	-	-	4,678	4,678
Long-term financial instruments	-	-	9,342	9,342
Long-term other receivables	-	-	264,694	264,694
Other financial assets (non-current)				
Financial assets at fair value through	23,129	-	-	23,129

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profit or loss				
Financial assets at fair value through other comprehensive income	-	1,290	-	1,290
Financial assets at amortized cost	-	-	150	150
Other finance lease receivables	-	-	198	198
	<u>₩ 65,020</u>	<u>₩ 1,290</u>	<u>₩ 1,571,984</u>	<u>₩ 1,638,294</u>

Categorizations of financial liabilities as at December 31, 2021 and 2020, are as follows:

(in millions of Korean won)

	<b>2021</b>			
	<b>Financial liabilities at fair value through profit or loss</b>	<b>Financial liabilities at amortized cost</b>	<b>Other financial liabilities</b>	<b>Total</b>
Trade payables	₩ -	₩ 303,899	₩ -	₩ 303,899
Other payables	-	543,326	-	543,326
Short-term borrowings and bonds	-	1,760,023	-	1,760,023
Current lease liabilities	-	-	194,337	194,337
Other financial liabilities (current)	13	-	-	13
Long-term other payables	-	73,931	-	73,931
Long-term borrowings and bonds	-	2,177,893	-	2,177,893
Non-current lease liabilities	-	-	555,060	555,060
Other financial liabilities (non-current)	161	-	-	161
	<u>₩ 174</u>	<u>₩ 4,859,072</u>	<u>₩ 749,397</u>	<u>₩ 5,608,643</u>

(in millions of Korean won)

	<b>2020</b>			
	<b>Financial liabilities at fair value through profit or loss</b>	<b>Financial liabilities at amortized cost</b>	<b>Other financial liabilities</b>	<b>Total</b>
Trade payables	₩ -	₩ 269,334	₩ -	₩ 269,334
Other payables	-	498,498	-	498,498
Short-term borrowings and bonds	-	2,267,089	-	2,267,089
Current lease liabilities	-	-	168,769	168,769
Other financial liabilities (current)	1,007	-	-	1,007
Long-term other payables	-	74,700	-	74,700
Long-term borrowings and bonds	-	1,649,528	-	1,649,528
Non-current lease liabilities	-	-	531,203	531,203
Other financial liabilities (non-current)	4,264	-	-	4,264
	<u>₩ 5,271</u>	<u>₩ 4,759,149</u>	<u>₩ 699,972</u>	<u>₩ 5,464,392</u>

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Net gains or losses on each category of financial instruments for the years ended December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
<b>Financial assets at fair value through profit or loss</b>		
Gain (loss) on transaction	₩ 783	₩ (59)
Gain (loss) on valuation	1,796	(3,479)
Dividend income	49	170
Foreign exchange gain	261	-
Interest income	4	-
<b>Financial assets at fair value through other comprehensive income</b>		
Gain on valuation (other comprehensive income)	81	2,864
Dividend income	21	24
<b>Financial assets at amortized cost</b>		
Interest income	18,386	18,308
Foreign exchange gain	25,629	1,346
Bad debt expense	(6,431)	(14,967)
<b>Financial liabilities at fair value through profit or loss</b>		
Loss on transaction	(1,086)	(739)
Gain (loss) on valuation	4,527	(4,562)
<b>Financial liabilities at amortized cost</b>		
Interest expense	(147,411)	(167,247)
Foreign exchange loss	(18,321)	(1,284)
<b>Other financial liabilities</b>		
Interest expense	(42,965)	(42,163)
Foreign exchange gain (loss)	1	(8)

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**8. Cash and Cash Equivalents and Long and Short-term Financial Instruments**

(1) Cash and cash equivalents

The cash and cash equivalents in the consolidated statement of financial position equal to the cash in the consolidated statement of cash flows.

(2) Restricted financial instruments

Details of restricted financial instruments as at December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>		<b>2020</b>		<b>Description</b>
Cash and cash equivalents	₩	5,668	₩	5,255	Pledge for deposit return account etc.
Short-term financial instruments		112,879		76,744	ABL trust deposits related to borrowings and secured loans etc.
Long-term financial instruments		178		25	Deposit for checking account
		37,571		4,370	Related to borrowings etc.
	₩	156,296	₩	86,394	

(3) Credit quality of financial assets

<i>(in millions of Korean won)</i>	<b>2021</b>		<b>2020</b>	
Cash and cash equivalents				
Excellent <sup>1</sup>	₩	708,834	₩	698,515
Good <sup>2</sup>		25,993		52,586
Others <sup>3</sup>		773		24
Short-term financial instruments				
Excellent <sup>1</sup>		147,844		116,125
Good <sup>2</sup>		-		-
Others <sup>3</sup>		508		-
Long-term financial instruments				
Excellent <sup>1</sup>		38,102		9,342
	₩	922,054	₩	876,592

<sup>1</sup> Excellent: A- or higher (foreign credit rating agencies including S&P), AAA (domestic credit rating agencies including Korea Investors Service, Inc.)

<sup>2</sup> Good: BBB- or higher (foreign credit rating agencies including S&P), AA (domestic credit rating agencies including Korea Investors Service, Inc.)

<sup>3</sup> Others: Bank deposits without credit rating information.

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**9. Trade and Other Receivables**

Details of trade and other receivables as at December 31, 2021 and 2020, are as follows:

(in millions of Korean won)

	2021		
	Outstanding balance	Allowance	Total
Trade receivables <sup>1</sup>	₩ 354,189	₩ (32,892)	₩ 321,297
Other receivables <sup>1</sup>			
Non trade accounts receivable	₩ 67,400	₩ (7,182)	₩ 60,218
Accrued income	6,545	(723)	5,822
Short-term loans	2,479	(757)	1,722
Deposits receivable <sup>2</sup>	20,062	-	20,062
Unbilled contracts	22,147	-	22,147
	₩ 118,633	₩ (8,662)	₩ 109,971
Receivables on construction contracts	₩ 1,393	₩ (665)	₩ 728
Long-term trade receivables	₩ 201	₩ (201)	₩ -
Long-term other receivables			
Long-term non-trade accounts receivable	₩ 1,268	₩ (1,222)	₩ 46
Long-term accrued income	5,921	(4,107)	1,814
Long-term loans	40,767	(26,502)	14,265
Deposits receivable <sup>3</sup>	230,932	(4,614)	226,318
	₩ 278,888	₩ (36,445)	₩ 242,443

(in millions of Korean won)

	2020		
	Outstanding balance	Allowance	Total
Trade receivables <sup>1</sup>	₩ 364,231	₩ (33,140)	₩ 331,091
Other receivables <sup>1</sup>			
Non-trade accounts receivable	₩ 47,831	₩ (8,256)	₩ 39,575
Accrued income	6,936	(723)	6,213
Short-term loans	9,223	(7,728)	1,495
Deposits receivable <sup>2</sup>	24,625	-	24,625
Unbilled contracts	8,706	(66)	8,640
	₩ 97,321	₩ (16,773)	₩ 80,548
Receivables on construction contracts	₩ 12,183	₩ (763)	₩ 11,420
Long-term trade receivables	₩ 201	₩ (201)	₩ -
Long-term other receivables			
Long-term non-trade accounts receivable	₩ 1,267	₩ (1,222)	₩ 45
Long-term accrued income	5,749	(4,058)	1,691
Long-term loans	40,464	(26,438)	14,026
Deposits receivable <sup>3</sup>	253,546	(4,614)	248,932
	₩ 301,026	₩ (36,332)	₩ 264,694

<sup>1</sup> As trade receivables and other receivables are due within a year, the impact of present value discounts is not significant and thus, fair value equals book amount.

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<sup>2</sup> Deposits receivable for other receivable is presented net of present value discounts for the amount of ₩ 176 million (as at December 31, 2020: ₩ 251 million).

<sup>3</sup> Deposits receivable for long-term other receivable is presented net of present value discounts for the amount of ₩ 29,959 million (as at December 31, 2020: ₩ 34,887 million).

At the end of the reporting period, the maximum exposure to credit risk is the book amount of each receivable shown in the above table.

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. As they are due within a year from the end of the reporting period, the impact of present value discounts is not significant ; therefore, the fair value and book amount are the same. Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore, measures them subsequently at amortized cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in Note 4.1.2.

The aging analysis of trade and other receivables as at December 31, 2021 and 2020, are as follows:

(in millions of Korean won)

	2021					
	Trade receivables	Receivables on construction contracts	Other receivables <sup>1</sup>	Long-term trade receivables	Long-term other receivables <sup>1</sup>	Total
Receivables not past due	₩ 255,748	₩ -	₩ 83,415	₩ -	₩ 14,248	₩ 353,411
Past due but not impaired						
Within 3 months	35,067	-	660	-	2	35,729
4 to 6 months	6,208	-	74	-	13	6,295
7 to 9 months	4,014	-	119	-	2	4,135
9 to 12 months	20,550	-	7,505	-	56	28,111
Impaired	32,602	1,393	6,798	201	33,635	74,629
	<u>₩ 354,189</u>	<u>₩ 1,393</u>	<u>₩ 98,571</u>	<u>₩ 201</u>	<u>₩ 47,956</u>	<u>₩ 502,310</u>

(in millions of Korean won)

	2020					
	Trade receivables	Receivables on construction contracts	Other receivables <sup>1</sup>	Long-term trade receivables	Long-term other receivables <sup>1</sup>	Total
Receivables not past due	₩ 267,010	₩ 10,566	₩ 53,108	₩ -	₩ 13,813	₩ 344,497
Past due but not impaired						
Within 3 months	31,677	252	207	-	143	32,279
4 to 6 months	8,358	125	36	-	5	8,524
7 to 9 months	5,236	-	4	-	3	5,243
9 to 12 months	18,839	15	3,827	-	106	22,787
Impaired	33,111	1,225	15,514	201	33,410	83,461
	<u>₩ 364,231</u>	<u>₩ 12,183</u>	<u>₩ 72,696</u>	<u>₩ 201</u>	<u>₩ 47,480</u>	<u>₩ 496,791</u>

<sup>1</sup> Deposit is not included.

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The Group provides allowances for past due receivables based on aging analysis and historical bad debt experience. The Group classifies receivables as impaired when there is uncertainty in recoverability due to, such as, the customer default and bankruptcy, and recognized impairment loss considering the type and amount of collateral.

See Note 4.1.2 for the impairment of trade receivables, other financial assets at amortized cost and the Group's exposure to credit risk.

**10. Transfer of Financial Assets**

Trade receivables of the Group have been discounted through factoring agreements with banks. In case the customers default, the Group has an obligation to pay the related amounts to the bank. As a result, this transaction, treated as a transaction with recourse, has been accounted for as a collateralized borrowing (Notes 22, 35).

(in millions of Korean won)		2021		2020	
Carrying amount of assets	₩	27,444	₩	20,643	
Carrying amount of the associated liabilities		194,129		345,991	

**11. Construction Contract**

Changes in the remaining balance of construction contracts for the years ended December 31, 2021 and 2020, are as follows:

(in millions of Korean won)		2021			
		Beginning	Changes	Recognized construction revenue	Ending
Domestic construction <sup>1</sup>	₩	284,372	₩ (187)	₩ (128,342)	₩ 155,843
(in millions of Korean won)		2020			
		Beginning	Changes	Recognized construction revenue	Ending
Domestic construction <sup>1</sup>	₩	216,665	₩ 168,268	₩ (100,561)	₩ 284,372
Domestic landscape construction <sup>1</sup>		4	1	(5)	-
	₩	216,669	₩ 168,269	₩ (100,566)	₩ 284,372

<sup>1</sup> The increase in contract amount due to newly entered contracts and others amount to ₩ 440 million (2020: ₩ 165,640 million). The decrease in contract amount due to the variation in construction scale is ₩ 627 million (2020: increase in contract amount for ₩ 2,629 million)



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Details of recognized construction profit or loss for ongoing construction contracts as at December 31, 2021 and 2020, are as follows:

	2021				
	Accumulated contract revenue	Accumulated contract cost	Accumulated profit or loss	Advance received	Receivables on construction contracts
Domestic construction	₩ 159,646	₩ 135,082	₩ 24,564	₩ -	₩ -

	2020				
	Accumulated contract revenue	Accumulated contract cost	Accumulated profit or loss	Advance received	Receivables on construction contracts
Domestic construction	₩ 120,619	₩ 104,463	₩ 16,156	₩ -	₩ 7,253

Amounts due from and due to customers for contract work as at December 31, 2021 and 2020, are as follows:

	2021		2020	
	Due from customers <sup>1</sup>	Due to customers <sup>2</sup>	Due from customers <sup>1</sup>	Due to customers <sup>2</sup>
Domestic construction	₩ 22,147	₩ 1,773	₩ 8,706	₩ 4,907

<sup>1</sup> Amounts due from customers for contract work are presented as other receivables in the statement of financial position.

<sup>2</sup> Amounts due to customers for contract work are presented as other current liabilities in the statement of financial position.

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Details of construction of real estate as at December 31, 2021 and 2020, are as follows:

(in millions of Korean won)

	<b>2021</b>	
	<b>Cheongju Gangseo townhills</b>	
Total amount of estimated sales of real estate	₩	-
The amount of contract with customers		-
The accumulated amount of revenue of sales of real estate		-
The accumulated amount of cost of real estate sold		-
Revenue of sales of real estate for the year		-
Cost of real estate sold for the year		-
The accumulated amount of cash collected		-
Receivables on real estate sales		-
Advance received		-

(in millions of Korean won)

	<b>2020</b>	
	<b>Cheongju Gangseo townhills</b>	
Total amount of estimated sales of real estate	₩	46,841
The amount of contract with customers		43,500
The accumulated amount of revenue of sales of real estate		43,500
The accumulated amount of cost of real estate sold		35,556
Revenue of sales of real estate for the year		55
Cost of real estate sold for the year		77
The accumulated amount of cash collected		43,500
Receivables on real estate sales		-
Advance received		-

## 12. Inventories

Details of inventories as at December 31, 2021 and 2020, are as follows:

(in millions of Korean won)

	<b>2021</b>					
	<b>Acquisition cost</b>		<b>Provision</b>		<b>Book amount</b>	
Merchandise	₩	363,963	₩	(35,597)	₩	328,366
Manufactured goods		729,432		(72,391)		657,041
Work in process		65,425		-		65,425
Raw materials		75,274		(4,449)		70,825
Goods in-transit		40,978		-		40,978
Land for housing projects		130,797		-		130,797
Incomplete construction		510		-		510
Completed construction		512		-		512
Others		4,340		(24)		4,316
	₩	1,411,231	₩	(112,461)	₩	1,298,770

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(in millions of Korean won)	2020		
	Acquisition cost	Provision	Book amount
Merchandise	₩ 362,114	₩ (31,123)	₩ 330,991
Manufactured goods	769,877	(80,292)	689,585
Work in process	44,648	-	44,648
Raw materials	65,096	(4,450)	60,646
Goods in-transit	33,344	-	33,344
Land for housing projects	-	-	-
Incomplete construction	461	-	461
Completed construction	512	-	512
Others	5,362	(1,038)	4,324
	<u>₩ 1,281,414</u>	<u>₩ (116,903)</u>	<u>₩ 1,164,511</u>

Cost of inventories recognized as expense and included in 'cost of sales' for the year ended December 31, 2021, amounts to ₩ 1,694,927 million (2020: ₩ 1,631,935 million). Reversal of loss on inventory valuation for the year ended December 31, 2021, is ₩ 4,442 million (2020: Loss on inventory valuation ₩ 22,435 million).

### 13. Other Assets

Details of other assets as at December 31, 2021 and 2020, are as follows:

(in millions of Korean won)	2021	2020
Advance payments <sup>1</sup>	₩ 31,539	₩ 26,550
Construction cost paid in advance <sup>2</sup>	-	5
Prepaid expenses	42,606	35,031
Prepaid value added tax	18,349	13,121
Others <sup>3</sup>	8,421	13,421
Less: non-current portion	(5,201)	(6,710)
Current portion	<u>₩ 95,714</u>	<u>₩ 81,418</u>

<sup>1</sup> Net of allowance for doubtful accounts amounting to ₩ 10,841 million as at December 31, 2021 (2020: ₩ 10,523 million)

<sup>2</sup> Net of allowance for doubtful accounts amounting to ₩ 172 million as at December 31, 2021 (2020: ₩ 172 million)

<sup>3</sup> Net of allowance for doubtful accounts amounting to ₩ 190 million as at December 31, 2021 (2020: ₩ 178 million)

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**14. Financial Assets at Fair Value through Profit or Loss**

(1) Financial assets at fair value through profit or loss

(in millions of Korean won)

	2021	2020
<b>Non-current</b>		
Listed equity securities	₩ 30	₩ 52
Unlisted shares	654	605
Compound financial instruments	19,475	9,866
Debt instruments	6,510	12,606
<b>Current</b>		
Listed equity securities	3,442	281
Debt instruments	38,173	41,391
Others	1,205	219
	<u>₩ 69,489</u>	<u>₩ 65,020</u>

(2) Amounts recognized in profit or loss

(in millions of Korean won)

	2021	2020
Gain (loss) on transaction at fair value through profit or loss	₩ 911	₩ (59)
Gain (loss) on valuation at fair value through profit or loss	(1,124)	(3,479)
Dividend income at fair value through profit of loss	49	170
Foreign exchange gain at fair value through profit or loss	261	-
Interest income at fair value through profit or loss	4	-
	<u>₩ 101</u>	<u>₩ (3,368)</u>

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**15. Financial Assets at Fair Value through Other Comprehensive Income**

Equity investments at fair value through other comprehensive income

(in millions of Korean won)

	<b>2021</b>		<b>2020</b>	
<b>Non-current</b>				
Listed equity securities	₩	346	₩	317
Unlisted equity securities		826		973
	₩	1,172	₩	1,290

**16. Investments in Associates**

Set out below are the associates of the Group as at December 31, 2021 and 2020, that are material to the Group.

Company	Percentage of ownership (%)		Location	Date of financial statements
	2021	2020		
<b>Associates</b>				
Cape-SKS No.1 Private Equity	45.7%	45.7%	Korea	December 31, 2021
E-Bethesda 1 REIT Co., Ltd.	30.0%	30.0%	Korea	December 31, 2021
Simone CRF No. 1 Private Equity Fund	-	20.2%	Korea	December 31, 2021
E-Bethesda 2 REIT Co., Ltd.	30.0%	30.0%	Korea	December 31, 2021
E-Bethesda 3 REIT Co., Ltd.	24.5%	24.5%	Korea	December 31, 2021
E-Bethesda 4 REIT Co., Ltd.	29.8%	29.8%	Korea	December 31, 2021
Culture Hero. Co., Ltd	-	12.5%	Korea	December 31, 2021
Toss Bank Co., Ltd. (formerly, Toss Innovation Co., Ltd.) <sup>1</sup>	10.0%	7.5%	Korea	December 31, 2021
PAMCO Logistics REIT 5 <sup>1</sup>	15.8%	-	Korea	December 31, 2021

<sup>1</sup> Although the Group owns less than 20% of the equity of the entity, the Group is considered to have a significant influence over the entity as the Group has a right to participate in the entity's Board of Directors.

<sup>2</sup> Terra Firma, Champa Savi JVC, Liaoning Cuixi Newcore Retail Co., Ltd., Thanh Phuc, and Vung Tau Golf Tourism JSC were excluded due to low significance.

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Details of valuation of investments in material associates that are accounted for using the equity method for the years ended December 31, 2021 and 2020, are as follows:

(in millions of Korean won)		2021										
		Valuation of equity method										
		Beginning	Acquisition (Disposal)	Share of net profit (loss) of associates	Dividend	Share of other comprehensive income of associates	Ending					
<b>Associates</b>												
Cape-SKS No.1 Private Equity <sup>1</sup>	₩	20,454	₩	-	₩	(1,318)	₩	(150)	₩	(38)	₩	18,948
E-Bethesda 1 REIT Co., Ltd.		2,151		-		(1,233)		-		-		918
Simone CRF No. 1 Private Equity Fund		20,810		(20,706)		(104)		-		-		-
E-Bethesda 2 REIT Co., Ltd.		2,687		-		(650)		-		-		2,037
E-Bethesda 3 REIT Co., Ltd.		9,930		-		(1,834)		-		-		8,096
E-Bethesda 4 REIT Co., Ltd.		6,598		-		(1,218)		-		-		5,380
Culture Hero. Co., Ltd.		2,076		(1,965)		(111)		-		-		-
Toss Bank Co., Ltd. (formerly, Toss Innovation Co., Ltd.)		5,539		47,500		(7,122)		-		795		46,712
PAMCO Logistics REIT 5		-		15,440		14		(263)		-		15,191

<sup>1</sup> Consolidated financial information including ELCANTO Co., Ltd.

(in millions of Korean won)		2020										
		Valuation of equity method										
		Beginning	Acquisition (Disposal)	Share of net profit (loss) of associates	Dividend	Share of other comprehensive income of associates	Ending					
<b>Associates</b>												
Cape-SKS No.1 Private Equity <sup>1</sup>	₩	21,291	₩	-	₩	(752)	₩	(150)	₩	65	₩	20,454
E-Bethesda 1 REIT Co., Ltd.		3,884		-		(1,733)		-		-		2,151
Simone CRF No. 1 Private Equity Fund		20,801		-		9		-		-		20,810
E-Bethesda 2 REIT Co., Ltd.		3,290		-		(603)		-		-		2,687
E-Bethesda 3 REIT Co., Ltd.		10,917		-		(987)		-		-		9,930
E-Bethesda 4 REIT Co., Ltd.		-		8,195		(1,555)		-		(42)		6,598
Culture Hero. Co., Ltd.		-		2,166		(90)		-		-		2,076
Toss Bank Co., Ltd. (formerly, Toss Innovation Co., Ltd.)		-		7,500		(1,976)		-		15		5,539

<sup>1</sup> Consolidated financial information including ELCANTO Co., Ltd.

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The tables below provide summarized financial information for those associates that are material to the Group and dividends received

(in millions of Korean won)

	2021				
	Cape-SKS				
	No.1 Private Equity <sup>1</sup>	E-Bethesda 1 REIT Co., Ltd.	E-Bethesda 2 REIT Co., Ltd.	E-Bethesda 3 REIT Co., Ltd.	E-Bethesda 4 REIT Co., Ltd.
Current assets	₩ 32,286	₩ 5,546	₩ 1,493	₩ 1,212	₩ 1,285
Non-current assets	37,451	99,722	63,061	83,730	54,980
Current liabilities	17,338	377	166	177	127
Non-current liabilities	7,137	82,843	48,000	40,280	29,417
Revenue	69,000	2,452	-	-	-
Operating profit (loss)	(2,829)	(770)	(587)	(456)	(340)
Other comprehensive income	161	-	-	-	-
Total comprehensive income (loss)	(2,770)	(2,645)	(587)	(456)	(340)
Dividends received	150	-	-	-	-

(in thousands of Korean won)

	2021	
	Toss Bank Co., Ltd. (formerly, Toss Innovation Co., Ltd.)	PAMCO Logistics REIT 5
Current assets	₩ 14,097,497	₩ 8,576
Non-current assets	251,024	157,287
Current liabilities	104,691	694
Non-current liabilities	13,801,683	88,600
Revenue	37,066	5,192
Operating profit (loss)	(81,396)	1,707
Other comprehensive income	3,717	76,271
Total comprehensive income (loss)	(77,709)	76,476
Dividends received	-	263

<sup>1</sup> Consolidated financial information including ELCANTO Co., Ltd.

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	2020					
	Cape-SKS No.1 Private Equity <sup>1</sup>	E-Bethesda 1 REIT Co., Ltd.	Simone CRF No. 1 Private Equity Fund	E-Bethesda 2 REIT Co., Ltd.	E-Bethesda 3 REIT Co., Ltd.	
Current assets	₩ 33,630	₩ 3,356	₩ 758	₩ 1,154	₩ 500	
Non-current assets	36,224	99,398	102,350	47,287	53,170	
Current liabilities	13,592	236	56	2,967	130	
Non-current liabilities	7,370	77,826	-	28,500	8,600	
Revenue	64,920	758	-	-	-	
Operating profit (loss)	(1,634)	(1,175)	(1,034)	(380)	(474)	
Other comprehensive income	161	-	-	-	-	
Total comprehensive income (loss)	(1,378)	(1,167)	3,047	(380)	(472)	
Dividends received	150	-	-	-	-	

(in millions of Korean won)

	2020		
	E-Bethesda 4 REIT Co., Ltd.	Culture Hero. Co., Ltd.	Toss Innovation Co., Ltd.
Current assets	₩ 562	₩ 3,808	₩ 31,802
Non-current assets	32,707	572	48,515
Current liabilities	108	1,670	2,165
Non-current liabilities	6,100	228	7,896
Revenue	-	1,415	-
Operating profit (loss)	(288)	(713)	(26,351)
Other comprehensive income	-	-	11
Total comprehensive income (loss)	(286)	(719)	(26,340)
Dividends received	-	-	-

<sup>1</sup> Consolidated financial information including ELCANTO Co., Ltd.



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The tables below provide a reconciliation of the summarized financial information presented to the carrying amount of its interest in the associates.

(in millions of Korean won)

	2021									
	Cape-SKS		E-Bethesda 1		E-Bethesda 2		E-Bethesda 3		E-Bethesda 4	
	No.1 Private	Equity <sup>2,3</sup>	REIT Co., Ltd.		REIT Co., Ltd.		REIT Co., Ltd.		REIT Co., Ltd.	
Net assets at the end of the reporting period (a)	₩	45,262	₩	22,048	₩	16,388	₩	44,485	₩	26,721
Group's share in % (b) <sup>1</sup>		45.7%		27.0%		28.1%		23.2%		28.7%
Group's share in KRW (a*b)		18,948		5,944		4,596		10,300		7,660
Goodwill		-		-		-		-		-
Intergroup transactions		-		(5,026)		(2,559)		(2,204)		(2,280)
Book amount	₩	18,948	₩	918	₩	2,037	₩	8,096	₩	5,380

(in thousands of Korean won)

	2021			
	Toss Bank Co., Ltd. (formerly, Toss Innovation Co., Ltd.)		PAMCO Logistics REIT 5	
Net assets at the end of the reporting period (a)	₩	442,147	₩	76,569
Group's share in % (b) <sup>1</sup>		10.0%		19.8%
Group's share in KRW (a*b)		44,214		15,191
Goodwill		2,498		-
Intergroup transactions		-		-
Book amount	₩	46,712	₩	15,191

<sup>1</sup> Group's share is the percentage of shares that reflect the allocation ratio of preference shares issued by the associate.

<sup>2</sup> The equity amount includes the non-controlling interest of ₩3,639 million.

<sup>3</sup> Consolidated financial information including ELCANTO Co., Ltd.

(in millions of Korean won)

	2020									
	Cape-SKS		E-Bethesda 1		Simone CRF		E-Bethesda 2		E-Bethesda 3	
	No.1 Private	Equity <sup>2,3</sup>	REIT Co., Ltd.		No. 1 Private	Equity Fund	REIT Co., Ltd.		REIT Co., Ltd.	
Net assets at the end of the reporting period (a)	₩	48,892	₩	24,692	₩	103,052	₩	16,974	₩	44,940
Group's share in % (b) <sup>1</sup>		45.7%		28.0%		20.2%		28.8%		23.7%
Group's share in KRW (a*b)		20,454		6,922		20,810		4,885		10,647
Goodwill		-		-		-		-		-
Intergroup transactions		-		(4,771)		-		(2,198)		(717)

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Book amount	₩	20,454	₩	2,151	₩	20,810	₩	2,687	₩	9,930
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(in millions of Korean won)

	2020					
	E-Bethesda 4 REIT Co., Ltd.		Culture Hero. Co., Ltd.		Toss Innovation Co., Ltd.	
Net assets at the end of the reporting period (a)	₩	27,061	₩	2,482	₩	70,256
Group's share in % (b) <sup>1</sup>		29.3%		12.5%		7.5%
Group's share in KRW (a*b)		7,933		311		5,287
Goodwill		-		1,765		252
Intergroup transactions		(1,335)		-		-
Book amount	₩	6,598	₩	2,076	₩	5,539

<sup>1</sup> Group's share is the percentage of shares that reflect the allocation ratio of preference shares issued by the associate.

<sup>2</sup> The equity amount includes the non-controlling interest of ₩4,116 million.

<sup>3</sup> Consolidated financial information including ELCANTO Co., Ltd.

**17. Property, Plant and Equipment**

Changes in property, plant and equipment for the years ended December 31, 2021 and 2020, are as follows:

(in millions of Korean won)

	2021							
	Land	Land for resort business	Building and fixture	Tools and furniture	Leasehold improvements	Others	Construction-in-progress	Total
Beginning	₩ 2,753,194	₩ 232,510	₩ 1,393,163	₩ 311,688	₩ 54,312	₩ 100,941	₩ 197,398	₩ 5,043,206
Changes in scope of consolidation	(15,970)	-	(117,727)	(27)	-	-	(291)	(134,015)
Acquisition	8,327	1,455	3,784	57,231	18,717	5,864	201,209	296,587
Revaluation	871,549	-	-	-	-	-	-	871,549
Disposal	(64,631)	-	(33,961)	(9,410)	(2,809)	(1,090)	(826)	(112,727)
Depreciation	-	-	(48,465)	(73,000)	(16,393)	(14,801)	-	(152,659)
Impairment loss	(759)	-	(435)	(592)	-	(1,257)	(391)	(3,434)
Transfer <sup>1</sup>	(10,153)	(14,637)	(4,096)	6,312	3,354	(8,473)	(32,226)	(59,919)
Others <sup>2</sup>	587	-	14,597	1,377	3,806	3,573	17,115	41,055
Ending	₩ 3,542,144	₩ 219,328	₩ 1,206,860	₩ 293,579	₩ 60,987	₩ 84,757	₩ 381,988	₩ 5,789,643
Acquisition cost	₩ 3,542,525	₩ 219,328	₩ 1,804,078	₩ 1,193,671	₩ 369,932	₩ 284,671	₩ 384,829	₩ 7,799,034
Accumulated depreciation	-	-	(577,959)	(894,929)	(304,877)	(180,869)	-	(1,958,634)
Accumulated impairment loss	(381)	-	(19,259)	(3,941)	(3,123)	(19,045)	(2,841)	(48,590)
Government subsidy	-	-	-	(1,222)	(945)	-	-	(2,167)

<sup>1</sup> Includes ₩ 924 million, ₩ 10,403 million, ₩ 28,005 million, ₩ 21,753 million and ₩ 2,103 million that were transferred to inventories, intangible assets, investment property, non-current assets held for sale and other assets, respectively. And includes ₩ 3,269 that were transferred from right-of-use assets.

<sup>2</sup> Others are related to exchange rate differences.

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	2020							
	Land	Land for resort business	Building and fixture	Tools and furniture	Leasehold improvements	Others	Construction- in-progress	Total
Beginning	₩ 2,768,896	₩ 229,133	₩ 1,469,364	₩ 319,745	₩ 79,603	₩ 116,139	₩ 122,775	₩ 5,105,655
Changes in scope of consolidation	-	-	-	(24)	-	-	-	(24)
Acquisition	1,888	65	5,365	71,896	344	5,041	118,320	202,919
Revaluation	(893)	-	-	-	-	-	-	(893)
Disposal	(11,465)	(1,811)	(7,867)	(8,415)	(5,475)	(1,192)	(1,253)	(37,478)
Depreciation	-	-	(50,409)	(77,986)	(22,697)	(15,525)	-	(166,617)
Impairment loss	(549)	-	(16,889)	(2,417)	(1,691)	(4,942)	(2,326)	(28,814)
Transfer <sup>1</sup>	(3,939)	5,123	(644)	9,311	3,519	4,688	(39,023)	(20,965)
Others <sup>2</sup>	(744)	-	(5,757)	(422)	709	(3,268)	(1,095)	(10,577)
Ending	₩ 2,753,194	₩ 232,510	₩ 1,393,163	₩ 311,688	₩ 54,312	₩ 100,941	₩ 197,398	₩ 5,043,206
Acquisition cost	₩ 2,753,788	₩ 232,510	₩ 1,985,215	₩ 1,183,771	₩ 354,511	₩ 300,517	₩ 199,127	₩ 7,009,439
Accumulated depreciation	-	-	(571,362)	(865,997)	(294,212)	(174,460)	-	(1,906,031)
Accumulated impairment loss	(594)	-	(20,690)	(4,699)	(3,122)	(25,116)	(1,729)	(55,950)
Government subsidy	-	-	-	(1,387)	(2,865)	-	-	(4,252)

<sup>1</sup> Includes ₩ 947 million, ₩ 23,871 million and ₩ 29 million that were transferred to inventories, intangible assets and other assets, respectively. And includes ₩ 3,784 million and ₩ 99 million that were transferred from right-of-use assets and investment property, respectively.

<sup>2</sup> Others are related to exchange rate differences.

Line items including depreciation in the statement of profit or loss for the years ended December 31, 2021 and 2020, are as follows:

(in millions of Korean won)

	2021	2020
Selling and administrative expenses	₩ 110,385	₩ 115,689
Cost of sales	42,274	50,928
	₩ 152,659	₩ 166,617

Land and buildings are provided as collateral for the Group's borrowings (Note 35).

The Group has applied revaluation model for subsequent measurement of land. At the end of the reporting period, revaluation price of land is determined based on appraised value as at December 31, 2021, by the independent appraisal firm, TONGIL APPRAISAL CO., LTD. and KAARAM APPRAISAL CO., LTD.

Gain on revaluation net of tax is recognized in other comprehensive income and shown as accumulated other comprehensive income in equity.

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If land was stated on the historical cost basis, the amounts as at December 31, 2021 and 2020, would be as follows:

(in millions of Korean won)	2021			
	Revaluation model		Cost model	
Land	₩	3,542,144	₩	1,683,930

(in millions of Korean won)	2020			
	Revaluation model		Cost model	
Land	₩	2,753,194	₩	1,586,511

Land owned by the Group but related to resort business was excluded from revaluation.

The following table analyzes the non-financial assets carried at fair value, by valuation techniques. The fair value hierarchy levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

(in millions of Korean won)	2021				
	Level 1	Level 2	Level 3	Total	
Land	₩ -	₩ -	₩ 3,542,144	₩	3,542,144

(in millions of Korean won)	2020				
	Level 1	Level 2	Level 3	Total	
Land	₩ -	₩ -	₩ 2,753,194	₩	2,753,194

The external valuations of land categorized as level 3 have been performed using a sales comparison approach and officially assessed land price method. Each price is measured based on comparable sales practices or officially assessed land price and adjusted according to current land condition. For officially assessed land price method, reasonableness of the measured price was tested by sales comparison approach.

However, for land there are limited number of comparable sales in the local market and valuations are performed using unobservable inputs. The external valuers have determined these inputs based on the condition of the land and comparable prices in the corresponding local economy and national economy.

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**18. Leases**

Set out below is information for leases when the Group is a lessee.

(1) Amounts recognized in the consolidated statement of financial position

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Right-of-use assets <sup>1</sup>		
Land	₩ 72,541	₩ 70,842
Buildings	685,969	655,600
Machinery	6,546	8,053
Supplies	753	244
Vehicles	262	364
Others	1,734	2,975
	<u>767,805</u>	<u>738,078</u>
Investment property <sup>2</sup>		
Buildings	3,917	654
	<u>₩ 771,722</u>	<u>₩ 738,732</u>

<sup>1</sup> Separately presented as 'right-of-use assets' in the statement of financial position.

<sup>2</sup> Right-of-use assets that meet the definition of investment property are classified as investment property and presented in the statement of financial position as investment property.

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Lease liabilities		
Current	₩ 194,337	₩ 168,769
Non-current	555,060	531,203
	<u>₩ 749,397</u>	<u>₩ 699,972</u>

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(2) Amounts recognized in the consolidated statement of profit or loss

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Depreciation of right-of-use assets		
Land	₩ 4,608	₩ 5,236
Buildings	176,424	197,605
Machinery	1,164	2,165
Supplies	128	375
Vehicles	239	369
Others	1,271	1,183
	<u>₩ 183,834</u>	<u>₩ 206,933</u>
Depreciation of investment property	₩ 1,349	₩ 1,060
Interest expense relating to lease liabilities (included in finance cost)	42,965	42,163
Expense relating to short-term leases (included in cost of sales and selling and administrative expenses)	39,756	30,738
Expense relating to leases of low-value assets that are not short-term leases (included in cost of sales and selling and administrative expenses)	2,875	2,540
Expense relating to variable lease payments not included in lease liabilities (included in selling and administrative expenses)	51,977	56,520

The total cash outflow for leases in 2021 was ₩ 306,287 million (2020: ₩ 306,687 million).

As described in Note 2.2 (1), the Group has applied the amendments to Korean IFRS 1116. The Group has applied the practical expedient which does not assess whether a rent concession on the direct management stores occurring as a direct consequence of the COVID-19 pandemic is a lease modification. The amounts recognized in profit or loss as a result of applying this lease modification are ₩ 7,035 million for the year ended December 31, 2021 (2020: ₩ 6,762 million).

The Group had an impairment test on the cash generating units of right-of-use assets for the year ended December 31, 2021. As a result, an impairment loss of ₩ 9,072 million was recognized on right-of-use assets for the year ended December 31, 2021 (2020: ₩ 40,665 million).

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Maturity analysis of lease liabilities as at December 31, 2021 and 2020, is as follows:

<i>(in millions of Korean won)</i>	2021	2020
Minimum lease payments		
Within one year	₩ 205,833	₩ 180,330
Later than one year but not later than five years	490,590	456,916
Later than five years	193,001	205,961
	889,424	843,207
Less: adjustments of present value	(140,027)	(143,235)
Present value of lease liabilities	₩ 749,397	₩ 699,972

**19. Intangible Assets**

Changes in intangible assets for the years ended December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021						
	Goodwill	Industrial right	Brand	Software	Lease tenant rights	Membership	Others
Beginning	₩ 6,435	₩ 1,133	₩ 2,583	₩ 41,235	₩ 4,044	₩ 3	₩ 39,703
Acquisition	200	116	-	6,549	-	-	1,019
Changes in scope of consolidation	(726)	-	-	-	-	-	-
Transfer <sup>1</sup>	-	18	-	9,801	-	-	(896)
Amortization	-	(255)	-	(11,380)	(485)	-	(5,625)
Disposal	-	-	-	(1,329)	(41)	-	(80)
Impairment loss	(200)	-	(180)	-	-	-	-
Others	606	1	-	561	281	-	3,726
Ending	₩ 6,315	₩ 1,013	₩ 2,403	₩ 45,437	₩ 3,799	₩ 3	₩ 37,847

<sup>1</sup> Includes ₩ 10,403 million transferred from property, plant and equipment and ₩ 1,480 million transferred to right-of-use assets.

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Korean won)	2020															
	Goodwill		Industrial right		Brand		Software		Lease tenant rights		Membership		Others		Total	
Beginning	₩	15,978	₩	1,219	₩	7,151	₩	23,238	₩	4,794	₩	3	₩	47,715	₩	100,098
Acquisition		-		173		-		2,717		-		-		142		3,032
Changes in scope of consolidation		(1,489)		-		-		1,025		-		-		-		(464)
Transfer <sup>1</sup>		-		-		-		23,985		-		-		(114)		23,871
Amortization		-		(267)		-		(9,612)		(662)		-		(6,009)		(16,550)
Disposal		-		(4)		-		(157)		(175)		-		-		(336)
Impairment loss		(7,916)		-		(4,681)		(12)		-		-		-		(12,609)
Others		(138)		12		113		51		87		-		(2,031)		(1,906)
Ending	₩	6,435	₩	1,133	₩	2,583	₩	41,235	₩	4,044	₩	3	₩	39,703	₩	95,136

<sup>1 1</sup> Includes ₩ 23,871 million that were transferred from property, plant and equipment.

Line items including amortization in the statement of profit or loss for the years ended December 31, 2021 and 2020, are as follows:

(in millions of Korean won)	2021	2020
Selling and administrative expenses	₩ 15,772	₩ 14,590
Cost of sales and others	1,973	1,960
	₩ 17,745	₩ 16,550

**Details of goodwill**

Goodwill is monitored by the management at the subsidiary level. The following is a summary of goodwill allocation for each subsidiary. The allocation method was not changed from prior period.

(in millions of Korean won)	2021	2020
SY Vina Joint Stock Company <sup>1</sup>	₩ 6,315	₩ 5,709
Others	-	726
	₩ 6,315	₩ 6,435

<sup>1</sup> Goodwill denominated in foreign currency was translated at the closing rate at the end of reporting period.



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**20. Investment Property**

Changes in investment property for the years ended December 31, 2021 and 2020, are as follows:

(in millions of Korean won)

	2021			
	Land	Building	Right-of-use assets	Total
Beginning	₩ 68,649	₩ 42,187	₩ 654	₩ 111,490
Acquisition	7,246	3,965	7,455	18,666
Transfer <sup>1</sup>	26,032	1,973	-	28,005
Depreciation	-	(820)	(1,349)	(2,169)
Disposal	(20,187)	(24,041)	(2,820)	(47,048)
Impairment loss	-	-	-	-
Others	-	116	(23)	93
Ending	₩ 81,740	₩ 23,380	₩ 3,917	₩ 109,037
Acquisition cost	₩ 83,571	₩ 30,144	₩ 4,632	₩ 118,347
Accumulated depreciation	-	(5,577)	(715)	(6,292)
Accumulated impairment loss	(1,831)	(1,187)	-	(3,018)

<sup>1</sup> In 2021, ₩ 28,005 million was transferred from property, plant and equipment.

(in millions of Korean won)

	2020			
	Land	Building	Right-of-use assets	Total
Beginning	₩ 80,775	₩ 68,914	₩ 3,654	₩ 153,343
Acquisition	268	372	201	841
Transfer <sup>1</sup>	525	2,001	-	2,526
Depreciation	-	(2,135)	(1,060)	(3,195)
Disposal	(10,933)	(23,950)	(1,780)	(36,663)
Impairment loss	(1,986)	(2,950)	-	(4,936)
Others	-	(65)	(361)	(426)
Ending	₩ 68,649	₩ 42,187	₩ 654	₩ 111,490
Acquisition cost	₩ 72,730	₩ 59,303	₩ 1,670	₩ 133,703
Accumulated depreciation	-	(12,827)	(1,016)	(13,843)
Accumulated impairment loss	(4,081)	(4,289)	-	(8,370)

<sup>1</sup> In 2020, ₩ 99 million was transferred to property, plant and equipment and ₩ 2,625 million was transferred from inventory.

Fair value of investment property as at December 31, 2021, amounts to ₩ 131,243 million (2020: ₩ 182,707 million).

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During the year, rental income from investment property is ₩ 2,750 million (2020: ₩ 6,480 million), and direct operating expenses (including repairs and maintenance) from investment property that generated rental income are ₩ 3,012 million (2020: ₩ 5,427 million).

Investment property is provided as collateral for the Group's borrowings (Note 35).

The Group recognizes impairment loss considering market price on the investment property held for sale, and there is no impairment loss recognized by the Group for the year ended December 31, 2021 (2020: ₩ 4,936 million).

**21. Trade Payables and Other Payables**

Details of trade payables and other payables as at December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Trade payables	₩ 303,899	₩ 269,334
Non-trade payables	417,810	376,541
Accrued expenses	38,257	35,405
Deposits received	72,772	76,511
Leasehold deposits received <sup>1</sup>	27,089	24,826
Others	61,329	59,915
Less: non-current portion	(73,931)	(74,700)
Current portion	₩ 847,225	₩ 767,832

<sup>1</sup> Leasehold deposits received is the amount after the present value discount of ₩ 1,207 million (2020: ₩ 1,514 million).

**22. Borrowings**

Details of borrowings as at December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
<b>Current</b>		
Short-term borrowings	₩ 984,301	₩ 1,029,045
Short-term bonds	38,536	45,571
Current portion of bonds	111,834	75,771
Current portion of long-term ABL	106,018	151,727
Current portion of long-term borrowings	519,334	964,975
	1,760,023	2,267,089
<b>Non-current</b>		
Bonds	502,252	298,224
Long-term ABL	153,397	220,095
Long-term borrowings	1,522,244	1,131,209
	2,177,893	1,649,528
₩	3,937,916	₩ 3,916,617

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Details of short-term borrowings as at December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>Creditor</b>	<b>Interest rate December 31, 2021</b>	<b>2021</b>	<b>2020</b>
Bank overdrafts	Korea Development Bank and others	0.2%~8.0%	₩ 4,320	₩ 14,933
General loans	Shinhan Bank, Korea Development Bank, Standard Chartered Bank Korea and others	0.0%~6.0%	933,694	974,759
Purchasing loans	Shinhan Bank, NH Bank	3.8%~4.3%	29,864	24,550
USANCE	KEB Hana Bank, Woori Bank and others	0.7%~4.2%	16,423	11,803
Others	Teachers' Pension	-	-	3,000
			<u>₩ 984,301</u>	<u>₩ 1,029,045</u>

Details of long-term ABL and long-term borrowings as at December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>Creditor</b>	<b>Interest rate December 31, 2021</b>	<b>2021</b>	<b>2020</b>
Long-term ABL	Industrial Bank of Korea and others	4.1%~5.4%	₩ 259,415	₩ 371,822
Less: current portion			(106,018)	(151,727)
Non-current portion			<u>₩ 153,397</u>	<u>₩ 220,095</u>
Long-term borrowings	MIRAE ASSET DAEWOO CO., LTD., Kookmin bank and others	2.1%~9.3%	₩ 2,041,578	₩ 2,096,184
Less: current portion			(519,334)	(964,975)
Non-current portion			<u>₩ 1,522,244</u>	<u>₩ 1,131,209</u>

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Details of short-term bonds as at December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>Interest rate December 31, 2021</b>	<b>2021</b>	<b>2020</b>
Bonds	2.1%~6.0%	₩ 38,600	₩ 45,600
Less: discount on bonds		(64)	(29)
		<u>₩ 38,536</u>	<u>₩ 45,571</u>

Details of long-term bonds as at December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>Interest rate December 31, 2021</b>	<b>2021</b>	<b>2020</b>
Bonds	2.1%~5.7%	₩ 617,065	₩ 375,140
Less: discount on bonds		(2,979)	(1,145)
Less: current portion		(111,834)	(75,771)
Non-current portion		<u>₩ 502,252</u>	<u>₩ 298,224</u>

### 23. Other Liabilities

Details of other liabilities as at December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Withholdings	₩ 27,784	₩ 17,523
Value added tax withheld	13,424	29,417
Advance receipts	55,716	60,335
Unearned revenues	23,691	26,709
Overbilled construction	1,773	4,907
Advance rental income	74,076	77,133
Others	50	3,696
Less: non-current portion	(81,670)	(91,265)
Current portion	<u>₩ 114,844</u>	<u>₩ 128,455</u>

### 24. Post-employment Benefits

#### 24.1 Defined Benefit Plan

The Group operates defined benefit pension plans in various countries. The majority of the plans are final salary pension plans, which provide benefit to employees in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on employees' length of service and their salary in the final years leading up to retirement. The majority of benefit payments are from Trustee administered funds; however, there are also a number of unfunded plans. Plan assets held in trusts are governed by local regulations and practice in each country.

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Details of net defined benefit liabilities recognized in the consolidated statements of financial position as at December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Present value of defined benefit obligations	₩ 49,178	₩ 51,353
Fair value of plan assets <sup>1</sup>	(373)	(378)
Net defined benefit liabilities	<u>₩ 48,805</u>	<u>₩ 50,975</u>

<sup>1</sup> The contributions to the national pension fund of ₩ 2 million are included in the fair value of plan assets as at December 31, 2021 (2020: ₩ 10 million).

Changes in the defined benefit obligations for the years ended December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Beginning	₩ 51,353	₩ 55,041
Current service cost	16,501	23,031
Interest expense	973	949
Losses (gains) on settlements	170	(571)
Remeasurements:		
Actuarial loss from change in demographic assumptions	8	650
Actuarial gain from change in financial assumptions	(1,681)	(590)
Actuarial loss (gain) from experience adjustments	778	(1,120)
Payments from plans:		
Benefit payments	(17,169)	(23,425)
Settlements	(1,849)	(2,561)
Effects of changes in foreign exchange rate	94	(51)
Ending	<u>₩ 49,178</u>	<u>₩ 51,353</u>

Changes in the fair value of plan assets for the years ended December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Beginning	₩ 378	₩ 467
Interest income	8	9
Remeasurements:		
Return on plan assets (excluding amounts included in interest income)	(5)	(73)
Payments from plans:		
Benefit payments	(8)	(25)
Ending	<u>₩ 373</u>	<u>₩ 378</u>

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Plan assets as at December 31, 2021 and 2020, consist of:

(in millions of Korean won)	2021		2020	
	Amount	In %	Amount	In %
Debt instruments	₩ 274	73%	₩ 216	57%
Others	99	27%	162	43%
	₩ 373	100%	₩ 378	100%

The significant actuarial assumptions as at December 31, 2021 and 2020, are as follows:

	2021	2020
Discount rate	2.49%~2.94%	1.72%~2.58%
Salary growth rate	Experienced Salary Scale + 2.00% ~ Experienced Salary Scale + 3.00%	Experienced Salary Scale + 2.00% ~ Experienced Salary Scale + 3.00%

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

	2021		
	Impact on defined benefit obligation		
	Changes in principal assumption	Increase in principal assumption	Decrease in principal assumption
Discount rate	1%	5.16% decrease	5.88% increase
Salary growth rate	1%	5.86% increase	5.26% decrease

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. The sensitivity of the defined benefit obligation to changes in principal actuarial assumptions is calculated using the projected unit credit method, the same method applied when calculating the defined benefit obligations recognized on the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

#### **24.2 Defined Contribution Plan**

The expense recognized in the current period in relation to defined contribution plan was ₩ 16,266 million (2020: ₩ 16,672 million).

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**25. Tax Expense and Deferred Tax**

Income tax expense (benefit) for the years ended December 31, 2021 and 2020, consist of:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Current tax:		
Current tax on profits for the year	₩ 80,322	₩ 29,414
Adjustments in respect of prior years	<u>(5,338)</u>	<u>11,804</u>
	74,984	41,218
Deferred tax:		
Changes in temporary differences	<u>23,602</u>	<u>(130,125)</u>
Income tax expense (benefit)	<u>₩ 98,586</u>	<u>₩ (88,907)</u>

The difference between the tax on the Group's profit (loss) before income tax and the theoretical amount that would arise using the weighted average tax rate applicable to the profit (loss) of the consolidated entities is as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Profit (loss) before income tax	₩ 162,757	₩ (456,553)
Tax at domestic tax rates applicable to profits in the respective countries	89,904	(69,843)
Tax effects of:		
Income not subject to tax	(29,568)	(13,337)
Expenses not deductible for tax purposes	24,467	20,236
Tax losses for which no deferred income tax asset was recognized	21,824	17,625
Others	<u>(8,041)</u>	<u>(43,588)</u>
Income tax expense (benefit)	<u>₩ 98,586</u>	<u>₩ (88,907)</u>
Effective tax rate	<u>60.6%</u>	<u>-</u>

Income tax (charged) credited directly to equity for the years ended December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Revaluation of land	₩ 115,001	₩ -
Gain on valuation of financial assets	27	6
Investment in subsidiaries	82,047	65
Others	<u>206</u>	<u>225</u>
	<u>₩ 197,281</u>	<u>₩ 296</u>

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The analysis of deferred tax assets and liabilities as at December 31, 2021 and 2020, is as follows:

<i>(in millions of Korean won)</i>	2021	2020
<b>Deferred tax assets</b>		
Deferred tax assets to be recovered after more than 12 months	₩ 452,838	₩ 443,792
Deferred tax assets to be recovered within 12 months	99,693	113,931
<b>Deferred tax liabilities</b>		
Deferred tax liabilities to be recovered after more than 12 months	(938,455)	(715,004)
Deferred tax liabilities to be recovered within 12 months	(4,845)	(13,960)
Deferred tax assets (liabilities), net	₩ (390,769)	₩ (171,241)

Changes in deferred tax assets and liabilities for the years ended December 31, 2021 and 2020, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

<i>(in millions of Korean won)</i>	2021				
	Beginning	Statement of profit or loss	Other comprehensive income (loss)	Exchange difference	Ending
<b>Deferred tax liabilities</b>					
Investment in subsidiaries	₩ (133,447)	₩ (5,781)	₩ (82,047)	₩ -	₩ (221,275)
Property, plant and equipment	(194,085)	(1,579)	(115,001)	(688)	(311,353)
Intangible assets	(15,407)	(1,894)	-	(617)	(17,918)
Depreciation	(1,279)	1,003	-	(24)	(300)
Accrued income	(5,749)	(133)	-	(34)	(5,916)
Others	(378,997)	(7,388)	(27)	(126)	(386,538)
	(728,964)	(15,772)	(197,075)	(1,489)	(943,300)
<b>Deferred tax assets</b>					
Allowance for doubtful accounts	26,858	(8,445)	-	207	18,620
Accrued expenses	5,331	(687)	-	23	4,667
Adjustment on revenue	465	(366)	-	37	136
Tax loss carryforwards	107,462	12,291	-	756	120,509
Inventories	10,395	1,710	-	891	12,996
Property, plant and equipment and intangible assets	16,247	(5,375)	-	(29)	10,843
Provisions	14,084	(6,351)	-	118	7,851
Deferred revenue	5,410	(662)	-	126	4,874
Post-employment benefit	10,425	249	(206)	2	10,470
Investment in subsidiaries	10,362	3,324	-	312	13,998
Others	350,684	(3,518)	-	401	347,567
	557,723	(7,830)	(206)	2,844	552,531
	₩ (171,241)	₩ (23,602)	₩ (197,281)	₩ 1,355	₩ (390,769)



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	2020				
	Beginning	Statement of profit or loss	Other comprehensive income (loss)	Exchange difference	Ending
<b>Deferred tax liabilities</b>					
Investment in subsidiaries	₩ (208,611)	₩ 75,229	₩ (65)	₩ -	₩ (133,447)
Property, plant and equipment	(199,063)	4,531	-	447	(194,085)
Intangible assets	(14,497)	(1,239)	-	329	(15,407)
Depreciation	(1,391)	103	-	9	(1,279)
Accrued income	(4,062)	(1,691)	-	4	(5,749)
Others	(379,251)	349	(6)	(89)	(378,997)
	(806,875)	77,282	(71)	700	(728,964)
<b>Deferred tax assets</b>					
Allowance for doubtful accounts	21,814	5,028	-	16	26,858
Accrued expenses	5,925	(613)	-	19	5,331
Adjustment on revenue	4,425	(3,973)	-	13	465
Tax loss carryforwards	58,179	49,308	-	(25)	107,462
Inventories	9,040	1,329	-	26	10,395
Property, plant and equipment and intangible assets	19,766	(3,536)	-	17	16,247
Provisions	8,762	5,317	-	5	14,084
Deferred revenue	6,758	(1,363)	-	15	5,410
Post-employment benefit	11,010	(358)	(225)	(2)	10,425
Investment in subsidiaries	6,499	3,843	-	20	10,362
Others	352,691	(2,139)	-	132	350,684
	504,869	52,843	(225)	236	557,723
	₩ (302,006)	₩ 130,125	₩ (296)	₩ 936	₩ (171,241)

**26. Share Capital and Share Premium**

The total number of authorized shares is 38,761,221 shares with the par value of ₩ 5,000 per share. The number of ordinary shares issued as at December 31, 2021, is 4,718,933 shares (2020: 4,718,933 shares).

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**27. Retained Earnings**

Retained earnings as at December 31, 2021 and 2020, consist of:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Legal reserves		
Legally appropriated retained earnings	₩ 9,200	₩ 9,200
Reserve for business development	4,131	4,131
	13,331	13,331
Discretionary reserves	17,622	17,622
Retained earnings before appropriation	551,852	513,810
	₩ 582,805	₩ 544,763

**(1) Legal reserves**

As at December 31, 2021, legal reserves consist of appropriated retained earnings by law and reserve for business development. The Commercial Code of the Republic of Korea requires the Company to appropriate for each financial period, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued share capital. The reserve is not available for cash dividends payment, but may be transferred to share capital or used to reduce accumulated deficit. When the accumulated legal reserves (the sum of capital reserves and earned profit reserves) are greater than 1.5 times the paid-in capital amount, the excess legal reserves may be distributed (in accordance with a resolution of the shareholders' meeting). Reserve for business development is also restricted for use other than transfer to share capital or reduction of accumulated deficit.

**(2) Discretionary reserves**

As at December 31, 2021, discretionary reserves consist of reserve for business rationalization, reserve for research and development and other discretionary reserves. The reserve for business rationalization is accumulated tax deduction based on the Special Tax Treatment Control Law and there is no restriction in use. On the other hand, the Company appropriates amount deducted for corporate tax reporting in accordance with the Special Tax Treatment Control Law as research and development reserves. Among these reserves, the reversed amount may be distributed as dividends according to the terms of tax laws.

**28. Accumulated Other Comprehensive Income and Other Components of Equity**

Accumulated other comprehensive income as at December 31, 2021 and 2020, consist of:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Gain on valuation of financial assets at fair value through other comprehensive income	₩ 146	₩ 147
Foreign exchange differences	26,907	(61,515)
Shares of other comprehensive income of associates	710	(120)
Gain on revaluation of land	1,127,782	513,116
	₩ 1,155,545	₩ 451,628

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Other components of equity as at December 31, 2021 and 2020, consist of:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Other capital surplus	₩ 925,793	₩ 927,533
Other capital adjustment	(922)	(622)
Treasury shares	(192,304)	(192,304)
	<u>₩ 732,567</u>	<u>₩ 734,607</u>

**29. Selling and Administrative Expenses**

Details of selling and administrative expenses for the years ended December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Salaries	₩ 326,150	₩ 342,317
Post-employment benefits	23,724	27,041
Employee benefits	39,677	26,891
Travel	4,876	5,301
Communications	3,892	4,396
Utility	72,373	76,356
Taxes and dues	38,505	37,652
Rental	44,761	44,355
Repairs and maintenance	7,123	8,045
Insurance	13,559	13,252
Entertainment	956	794
Advertising	88,758	71,744
Training	1,311	1,286
Vehicles maintenance	516	517
Supplies	12,785	13,124
Packaging	9,846	12,123
Freight	42,269	55,822
Commission	647,597	614,994
Depreciation	279,308	307,652
Amortization	15,772	14,590
Bad debts expense	3,939	12,227
Sales commission	336,325	302,509
Others	15,019	15,588
	<u>₩ 2,029,041</u>	<u>₩ 2,008,576</u>

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**30. Other Income and Expenses**

Details of other income for the years ended December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Dividend income	₩ 70	₩ 194
Exchange difference	10,477	11,678
Gain on valuation of financial assets at fair value through profit or loss	402	358
Reversal of allowance for bad debt	12	486
Gain on disposal of investment in subsidiaries and associates	247,857	166
Gain on disposal of property, plant and equipment	31,646	1,216
Gain on disposal of right-of-use assets	7,781	3,442
Gain on disposal of intangible assets	1,028	1,025
Gain on disposal of investment property	11,027	1,886
Reversal of other provisions	33,616	163
Gain on disposal of non-current assets held-for-sale	-	3,460
Others	12,661	37,746
	<u>₩ 356,577</u>	<u>₩ 61,820</u>

Details of other expenses for the years ended December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Exchange difference	₩ 9,274	₩ 14,111
Donation	25,059	20,531
Loss on disposal/abandonment of property, plant and equipment	13,852	12,989
Impairment loss on property, plant and equipment	3,640	29,734
Loss on disposal of right-of-use assets	846	415
Impairment loss on right-of-use assets	9,072	40,665
Loss on disposal/abandonment of intangible assets	668	300
Impairment loss on intangible assets	380	12,609
Loss on disposal of investment property	2,284	13,519
Impairment loss on investment property	-	5,297
Other bad debt expenses	2,504	3,227
Loss on valuation of derivatives	13	-
Loss on transaction of derivatives	12	-
Loss on valuation of financial assets at fair value through profit or loss	1,526	3,576
Loss on disposal of financial assets at fair value through profit or loss	130	473
Loss on disposal of investment in subsidiaries and associates	1,107	2,608
Other provision liabilities expenses	119	15,479
Impairment loss on non-current assets held for sale	14,304	-
Others	24,170	18,304
	<u>₩ 108,960</u>	<u>₩ 193,837</u>

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**31. Breakdown of Expenses by Nature**

Details of expenses by nature for the years ended December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Cost of sales - merchandise	₩ 877,011	₩ 926,474
Changes in inventories of finished goods and work-in-process	11,768	86,683
Purchase of raw materials	806,148	618,778
Processing costs	398,667	339,202
Employee benefit expense	633,286	706,901
Depreciation and amortization	356,407	393,295
Advertising	88,954	72,030
Transportation	51,035	63,362
Commission	698,908	669,961
Sales commission	336,325	302,509
Others	489,961	557,415
<b>Total<sup>1</sup></b>	<b>₩ 4,748,470</b>	<b>₩ 4,736,610</b>

<sup>1</sup> The total amounts are the sum of cost of sales and selling and administrative expenses on the consolidated statement of comprehensive income.

**32. Finance Income and Expense**

Details of finance income for the years ended December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Interest income	₩ 18,390	₩ 18,308
Gain on foreign currency transactions	51,610	71,626
Gain on foreign currency translation	10,952	11,629
Gain on transactions of derivatives	62	32
Gain on valuation of derivatives	7,460	859
	<b>₩ 88,474</b>	<b>₩ 102,454</b>

Details of finance expense for the years ended December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Interest expense	₩ 190,376	₩ 209,410
Loss on foreign currency transactions	45,382	69,503
Loss on foreign currency translation	10,814	11,266
Other commission	23,873	17,369
Loss on transactions of derivatives	1,265	771
Loss on valuation of derivatives	-	5,683
	<b>₩ 271,710</b>	<b>₩ 314,002</b>

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**33. Cash Generated from Operations**

Cash generated from operations for the years ended December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	<b>2021</b>	<b>2020</b>
Profit (loss) before income tax	₩ 162,757	₩ (456,553)
Adjustments for:		
Foreign exchange difference	(2,198)	1,050
Bad debt expense	3,939	12,227
Depreciation	338,662	376,745
Amortization	17,745	16,550
Loss on disposal/abandonment of property, plant and equipment and investment property	(26,537)	23,406
Impairment loss on property, plant and equipment and investment property	3,366	33,751
Gain on disposal of right-of-use assets	(6,936)	(3,026)
Impairment loss on right-of-use assets	8,711	40,665
Gain on disposal of intangible assets	(360)	(725)
Impairment loss on intangible assets	380	12,609
Loss (gain) on transaction and valuation of derivatives	(6,232)	5,563
Post-employment benefits	17,636	23,399
Loss on valuation of financial assets at fair value through profit or loss	1,124	3,217
Loss (gain) on disposal of financial assets at fair value through profit or loss	(911)	59
Other bad debt expenses	2,504	3,227
Reversal of other bad debt expenses	(12)	(486)
Loss (gain) on disposal of investment in subsidiaries and associates	(246,749)	2,442
Loss from equity method of accounting	13,580	7,854
(Reversal of) loss on abandonment and valuation of inventories	(4,712)	22,021
Rental expense	196	(242)
Rental income	(4,765)	(1,861)
Interest expense, net	171,986	191,102
Dividend income	(70)	(194)
Others	(16,837)	10,055
Changes in working capital:		
Decrease in trade receivables	38,663	41,138
Decrease (increase) in other receivables	(14,050)	14,216
Increase in other current assets	(26,596)	(15,617)
Decrease (increase) in inventories	(28,775)	116,290
Decrease (increase) in short-term financial instruments	(1,452)	50,737
Net changes in derivative asset/liability	-	(682)
Decrease (increase) in long-term other receivables	(7)	1,989
Decrease (increase) in other non-current assets	619	(651)
Increase in trade payables	3,528	5,142
Increase (decrease) in other payables	20,830	(170,282)
Decrease in current provision liabilities	(8,429)	(5,819)
Decrease in other current liabilities	(20,562)	(5,315)

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Increase in long-term other payables	6,613	12,697
Decrease in non-current provision liabilities	(363)	(876)
Decrease in defined benefit obligations	(19,010)	(24,795)
Decrease in other non-current liabilities	(19,254)	(30,592)
Cash generated from operations	<u>₩ 358,022</u>	<u>₩ 310,435</u>

Significant transactions not affecting cash flows for the years ended December 31, 2021 and 2020, are as follows:

(in millions of Korean won)	2021	2020
Reclassification of construction-in-progress to property, plant and equipment	₩ 32,226	₩ 39,023
Reclassification of borrowings to current portion	737,186	1,192,473

Changes in liabilities arising from financial activities for the years ended December 31, 2021 and 2020, are as follows:

(in millions of Korean won)	Liabilities from financing activities					
	Short-term borrowings	Long-term borrowings	Bonds	Lease liabilities	Other payables	Total
At December 31, 2021	₩ 1,074,616	₩ 2,468,006	₩ 373,995	₩ 699,972	₩ 130,328	₩ 4,746,917
Cash flows	(77,207)	(96,440)	235,879	(168,713)	724	(105,757)
Foreign exchange differences	25,358	6,421	2,921	14,249	16	48,965
Other non-financial changes	70	(76,994)	1,291	203,889	282	128,538
At December 31, 2021	<u>₩ 1,022,837</u>	<u>₩ 2,300,993</u>	<u>₩ 614,086</u>	<u>₩ 749,397</u>	<u>₩ 131,350</u>	<u>₩ 4,818,663</u>

(in millions of Korean won)	Liabilities from financing activities					
	Short-term borrowings	Long-term borrowings	Bonds	Lease liabilities		Total
At January 1, 2020	₩ 1,096,842	₩ 2,240,033	₩ 223,834	₩ 705,410	₩	4,266,119
Cash flows	2,546	197,881	150,993	(174,726)		176,694
Foreign exchange differences	607	1,107	(2,056)	3,296		2,954
Other non-financial changes	(25,379)	28,985	1,224	165,992		170,822
At December 31, 2020	<u>₩ 1,074,616</u>	<u>₩ 2,468,006</u>	<u>₩ 373,995</u>	<u>₩ 699,972</u>	₩	<u>4,616,589</u>

Although the Group presented cash flows that were related to the security deposits to cash flows from operating activities on the consolidated statements of cash flows until 2020, the Group presented the cash flows to cash flows from financing activities since 2021. If the comparative statements of cash flows for 2020 are prepared on the same standards of the current period, cash flows from operating activities and financing activities would be increased and decreased by ₩ 1,930 respectively. Also, it does not have impact on net assets, net profits and net cash flows of the Group during the year ended December 31, 2020.

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**34. Contingencies**

**Guarantees and collaterals provided to the Group by Others**

(in millions of Korean won, USD, EUR, GBP, CNY)	Currency	Guaranteed amount (limit)		Descriptions
		2021	2020	
Performance guarantee and others	KRW	121,703	76,754	Seoul Guarantee Insurance and others
Stand-by L/C	GBP	-	1,500,000	Kookmin Bank and others
	CNY	150,000,000	-	Woori Bank
Import L/C and others	KRW	10,000	10,000	Shinhan Bank
	USD	42,050,000	48,200,000	Kookmin Bank and others
	EUR	-	1,462,679	Woori Bank and others
Principal and interests of beneficiary certificate	KRW	60,000	160,000	Industrial Bank of Korea and others
Borrowings	USD	30,600,000	30,600,000	Woori Bank

**Payment guarantees and collaterals provided by the Group**

(in millions of Korean won, EUR, GBP)	Currency	Guaranteed amount (limit)		Guarantor
		2021	2020	
Meritplus Co., Ltd.	KRW	-	2,020	E.Land Construction, Inc.
Youngjin Housing Co., Ltd.	KRW	-	3,720	E.Land Construction, Inc.
Ganseong SweetM Central Buyers	KRW	-	43,056	E.Land Construction, Inc.
Central 1st Co., Ltd.	KRW	16,900	16,900	E.Land Construction, Inc.
Anseong Gong-do Central Park Central Buyers	KRW	23,184	-	E.Land Construction, Inc.
ICAL SPA and others	EUR	2,124,863	2,532,458	COCCINELLE S.p.A.
BICESTER NOMINEES LTD.	GBP	-	89,930	COCCINELLE S.p.A.
VR Milan Srl and others	EUR	-	177,800	LARIO1898, S.p.A.
TRIBUNALE DI BOLOGNA and others	EUR	323,259	363,257	Mandarina Duck
Won-nam MG Community credit cooperatives and others	KRW	93,600	27,600	E.Land Park Ltd.



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**Guarantees provided between the Parent Company and subsidiaries**

(in millions of Korean won, USD,  
 EUR, GBP, VND)

		Guaranteed amount (limit)		
	Currency	2021	2020	Descriptions
Guarantees provided to subsidiaries by the Parent Company <sup>1</sup>				
E-Land Construction Inc.	KRW	24,000	25,644	Performance guarantee
Lochcarron John Buchan Ltd.	GBP	500,000	700,000	Loan guarantee
Gloverall PLC	GBP	-	1,500,000	Stand-by L/C
Mandarina Duck	EUR	6,600,000	4,500,000	Loan guarantee
COCCINELLE S.p.A.	EUR	10,500,000	10,500,000	Loan guarantee
E.Land Vietnam	USD	12,000,000	12,000,000	Loan guarantee
E.Land Park Ltd.	KRW	24,000	24,000	Loan guarantee
EnC world	KRW	4,800	6,000	Loan guarantee
EBG the 3rd Co., Ltd.	KRW	9,750	29,250	Loan guarantee
EBG the 5th Co., Ltd.	KRW	24,375	-	
Guarantees provided (received) between subsidiaries				
E Cruise Co., Ltd. (E-World Co., Ltd.)	KRW	731	731	Performance guarantee
E.Land Fashion Hong Kong (E-Land Asia Holdings)	USD	20,000,000	20,000,000	Loan guarantee
E-Land Asia Holdings (E.Land Fashion Hong Kong)	USD	20,000,000	20,000,000	Loan guarantee
E.Land Vietnam (SY Vina Joint Stock Company)	USD	1,200,000	-	Loan guarantee
E-Land Asia Holdings (E.Land Vietnam)	VND	70,000,000,000	70,000,000,000	Loan guarantee
Eland Italy S.r.l. (Mandarina Duck)	EUR	525,000	-	Loan guarantee
E.Land Park Ltd. (YEJI SILUP Co., Ltd.)	KRW	-	2,500	Loan guarantee
E.Land Park Ltd. (ELAND EATS CO., LIMITED)	KRW	24,000	24,000	Loan guarantee
E.Land Park Ltd. (E-land Theme Park Jeju Inc.)	KRW	9,480	-	Performance guarantee

<sup>1</sup> The Parent Company provides its assets as collaterals in relation to these guarantees for its subsidiaries (Note 35).

**Cash deficiency support agreement and other commitments**

The Company has entered into cash deficiency support agreement up to ₩32,400 million with Owon Properties Co., Ltd. for borrowings of E.Land Park Ltd., a subsidiary (₩27,000 million of outstanding debt as at December 31, 2021).

The Company has entered into cash deficiency support agreement up to ₩12,000 million with ChamCham the 1st Co., Ltd. for borrowings of E.Land Park Ltd., a subsidiary (₩10,000 million of outstanding debt as at December 31, 2021).

## **ELAND WORLD LIMITED and Subsidiaries**

### **Notes to the Consolidated Financial Statements**

#### **December 31, 2021 and 2020**

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The Company has entered into cash deficiency support agreement up to ₩6,000 million with Elandparkkrwork for borrowings of E.Land Park Ltd., a subsidiary (₩5,000 million of outstanding debt as at December 31, 2021).

The Company has entered into cash deficiency support agreement up to ₩44,400 million with Jonblue Corp. for borrowings of E.Land Park Ltd., a subsidiary (₩37,000 million of outstanding debt as at December 31, 2021).

The Company has entered into cash deficiency support agreement up to ₩9,600 million with WithMoonBrown Corp. for borrowings of E.Land Park Ltd., a subsidiary (₩8,000 million of outstanding debt as at December 31, 2021).

The Company has entered into cash deficiency support agreement up to ₩36,400 million with Core Asset Invest Co., Ltd. for borrowings of E.Land Park Ltd., a subsidiary (₩28,000 million of outstanding debt as at December 31, 2021).

The Company has entered into cash deficiency support agreement up to ₩36,000 million with TJ Joy 1 Corp. for borrowings of E.Land Park Ltd., a subsidiary (₩30,000 million of outstanding debt as at December 31, 2021).

The Company has entered into cash deficiency support agreement up to ₩16,800 million with Koseong Valley 1 Co., Ltd. for borrowings of E.Land Park Ltd., a subsidiary (₩14,000 million of outstanding debt as at December 31, 2021).

The Company has entered into cash deficiency support agreement up to ₩24,000 million with DBIF Aewol 1st Co., Ltd Limited for borrowings of E-land Theme Park Jeju Inc., a subsidiary (₩20,000 million of outstanding debt as at December 31, 2021).

As at December 31, 2021, E.Land Retail Limited, a subsidiary, has entered into cash deficiency support agreement in relation to short-term borrowings of ES 2nd. Co., Ltd and ES 5th Co., Ltd. The initial cash deficiency support limit is ₩ 70 billion (balance of borrowings as at December 31, 2021: ₩ 70 billion) and interest and accrued expenses can be paid additionally within the total limit. The cash deficiency support will be provided through additional trusts or loans. E.Land Retail Limited's lenders, ES 2nd. Co., Ltd. and ES 5th. Co., Ltd., are special purpose companies established for debt financing of E.Land Retail Limited, which additional losses may occur to E.Land Retail Limited if there is default of lenders.

Construction Guarantee Cooperative has placed a statement of protest in relation to Woobang Construction Co., Ltd.'s guaranteed debt to Construction Guarantee Cooperative prior to the spin-off date during the creditor protection process. No assumption of liabilities agreement has been entered between E-World Co., Ltd. and Construction Guarantee Cooperative until the end of the reporting period. As at December 31, 2021, Woobang Constructions Co., Ltd.'s guaranteed debt to Construction Guarantee Cooperative amount to ₩ 2,137 million, and the existence of joint obligation of E-World Co., Ltd. is not yet settled.

E.Land Park Ltd., a subsidiary, has entered into cash deficiency support agreement up to ₩ 85,600 million of borrowings of Core Asset Invest Co., Ltd, Elandparkkrwork, EH 2nd Co., Ltd., and with TJ Joy 1 Corp., which is a securitization company for real estate secured loans with IBK Capital and other 21 companies.

**ELAND WORLD LIMITED and Subsidiaries**  
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Additional losses may be incurred in relation to aforementioned agreements. However, the Group's financial statements do not include any effect from the possible losses because the losses are not probable to be realized.

**Litigations and others**

The Group has recognized W12,040 million of provision for legal claims with respect to litigations and investigations as at December 31, 2021. The final amount of claims resulted from the outcome of these cases may be different from the amount expected by the Group.

**Judgement of nullification of uncollected note receivables and others**

Although all debt has been paid, E.Land Retail Limited, a subsidiary, have not been able to repossess 1,071 notes and checks which had been provided as collateral for the debt from the related counterparties and others. E.Land Retail Limited is seeking judgement of nullification in near future regarding with uncollected notes and checks.

**Support letter provided to subsidiaries**

The Company has provided some of its subsidiaries with support letters that make commitments on financial supports required for debt repayment, continuing as a going concern and others. Details of subsidiaries provided with the support letters and the commitment terms are as follows:

<b>Subsidiaries</b>	<b>Commitment terms</b>
Euro E-Land Company PLC	Until one year from the approval date of issuance of the financial statements
COCCINELLE S.p.A.	Until one year from the approval date of issuance of the financial statements
Eland Italy S.r.l.	Until one year from the approval date of issuance of the financial statements
LARIO1898 S.p.A.	Until one year from the approval date of issuance of the financial statements
Mandarina Duck	Until one year from the approval date of issuance of the financial statements
Gloverall PLC	Until one year from the approval date of issuance of the financial statements
E-Land Asia Holdings	Until one year from the approval date of issuance of the financial statements
ELAND EATS CO., LIMITED	Until March 6, 2023
E Cruise Co., Ltd.	Until March 6, 2023
E.Land Park Ltd.	Until March 6, 2023

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**35. Commitments**

As at December 31, 2021, the Group has borrowing agreements such as general purpose loan, securitized loan and others for the amounts of ₩ 3,823,287 million, USD 111 million, EUR 45 million, CNY 2,010 million, GBP 1 million, INR 83 million, VND 2,219,200 million and LKR 53 million.

Assets provided as collaterals as at December 31, 2021 and 2020, are as follows:

(1) ELAND WORLD LIMITED

(in millions of Korean won,  
GBP)

Financial institution	Assets provided as collateral as at December 31, 2021	Amount	
		2021	2020
KEB Hana Bank	Short-term financial instruments	-	GBP 1,500,000
Shinhan Bank	Land and buildings	₩ 42,600	₩ 42,600
NH Bank	Short-term financial instruments	100	500
Woori Bank	Short-term financial instruments	10,768	10,700
	Shares of subsidiary (250,000 shares of E-Land Fashion China Holdings)	117,000	117,000
	Beneficiary right of real estate trust	48,000	48,000
Korea Development Bank	Right to request refund for consideration paid for real estate	-	38,188
	Land and right to request for repurchase of land <sup>1</sup>	79,200	-
E.Land Community Credit Cooperative	Land and buildings	-	1,000
GS Retail Co., Ltd.	Long-term financial instruments	100	100
MIRAE ASSET DAEWOO CO., LTD. and 19 others	Short-term financial instruments		
	Shares of subsidiary	-	<sup>2</sup>
	Treasury shares		
Jeon-Buk Bank	Beneficiary right of real estate trust	-	12,000
Standard Chartered Bank Korea	Beneficiary right of real estate trust <sup>3</sup>	120,000	120,000
Shinhan Investment Corp.	Shares of subsidiary (7,952,288 shares of E-World Co., Ltd.)	21,312	14,872
Korea Investment and Securities	Shares of subsidiary (8,540,510 shares of E-World Co., Ltd.)	22,889	27,244
Korea Investment Savings Bank	Beneficiary right of real estate trust	3,600	3,600
Kodit 2020 the 6th Securitization Specialty Inc.	Pledge for PCBO subordinated bond <sup>4</sup>	450	450
Kodit 2020 the 9th Securitization Specialty Inc.	Pledge for PCBO subordinated bond <sup>4</sup>	150	150
Kodit 2021 the 11th Securitization Specialty Inc.	Pledge for PCBO subordinated bond <sup>5</sup>	525	-
EBG the 6th Co., Ltd. and 3 others	Short-term financial instruments	<sup>6</sup>	-
	Shares of subsidiary (20,184,492 shares of E.Land Retail Limited)		

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	Treasury shares (2,112,103)	
Daegu Livestock Cooperative	Beneficiary right of real estate trust	4,200

<sup>1</sup> Provided as collaterals for borrowings amounting to ₩45,000 million from Korea Development Bank.

<sup>2</sup> The borrowings provided as collaterals for long-term borrowings amounting to ₩300,000 million during 2020 from financial institutions including MIRAE ASSET DAEWOO CO., LTD. and 19 others were completely repaid during the year ended December 31, 2021.

<sup>3</sup> Beneficiary right of real estate trust for GASAN office building and deposit account for future trade receivables of E.Land Retail Limited are provided as collaterals.

<sup>4</sup> The Company has provided the type 2 P-CBO subordinated bond as collaterals for the ₩40 billion of private unregistered non-guarantee convertible bond. Meanwhile, loss on valuation of financial assets at fair value through profit or loss was recognized for the full amount.

<sup>5</sup> The Company has provided the type 2 P-CBO subordinated bond as collaterals for the ₩35 billion of private unregistered non-guarantee convertible bond. Meanwhile, loss on valuation of financial assets at fair value through profit or loss was recognized for the full amount.

<sup>6</sup> Provided as collateral for long-term borrowing amounting to ₩156,000 million.

**(2) E.Land Retail Limited**

(in millions of Korean won, thousands of EUR)

Financial institution	Assets provided as collateral as at December 31, 2021	Amount	
		2021	2020
Daegu Bank	Land and buildings	₩ 44,667	₩ 39,600
	Short-term financial instruments	300	300
Woori Bank <sup>1</sup>	Land and buildings (beneficiary right of real estate trust)	129,726	117,726
	Beneficiary certificate	24,000	24,000
KEB Hana Bank	Other receivables	-	EUR 1,463
Korea Development Bank	Land and buildings <sup>2</sup>	180,000	110,900
	Right to request refund for consideration paid for real estate	-	42,429
	Beneficiary right of real estate trust	60,000	60,000
	Beneficiary certificate	36,000	36,000
National Federation of Fisheries Cooperative	Land and buildings (beneficiary right of real estate trust)	-	19,500
Jeon-Buk Bank	Land and buildings (beneficiary right of real estate trust)	9,600	9,600
Standard Chartered Bank Korea	Land and buildings (beneficiary right of real estate trust)	144,000	143,000
NH Bank	Land and buildings (beneficiary right of real estate trust)	39,000	63,000
KB Securities Co., Ltd.	Land and buildings (beneficiary right of real estate trust)	48,000	48,000
Yuantia Securities Korea Co., Ltd. <sup>3</sup>	Notes	-	-
	Two notes as collateral	-	-
	Four checks as collateral	-	-
Seoul Guarantee Insurance <sup>3</sup>	Check	998	998
	Check (other companies)	2,309	2,309

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	52 Checks	-	-
	Five bank acceptance notes	-	-
ES 2nd. Co., Ltd.	Land and buildings (beneficiary right of real estate trust)	36,000	84,000
ES 5th. Co., Ltd.	Land and buildings (beneficiary right of real estate trust)	48,000	-
Korea Investment and Securities	Land and buildings (beneficiary right of real estate trust)	-	34,667
	Shares of subsidiary	-	100,085
KIS IB Plus The 6th Co., Ltd.	Land and buildings (beneficiary right of real estate trust)	-	17,333
Kookmin Bank	Land and buildings (beneficiary right of real estate trust)	57,600	57,600
Hanyang Securities	Land and buildings (beneficiary right of real estate trust)	91,200	91,200
E-Park Co., Ltd.	Land and buildings (beneficiary right of real estate trust)	194,000	194,000
Shinhan Investment Corp.	Shares of subsidiary	-	72,000
	Shares of subsidiary (5,000,000 shares of E KOCREF CR-REIT)	29,800	-
Samsung Securities	Shares of subsidiary (4,416,962 shares of E KOCREF CR-REIT)	26,325	-
Mirae Asset Capital Co., Ltd. and others	Beneficiary certificate	-	93,600
Kodit 2020 6th Inc. specializing in liquidization	Pledge for P-CBO subordinated bond <sup>4</sup>	600	600
Kodit 2020 9th Inc. specializing in liquidization	Pledge for P-CBO subordinated bond <sup>4</sup>	150	150
Kodit 2021 11th Inc. specializing in liquidization	Pledge for P-CBO subordinated bond <sup>4</sup>	180	-

<sup>1</sup> Provided as collaterals for borrowing from Woori Bank, L/C OPEN USANCE, L/C OPEN AT SIGHT, and there was no borrowing balance for the year ended December 31, 2021.

<sup>2</sup> Provided as collateral for borrowing limit from Korea Development Bank where borrowing balance is ₩40 billion as at December 31, 2021.

<sup>3</sup> Unsettled contingent liabilities where no borrowing balance remains as at December 31, 2021.

<sup>4</sup> E.Land Retail Limited has provided the type 2 P-CBO subordinated bond as collaterals for the ₩65 billion of private unregistered non-guarantee convertible bond. Meanwhile, loss on valuation of financial assets at fair value through profit or loss was recognized for the full amount.

**(3) E.Land Park Ltd.**

(in millions of Korean won)

Financial institution	Assets provided as collateral as at December 31, 2021	Amount	
		2021	2020
Korea Development Bank	Beneficiary right of real estate trust	₩ -	₩ 29,560
	Right to request for repurchase of real estate	30,841	-
Neutral Invest Inc.	Beneficiary right of real estate trust	-	33,150
Teachers' Pension	Beneficiary right of real estate trust	3,900	3,900

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HI Trust the 1st Co., Ltd.	Beneficiary right of real estate trust	-	30,000
BaekDong the 1st Co., Ltd.	Beneficiary right of real estate trust	-	32,500
ChamCham the 1st Co., Ltd.	Beneficiary right of real estate trust	13,000	13,000
NVES Limited	Shares of subsidiary (110,395 shares of Micronesia Resort, Inc.)	54,333	54,333
Owon Properties Co., Ltd.	Land and buildings	10,800	27,600
Owon Properties Co., Ltd.	Beneficiary right of real estate trust	21,600	27,600
M.R.I the First Co., Ltd.	Shares of subsidiary	-	167,536
EH 2nd Co., Ltd.	Beneficiary right of real estate trust	7,200	7,200
Kodit 2020 6th Inc. specializing in liquidization	Pledge for P-CBO subordinated bond <sup>1</sup>	390	390
Kodit 2020 9th Inc. specializing in liquidization	Pledge for P-CBO subordinated bond <sup>1</sup>	390	390
Hana Capital	Vehicles	47	47
TJ Joy 1 Corp.	Beneficiary right of real estate trust	36,000	-
	Land and buildings	97	-
Core Asset Invest Co., Ltd.	Beneficiary right of real estate trust	33,600	-
Jonblue Corp.	Beneficiary right of real estate trust	44,400	-
WithMoonBrown Corp.	Beneficiary right of real estate trust	9,600	-
Koseong Valley 1 Co., Ltd.	Beneficiary right of real estate trust	16,800	-
Shinhan Investment Corp.	Shares of subsidiary (4,914,005 shares of E-World Co., Ltd.)	13,170	-
CHOUNGUN CREDIT UNION and 13 others	Land and buildings	6,000	-
	Beneficiary right of real estate trust	60,000	-
DBIF Aewol 1st Co., Ltd. <sup>2</sup>	Shares of subsidiary (13,186,814 shares of E-World Co., Ltd.)	35,341	-

<sup>1</sup> E.Land Park Ltd. has provided the type 2 P-CBO subordinated bond as collaterals for the ₩20 billion of private unregistered non-guarantee convertible bond. Meanwhile, loss on valuation of financial assets at fair value through profit or loss was recognized for the full amount.

<sup>2</sup> Provided as collateral for borrowing of ₩20 billion from E-land Theme Park Jeju Inc., a subsidiary.

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(4) E.Land Construction Inc.

(in millions of Korean won)

Financial institution	Assets provided as collateral as at December 31, 2021	Amount	
		2021	2020
Woori Bank	Long-term financial instruments (time deposit)	₩ -	₩ 20
	Short-term financial instruments (time deposit)	-	60
Seoul Guarantee Insurance	Deposit	2	3
Construction Guarantee Cooperative	Financial assets at fair value through profit or loss	2,723	2,702
Korea Housing & Urban Guarantee Corporation	Deposits	908	908
Korea Specialty Contractor Financial Cooperative	Financial assets at fair value through profit or loss	425	422
Electric Contractor Financial Cooperative	Financial assets at fair value through profit or loss	101	100
Gimcheon Nonghyup	Investment property	-	3,600
Yongin Chukhyup	Investment property	-	2,400
Kodit 2020 18th Inc. specializing in liquidization	Pledge for PCBO subordinated bond <sup>1</sup>	540	540
NH Bank	Beneficiary right of real estate fund <sup>2</sup>	10,200	-
Shinmok Credit Union	Beneficiary right of real estate fund <sup>3</sup>	2,592	-
Daegu livestock Cooperative and 10 others	Beneficiary right of real estate fund <sup>4</sup>	36,000	-
KT Corporation	Inventories	1,675	-
POSCO Engineering & Construction Co., Ltd.	Investment property	30	-

<sup>1</sup> E.Land Construction Inc. has provided the type 2 P-CBO subordinated bond as collateral for the ₩20 billion of private unregistered non-guarantee convertible bond. Meanwhile, loss on valuation of financial assets at fair value through profit or loss was recognized for the full amount.

<sup>2</sup> To secure debts under borrowing agreement, E.Land Construction Inc. entered into a collateral trust contract entrusting investment property (carrying amount: ₩11,211 million) held by E.Land Construction Inc., and provided the type 1 beneficiary certificates granted from the trustee to creditors.

<sup>3</sup> E.Land Construction Inc. entered into an agreement with Kailas Property Co., Ltd. to develop a site for private rental housing. According to the agreement, E.Land Construction Inc. has entered into an agreement for entrusting the entire real estate, including sharing portions of E.Land Construction Inc. to collateralize debts by the borrowing agreements with Kailas Property Co., Ltd., and grants the type 1 beneficiary certificates (Total: ₩8,640 million, E.Land Construction Inc., portion: ₩2,592 million) issued by the trustee to the creditor (Note 34).



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<sup>4</sup> To secure debts under borrowing agreement, E.Land Construction Inc. entered into a collateral trust contract entrusting inventories (carrying amount: ₩45,823 million) held by E.Land Construction Inc., and provided the type 1 beneficiary certificates granted from the trustee to creditors.

(5) E-World Co., Ltd.

(in millions of Korean won)		Amount			
Financial institution	Assets provided as collateral as at December 31, 2021	2021		2020	
Korea Development Bank	Land and buildings	₩	75,000	₩	63,000
M.R.I the First Co., Ltd.	Land and buildings		-		1,000
CHOUNGUN CREDIT UNION and 14 others	Land and buildings		56,400		-
Daegu Bank	Land and buildings		3,600		-

(6) E Cruise Co., Ltd.

(in millions of Korean won)		Amount			
Financial institution	Assets provided as collateral as at December 31, 2021	2021		2020	
SHINWOO Shipbuilding & Offshore Co., Ltd.	Ship	₩	-	₩	10,500
Seoul Hangang division			1,400		1,400

(7) YEJI SILUP Co., Ltd.

(in millions of Korean won)		Amount			
Financial institution	Assets provided as collateral as at December 31, 2021	2021		2020	
EKF the 4th Limited Company	Land, buildings, beneficiary right of real estate trust	₩	-	₩	90,000
BTH 1ST CO., LTD.	Land, buildings, beneficiary right of real estate trust		-		36,000

(8) E-land Theme Park Jeju Inc.

(in millions of Korean won)		Amount			
Financial institution	Assets provided as collateral as at December 31, 2021	2021		2020	
EH 3rd Co., Ltd.	Land and buildings	₩	-	₩	24,000

(9) ELAND EATS CO., LIMITED

(in millions of Korean won)		Amount			
Financial institution	Assets provided as collateral as at December 31, 2021	2021		2020	

# ELAND WORLD LIMITED and Subsidiaries

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### December 31, 2021 and 2020

Kodit 2020 18th Inc. specializing in liquidization	Pledge for P-CBO subordinated bond <sup>1</sup>	₩	660	₩	660
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<sup>1</sup> ELAND EATS CO., LIMITED has provided the type 2 P-CBO subordinated bond as collaterals for the ₩20 billion of private unregistered non-guarantee convertible bond. Meanwhile, loss on valuation of financial assets at fair value through profit or loss was recognized for the full amount.

#### (10) E-Land Fashion India

(in millions of Korean won)

Financial institution	Assets provided as collateral as at December 31, 2021	Amount	
		2021	2020
HDFC and others	Vehicles	₩ 12	₩ 25
Shinhan Bank	Time deposits	159	-
	Land, buildings, and other assets	1,195	39,617

<sup>1</sup> The amounts are translated applying the exchange rate at the end of reporting period.

#### (11) Savimex Corporation

(in millions of Korean won)

Financial institution	Assets provided as collateral as at December 31, 2021	Amount <sup>1</sup>	
		2021	2020
BIDV	Land use rights and others	₩ 902	₩ -
Vietcom Bank		9,615	10,239

<sup>1</sup> The amounts are translated applying the exchange rate at the end of reporting period.

#### (12) Others

SY Vina joint Stock Company, a subsidiary, has provided cash and cash equivalents with a limit of ₩247 million, short-term financial instruments with a limit of ₩294 million, property, plant and equipment with a limit of ₩2,656 million, inventories with a limit of ₩8,857 million and, land and buildings with a limit of ₩2,866 million as collaterals for borrowings from MB Bank and others.<sup>1</sup>

E.Land Vietnam, a subsidiary, has provided land and buildings with a limit of ₩6,780 million as collaterals for borrowings.<sup>1</sup>

E.Land International Fashion Shanghai, a subsidiary, has provided buildings with a limit of ₩112,341 million as collaterals for borrowings.<sup>1</sup>

Elphis Lanka, a subsidiary, has provided short-term financial instruments with a limit of ₩294 million and land and building with a limit of ₩1,126 million as collaterals for borrowings from Commercial Bank of Ceylon PLC and others.<sup>1</sup>

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Thanh Cong Textile Garment Investment Trading Joint Stock, a subsidiary, has provided land, building, equipment and inventories with a limit of ₩38,641 million as collaterals for borrowings from Vietcombank HCM and others.<sup>1</sup>

Eland Engineering & Construction Vietnam Company Limited, a subsidiary, has provided short-term financial instruments with a limit of ₩586 million as collaterals for borrowings.<sup>1</sup>

Wish Fashion Shanghai, a subsidiary, has provided short-term financial instruments with a limit of ₩27,939 million as collaterals for borrowings.<sup>1</sup>

Newcore Gangnam Corporate Restructuring Real Estate Investment Trust and other SPC, subsidiaries, have provided short-term financial instruments with a limit of ₩2,128 million, land and building (beneficiary right of real estate trust) with a limit of ₩1,570,062 million, and right to claim insurance on the real estate as collaterals for borrowings.

<sup>1</sup> The amounts are translated using the foreign exchange rate at the end of the financial year.

**Royalty agreement**

<i>(in millions of Korean won)</i>	<b>Provider</b>	<b>Period</b>	<b>Payment for the year ended December 31, 2021</b>	
Rights to use trademark	New Balance Athletic Shoe, Inc.	January 1, 2021 ~December 31, 2025	₩	37,794

**Collateralized borrowing commitment of trade receivables**

The Company trusted all receivables including monetary receivables, deposit account that receives trade receivables and all other associated receivables, which had been incurred by providing goods or services to customers of credit card company, to NH Bank. The Company issued type 1-1 beneficiary right with par value of ₩60,000 million and type 1-2 with par value of ₩40,000 million, and the Company transferred the beneficiary rights, to EBG the 1st Co., Ltd. (type 1-1) and EBG the 2nd Co., Ltd. (type 1-2). EBG the 1st Co., Ltd. and EBG the 2nd Co., Ltd. issued electronic short-term corporate bond and borrowed asset backed loan for which the beneficiary right was provided as collateral, and executed asset liquidation in the form of making repayment on the principal and interests of the electronic short-term corporate bond and asset backed loan by revenues earned through managing, selling and operating securitized assets. As at December 31, 2021, outstanding balance is ₩44,000 million and the amount of trade receivables provided as a collateral is ₩1,352 million. The Company have entered into cash deficiency support agreement up to ₩52,800 million with EBG the 1st Co., Ltd. and EBG the 2nd Co., Ltd.

The Company trusted all receivables including monetary receivables, deposit account that receives trade receivables and all other associated receivables, which had been incurred by commodity transaction agreement between Lotte shopping Co., Ltd. and Lotte Station Building Co., Ltd. to Samsung Securities Co., Ltd. And, the Company transferred type 1 beneficiary right with par value of ₩30,000 million to EBG the 3rd Co., Ltd. EBG the 3rd Co., Ltd. borrowed asset backed loan for which the beneficiary right was provided as collateral from ABL lender, and executed asset liquidation in the form of making repayment on the principal and interests of the asset backed loan with revenues earned by managing, selling and operating securitized assets. As at December 31,

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2021, outstanding balance is ₩7,500 million and the amount of trade receivables provided as a collateral is ₩4,682 million. The Company is providing joint and several obligation (Note 34).

The Company has entered into a monetary bond trust agreement with Daegu Bank for entrusting all receivables including trade receivables, deposit account that receives trade receivables and all other associated receivables, which had been incurred by providing goods to the customers operated by E.Land Retail Limited under specific purchase agreement with E.Land Retail Limited. The Company transferred type 1 beneficiary right with par value of ₩120,000 million to Standard Chartered Bank Korea. As at December 31, 2021, outstanding balance is ₩44,000 million and the amount of trade receivables provided as a collateral is ₩13,283 million.

The Company trusted all receivables including monetary receivables, deposit account that receives trade receivables and all other associated receivables, which had been incurred by commodity transaction agreement between SHINSEGAE Inc., ARARIO, HYUNDAI DEPARTMENT STORE CO., LTD, Han Moo shopping Co, SHINSEGAE DONGDAEGU CTC Co., Ltd, GwangjuShinsegae. Co., Ltd. and KYUNGBANG LTD. to Samsung Securities Co., Ltd. And, the Company transferred type 1 beneficiary right with par value of ₩30,000 million to EBG the 5th Co., Ltd. EBG the 5th Co., Ltd. borrowed asset backed loan for which the beneficiary right was provided as collateral, and executed asset liquidation in the form of making repayment on the principal and interests of the asset backed loan by revenues earned through managing, selling and operating securitized assets. As at December 31, 2021, outstanding balance is ₩18,750 million and the amount of trade receivables provided as a collateral is ₩5,857 million. The Company is providing joint and several guarantee to EBG the 5th Co., Ltd.

The Company trusted all receivables including license receivables, deposit account that receives royalties and all other associated receivables, which had been incurred by license agreements for trademarks between E.Land International Fashion Shanghai, E.Land Fashion Shanghai, Wish Fashion Shanghai, ELAND EATS CO., LIMITED, E.Land Retail Limited, E.Land Park Ltd., EnC World, and agreements for intellectual property rights between ELAND EATS CO., LIMITED, E.Land Retail Limited, E.Land Park Ltd., E.Land Construction, Inc., to Hana Bank with 23 brands (including Group CI) and 411 domestic trademarks. And, the Company transferred type 1 beneficiary right with par value of ₩ 20,000 million to EBG Roayl the 9th Co., Ltd. EBG Roayl the 9th Co., Ltd. borrowed asset backed loan for which the beneficiary right was provided as collateral from ABL lender, and executed asset liquidation in the form of making repayment on the principal and interests of the asset backed loan with revenues earned by managing, selling and operating securitized assets. As at December 31, 2021, outstanding balance is ₩20,000 million the Company is providing joint and several obligation.

E.Land Retail Limited, a subsidiary, has executed asset-backed securitization by entrusting to financial institutions its future credit card receivables that will incur at NC department store and New Core Outlet based on 'credit card merchant agreement' with each credit card companies. As at December 31, 2021, outstanding balance is ₩60,000 million and the amount of trade receivables provided as a collateral is ₩2,270 million.

E.Land Park Ltd., a subsidiary, has entered into a collateral trust agreement with MUGUNGHWA TRUST CO.,LTD. backed by Kensington Resort Jeju Seogwipo and Kensington Resort Busan Haeundae, and transferred type 1 beneficiary right to lenders of Jonblue Corp., and type 2 beneficiary right to lenders of WithMoonBrown Corp. Jonblue Corp. and WithMoonBrown Corp.

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provided loan to E.Land Park Ltd. by receiving asset backed loans from lenders with beneficiary right provided as collateral. As at December 31, 2021, the related outstanding balance is ₩45 billion.

E.Land Park Ltd., a subsidiary, has entered into a collateral trust agreement for entrusting lands in Inheung-ri, Goseong-gun, Gangwon and Odeung-dong, Jeju with KORAMCO REITs Management and Asia Trust Co., Ltd. and provided type 1 beneficiary right in accordance with the trust agreements to TJ Joy 1 Corp. As at December 31, 2021, outstanding balance is ₩30,000 million.

E.Land Park Ltd., a subsidiary, has entered into a collateral trust agreement for entrusting land in Shinpyeong-ri, Toseong-myeon, Goseong-gun in Gangwon and buildings in Daeheung-dong, Pohang-si in Gyeongsangbuk-do with Asia Trust Co., Ltd. and provided type 1 beneficiary right in accordance with the trust agreements to Koseong Valley 1 Co., Ltd. As at December 31, 2021, outstanding balance is ₩14,000 million. Meanwhile, the Company provides joint guarantee for secured debts of Koseong Valley 1 Co., Ltd. as a joint guarantor.

#### **Support agreement for win-win cooperation companies**

The Company entered into Support Agreement for Win-win Cooperation Companies with NH Bank on December 27, 2021, which allowed Cooperation companies to receive loans with collaterals of trade receivables from transactions between the Company and cooperating companies and trade receivables from transactions between cooperating companies as collateral. If the cooperating company does not make all or part of payment at due of collateralized receivable, the Company takes over the whole debt with limit of ₩100 million and the amount of deposit provided as a collateral is ₩100 million.

In addition, the Company entered into the Win-win Partnership Agreement with Industrial Bank of Korea on November 28, 2019. Under the agreement, if the Company deposits ₩5,000 million at Industrial Bank of Korea without interest, Industrial Bank of Korea provides prime rate for loans to the cooperation companies with a total limit of ₩10 billion (₩500 million per cooperation company). The Company has deposited ₩5,000 million in relation to the Win-win Partnership Agreement.

#### **Commitment among investors of Micronesia Resort, Inc.**

Micronesia Resort, Inc, a subsidiary, issued convertible bonds on December 23, 2018. In relation to the convertible bonds, E.Land Park Ltd., a subsidiary, entered into an investors' agreement with NVES limited, an investors of the convertible bonds.

According to the investors' agreement between investors, investors have drag-along right and tag-along right in relation to shares of Micronesia Resort, Inc., and if a cause for an early redemption is incurred under the agreement, E.Land Park Ltd. reserves a right to request the sale of all or part of the shares and convertible bonds to E.Land Park Ltd. or a third party designated by E.Land Park Ltd. E.Land Park Ltd. cannot sell or provide the shares as collateral without written advance agreement from investors.

E.Land Park Ltd. is obliged to make Micronesia Resort, Inc. repay the convertible bonds to investors for 4 years at an agreed amount.

Meanwhile, Micronesia Resort, Inc. acquired additional interests of Suwaso Corporation, a subsidiary, in 2020, and entered into an additional agreement with a counter-party. According to the

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agreement, Micronesia Resort, Inc. bears an obligation to pay USD 4,500 thousand to the counter-party if Suwaso Corporation renews the lease agreement for land with the Government of Northern Marianas (Saipan) within two years from the execution date of the agreement with the counter-party.

#### **Call option right of E-Land Retail Limited**

Two corporations (hereinafter referred to as "SPC1, SPC2") holding beneficiary certificates of JR Qualified Investors Private Placement Real Estate Fund Investment Trust No.7, a subsidiary, can jointly exercise the put option to E-Land Retail Limited or the third party designated by E-Land Retail Limited at an additional percentage of the investment principal for the following reasons: i) failing to pay dividends for the beneficiary securities or default on E-Land Retail Limited's leasehold payment, ii) E-land Retail Limited's credit rating falls below a certain grade, or iii) due 10 days prior to the expiration date of JR Qualified Investors Private Placement Real Estate Fund Investment Trust No.7. If SPC1 and SPC2 are to sell the beneficiary certificates to a third party, E-Land Retail Limited reserves the priority right to purchase under the main terms of sale (the upper limit is the put option exercise amount) offered to a third party.

According to the beneficiaries agreement between two subsidiaries, E-Land Retail Limited and IGIS Neovalue General Investment Type Private Placement Real Estate Fund No.2 (formerly, IGIS Professional Investment Type Private Placement Real Estate Fund No.1), the beneficiaries can subscribe for priority right for E-land Retail Limited or the person designated by E-land Retail Limited to purchase beneficiary certificates of IGIS Neovalue General Investment Type Private Placement Real Estate Fund No.2 (formerly, IGIS Professional Investment Type Private Placement Real Estate Fund No.1) at market price.

#### **Right to purchase of E.Land Construction, Inc.**

E.Land Construction, Inc., a subsidiary, entered into an agreement with Kailas Property Co., Ltd. to develop a site for private rental housing. According to the agreement, E.Land Construction, Inc. has entered into an agreement with MUGUNGHWA TRUST Co.,LTD for entrusting the entire real estate, including sharing portions of E.Land Construction, Inc. to collateralize debts by the borrowing agreements with Kailas Property Co., Ltd., and grants the type 1 beneficiary certificates (Total: ₩8,640 million, E.Land Construction, Inc., portion: ₩2,592 million) issued by the trustee to Shinmok Credit Union. E.Land Construction, Inc. recognizes inventories at the amounts corresponding to percentage of sharing portions (30%) held for the property subject to be collateral (carrying amount: ₩4,393 million)

Meanwhile, if the sale of the rental REITs are not completed until the end of the joint business agreement, E.Land Construction, Inc., has to pay investment amounts and fixed profits of Kailas Property Co., Ltd. to Kailas Property Co., Ltd., and has the priority right to request the sale of sharing portions held by Kailas Property Co., Ltd. (70%).

#### **Agreements between investors of E-World Co., Ltd.**

E-World Co., Ltd., a subsidiary, issued ₩ 110,880 million (face value) of redeemable convertible preferred shares and ₩ 110,000 million (face value) of private unregistered non-guarantee convertible bond (hereinafter referred to as "hybrid bond") while acquiring the jewelry business from the Company, and the hybrid bond was fully acquired by M.R.I the First Co., Ltd., an associate.

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Accordingly, E.Land Park Ltd., a subsidiary, and M.R.I The First Co., Ltd. have entered into a shareholders agreement relating to the redeemable convertible preferred shares and hybrid bonds issued by E-World Co., Ltd and details are as follows:

<b>Call option</b>		<b>Description</b>
Exerciser	E.Land Park Ltd., ELAND WORLD LIMITED, or a third party designated by E.Land Park Ltd.	
Subject to exercise	All redeemable convertible preferred shares and hybrid bonds	
Exercise period	Until the preceding business day of two years and five months from the effective date, or until the next business day of the relevant business day when a certain cause occurs	
Exercise price	Issuance price $\times$ (1+ Guaranteed yield) <sup>(Elapsed days/365)</sup> - total amount of interest and dividends paid on shares subject to call options + selling expenses	
<b>Early call option</b>		<b>Description</b>
Exerciser	E.Land Park Ltd., ELAND WORLD LIMITED, or a third party designated by E.Land Park Ltd.	
Subject to exercise	All or part of redeemable convertible preferred shares and hybrid bonds	
Exercise period	If the LTV ratio exceeds 45.6%, within February 15, 2021. Outstanding balance of investors' borrowings as at the end of December 2020 / (₩ 110 billion +32,777,777 shares $\times$ the weighted average share price as at the end of December 2020)	
Exercise price	Issuance price $\times$ (1+ Guaranteed yield) <sup>(Elapsed days/365)</sup> - total amount of interest and dividends paid on shares subject to call options + selling expenses	

The Company and E.Land Park Ltd. have issued call options in relation to agreement between shareholders above during 2021, and acquired 6,426,925 redeemable convertible preferred shares and converted all to ordinary shares. In addition, E-World Co., Ltd. has early redeemed 39,355,992 shares of redeemable convertible preferred shares during the year ended December 31, 2021.

**Completion guarantee**

E.Land Construction, Inc., a subsidiary, entered into an agreement to pay excessive damage compensation, which guarantee (including lessee) has liable by Korea Real Estate Investment & Trust Co., Ltd. when E.Land Construction, Inc. fails to fulfill its obligation of completion guarantee for the Ansung Gongdo E-TRINITY Central Park Project, and the excessive damage compensation is the exceeded amounts over the compensation of deferment calculated by the contract. Also, the Company has entered into an agreement to jointly and severally liable for completion guarantee with E.Land Construction, Inc., a subsidiary.

Also, E.Land Construction, Inc., a subsidiary, has entered into an agreement to compensate direct damage (loan principal, interest, expense, other damages incurred) to the lenders when E.Land Construction, Inc. fails to fulfill its obligation of completion guarantee for the PF project, in connection with the Daejeon Dunsan Private Rental Housing Project.

E.Land Park Ltd., a subsidiary, entered into an agreement with E.Land Construction, Inc., a subsidiary, to jointly bear compensation for damages if it fails to fulfill its obligation of completion

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guarantee for the PF project for the construction, rental and sale of private rental housing in Daemyeong-dong, Nam-gu, Daegu.

Meanwhile, if Housing and Urban Guarantee Corporation repays all of the principals and interests of the loan of the project and loan agreement in accordance to the PF guarantee, E.Land Construction, Inc. shall equally fulfill obligations to the lenders for Housing and Urban Guarantee Corporation.

#### Resale reservation agreement of E-land Theme Park Jeju Inc.

E-land Theme Park Jeju Inc., a subsidiary, acquired land from the Jeju Free International City Development Center ("JDC") in 2018 and has entered into a resale reservation contract with JDC. According to the agreement, JDC reserves the right to repurchase the land ("reservation completion right") from E-land Theme Park Jeju Inc. if certain conditions are met.

JDC can exercise reservation completion right for the land in written notice to E-land Theme Park Jeju Inc. in the event of a certain reasons such as the progress rate of the entire project being less than 40 percent within three years from the date of resale reservation agreement.

In September 2021, E-land Theme Park Jeju Inc., a subsidiary, entered into a modified agreement with JDC to extend the resale reservation contract to September 26, 2023. According to the modified agreement, E-land Theme Park Jeju Inc. must deposit a performance deposit to an escrow account designated by JDC for the construction cost corresponding to the unmet standards of completion rate of 40% as of September 26, 2021 or issue a performance guarantee insurance policy. If the fair rate of 40% is reached by September 26, 2023, E-land Theme Park Jeju Inc. gets a reversal of the performance deposit and if the fair rate of 40% is not met by September 26, 2023, the performance deposit is transferred to JDC.

### 36. Related Party Transactions

Details of associates and other related parties that have sales and other transactions with the Group or have outstanding balances as at December 31, 2021 and 2020, are as follows:

	2021	2020
Associates	Terra Firma Champa Savi JVC E-Bethesda 1 REIT Co., Ltd. E-Bethesda 2 REIT Co., Ltd. E-Bethesda 3 REIT Co., Ltd. Cape-SKS No.1 Private Equity ELCANTO Co., Ltd. E-Bethesda 4 REIT Co., Ltd. Toss Bank (formerly, Toss Innovation Co., Ltd.) PAMCO Logistics REIT 5 Thanh Phuc Vung Tau Golf Tourism JSC	Terra Firma Champa Savi JVC Twee Fashion (Shanghai) CO., LTD. Nain Fashion (Shanghai) CO., LTD. Naling Fashion (Shanghai) Co., Ltd. Simone CRF No.1 Private Equity Fund M.R.I the First Co., Ltd. E-Bethesda 1 REIT Co., Ltd. E-Bethesda 2 REIT Co., Ltd. E-Bethesda 3 REIT Co., Ltd. Cape-SKS No.1 Private Equity ELCANTO Co., Ltd.



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Liaoning Cuixi Newcore Retail Co., Ltd.      E-Bethesda 4 REIT Co., Ltd.  
 Culture Hero. Co., Ltd.  
 Toss Innovation Co., Ltd.  
 Thanh Phuc  
 Vung Tau Golf Tourism JSC  
 Liaoning Cuixi Newcore Retail Co., Ltd.

Sales and purchases with related parties for the years ended December 31, 2021 and 2020, are as follows:

(in millions of Korean won)

(in millions of Korean won)

Type	Name of entity	2021							
		Sales	Purchase	Disposals of property, plant and equipment and intangible assets	Acquisition of property, plant and equipment and intangible assets	Acquisition of right-of use assets	Interest income	Interest expense	
Associates	ELCANTO Co., Ltd.	₩ 4,372	₩ 13,178	₩ -	₩ -	₩ -	₩ -	₩ -	
	E-Bethesda 1 REIT Co., Ltd.	1,510	282	-	-	2,039	-	62	
	E-Bethesda 2 REIT Co., Ltd.	14,044	-	-	-	-	-	-	
	E-Bethesda 3 REIT Co., Ltd.	26,722	-	-	-	-	-	-	
	E-Bethesda 4 REIT Co., Ltd.	18,927	-	-	-	-	-	-	
	Culture Hero. Co., Ltd	-	2	-	-	-	-	-	
	PAMCO Logistics REIT 5	-	5,071	-	-	55,929	-	1,563	
		₩ 65,575	₩ 18,533	₩ -	₩ -	₩ 57,968	₩ -	₩ 1,625	

(in millions of Korean won)

Type	Name of entity	2020					
		Sales	Purchase	Disposals of property, plant and equipment and intangible assets	Acquisition of property, plant and equipment and intangible assets	Interest income	Interest expense
Associates	ELCANTO Co., Ltd.	₩ 4,266	₩ 13,392	₩ -	₩ -	₩ -	₩ -
	E-Bethesda 1 REIT Co., Ltd.	21,461	-	-	-	-	-
	E-Bethesda 2 REIT Co., Ltd.	13,175	-	-	-	-	-
	E-Bethesda 3 REIT Co., Ltd.	11,241	-	-	-	-	-
	E-Bethesda 4 REIT Co., Ltd.	5,616	-	25,000	-	-	-
	Culture Hero. Co., Ltd	-	7	-	-	-	-
	Key management	-	-	-	-	-	-
		₩ 55,759	₩ 13,399	₩ 25,000	₩ -	₩ -	₩ -

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Outstanding balances arising from sales and purchases of goods and services as at December 31, 2021 and 2020, are as follows:

(in millions of Korean won)

		2021							
Type	Name of entity	Trade receivables	Loans receivables	Other receivables <sup>1</sup>	Trade payables	Borrowings	Other liabilities <sup>1</sup>		
Associates	ELCANTO Co., Ltd.	₩ 9	₩ -	₩ 129	₩ -	₩ -	₩ -	1,179	
	E-Bethesda 2 REIT Co., Ltd.	23	-	615	-	-	-	52	
	PAMCO Logistics REIT 5	-	-	3,100	-	-	-	-	
Others		-	-	-	-	-	-	1,680	
		₩ 32	₩ -	₩ 3,844	₩ -	₩ -	₩ -	2,911	

<sup>1</sup> Due from customers amounting to ₩10,376 million and due to customers (contract liabilities) amounting to ₩1,773 million in relation to the construction contracts with E-Bethesda 2 REIT Co., Ltd. and others are excluded.

(in millions of Korean won)

		2020							
Type	Name of entity	Trade receivables	Loans receivables	Other receivables <sup>1</sup>	Trade payables	Borrowings	Other liabilities <sup>1</sup>		
Associates	ELCANTO Co., Ltd.	₩ 6	₩ -	₩ 121	₩ -	₩ -	₩ -	870	
	E-Bethesda 2 REIT Co., Ltd.	-	-	2,886	-	-	-	-	
	Culture Hero. Co., Ltd	-	-	-	-	-	-	1	
Others		-	-	-	-	-	-	1,680	
		₩ 6	₩ -	₩ 3,007	₩ -	₩ -	₩ -	2,551	

<sup>1</sup> Due from customers amounting ₩3,262 million and due to customers (contract liabilities) amounting ₩3,157 million in relation to the construction contracts with E-Bethesda 1 REIT Co., Ltd. and others are excluded.

The Group has no provision for receivables from related party.

Fund transactions with related parties for the years ended December 31, 2021 and 2020, are as follows:

**Loan transactions**

There are no loan transactions for the years ended December 31, 2021 and 2020.

**Borrowing transactions**

There are no borrowing transactions for the years ended December 31, 2021 and 2020.

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**Lease transactions**

(in millions of Korean won)

Type	Name of entity	2021					Ending balance
		Beginning balance	Increase	Repayments	Lease interests		
Associates	E-Bethesda 1 REIT Co., Ltd.	₩	- ₩	1,976 ₩	(282) ₩	62 ₩	1,756 ₩
	PAMCO Logistics REIT 5		-	55,443	(5,933)	1,563	51,073
		₩	- ₩	57,419 ₩	(6,215) ₩	1,625 ₩	52,829 ₩

**Contributions and dividends to related parties**

(in millions of Korean won)

Type	Name of entity	2021	
		Contributions in cash	Dividends
Associates	Cape-SKS No.1 Private Equity	₩	- ₩
	Toss Bank (formerly, Toss Innovation Co., Ltd.)	47,500	-
	PAMCO Logistics REIT 5	-	263
		₩	47,500 ₩

(in millions of Korean won)

Type	Name of entity	2020	
		Contributions in cash	Dividends
Associates	Cape-SKS No.1 Private Equity	₩	- ₩
	E-Bethesda 4 REIT Co., Ltd.	7,945	-
	Culture Hero. Co., Ltd.	2,000	-
	Toss Innovation Co., Ltd.	7,500	-
		₩	17,445 ₩

**Capital reductions for related parties**

(in millions of Korean won)

Type	Name of entity	2021	
		Capital reduction with considerations	
Associate	Simone CRF No. 1 Private Equity Fund	₩	20,800

<sup>1</sup> Investments of Simone CRF No.1 Private Equity Fund were refunded through the resolution of the Board of Directors during 2021.

**Other transactions with related parties**

The Company and E.Land Park Ltd. acquired 6,426,925 redeemable convertible preferred shares from M.R.I the First Co., Ltd., and converted all the shares into ordinary shares during the year ended December 31, 2021. In addition, E-World Co., Ltd. early redeemed 39,355,992 shares of

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redeemable convertible preferred shares. In relation to this, E-World Co., Ltd. paid ₩ 9,001 million interest expenses (2020: ₩12,001 million) for the year ended December 31, 2021.

Key management includes directors (executive and non-executive), members of board of directors, CFO and the head of internal audit. The compensation paid or payable to key management for employee services for the years ended December 31, 2021 and 2020, consist of:

<i>(in millions of Korean won)</i>	<b>2021</b>		<b>2020</b>	
Salaries and other short-term employee benefits	₩	3,682	₩	2,514
Post-employment benefit		263		1,686
	₩	<u>3,945</u>	₩	<u>4,200</u>

**37. Unconsolidated Structured Entities**

The Group is financing from structured entities not subject to consolidation and their nature, objectives, functions and financing channel are as follows:

**Nature, objectives and functions**

**Owon Properties Co., Co., Ltd.** Owon Properties Co., Ltd. was established on January 2, 2019. Owon Properties Co., Co., Ltd. is a special purpose company for asset backed securitization of real estates including land in Jeju Hamdok-ri and Kensington Resort Seorak Beach in Goseong-gun, Gangwon-do. E.Land Park Ltd., a subsidiary, entered into a collateral trust agreement with the collateral of domestic real estates including the land in Jeju Hamdok-ri and Kensington Resort Seorak Beach in Goseon-gun, Gangwon-do with Asia Trust Co., Ltd. The SPC has provided primary certificate to the lenders and proceeded ₩ 27 billion of collateralized borrowing. As at December 31, 2021, the remaining balance of borrowings for E.Land Park Ltd. amounts to ₩ 27 billion.

**ChamCham the 1st Co., Ltd.** ChamCham the 1st Co., Ltd. was established on February 11, 2019. ChamCham the 1st Co., Ltd. is a special purpose company for asset backed securitization of Kensington Cheongpyeong Resort in Gapyeong, Gyeonggi-do, Kensington Beach Resort in Goseong, Gangwon-do and other lands around. E.Land Park Ltd., a subsidiary, has entered into a collateral trust agreement with Asia Trust Co., Ltd. backed by Kensington Cheongpyeong Resort in Gapyeong, Gyeonggi-do, Kensington Beach Resort in Goseong, Gangwon-do and its premises, and transferred type 1 beneficiary right to ChamCham the 1st Co., Ltd. As at December 31, 2021, the remaining balance of borrowings for E.Land Park Ltd. amounts to ₩ 10 billion.

**Elandparkkrco work** Elandparkkrcowork was established on March 19, 2019. Elandparkkrcowork is a special purpose company for financing construction of Kensington Resort 2nd Seorak Valley. E.Land Park Ltd., a subsidiary, borrowed ₩ 10 billion from Elandparkkrcowork for the remaining construction and opening costs of Kensington Resort 2nd Seorak Valley development project located in Sinpyeong-

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ri, Goseong-gun, Gangwon-do. As at December 31, 2021, the remaining balance of borrowings for E.Land Park Ltd. amounts to ₩ 5 billion.

- |                             |   |
|-----------------------------|---|
| EH 2nd Co., Ltd.            | EH 2nd Co., Ltd. was established on March 13, 2020. EH 2nd Co., Ltd. is a special purpose company for asset backed securitization of assets of Jeonju Core Hotel. E.Land Park Ltd., a subsidiary, entered into a cash deficiency support agreement with creditors in relation to borrowings of EH 2nd Co., Ltd. (the "debtor") on April 2, 2020. According to the agreement, E.Land Park Ltd. is obliged to replenish the lack of funds in case of the debtor's shortfall with the loan agreement. As at December 31, 2021, remaining balance for the borrowings amounts to ₩ 6 billion.  |
| ES 2nd Co., Ltd.            | ES 2nd Co., Ltd. was established on April 2, 2019. ES 2nd Co., Ltd. is a special purpose company for asset backed securitization of assets of Jump Milano Multi-Purpose commercial complex in Yeoksam-dong. On April 25, 2019, E.Land Retail Limited, a subsidiary, has entered into a collateral trust agreement with KB REAL ESTATE TRUST backed by some of land and buildings of Jump Milano Multi-Purpose commercial complex, and transferred type 1 beneficiary right to ES 2nd Co., Ltd. On April 22, 2021, the collateral trust agreement entrusting the property has been changed and entered into KIWOOM Securities Co., Ltd., and E.Land Retail Limited provided asset-backed securities (ABCP) to ES 2nd Co., Ltd. As at December 31, 2021, the remaining balance of borrowings for E.Land Retail Limited amounts to ₩ 30 billion. |
| ES 5th Co., Ltd.            | ES 5th Co., Ltd. was established on March 29, 2021. ES 5th Co., Ltd. is a special purpose company for asset backed securitization of assets of Jump Milano Multi-Purpose commercial complex in Yeoksam-dong. On April 23, 2021, E.Land Retail Limited, a subsidiary, has entered into a collateral trust agreement with KIWOOM Securities Co., Ltd. backed by some of land and buildings of Jump Milano Multi-Purpose commercial complex, and transferred type 1 beneficiary right to ES 5th Co., Ltd. As at December 31, 2021, the remaining balance of borrowings for E.Land Retail Limited amounts to ₩ 40 billion.  |
| Core Asset Invest Co., Ltd. | Core Asset Invest Co., Ltd. was established on January 1, 2021. Core Asset Invest Co., Ltd. is a special purpose company for asset backed securitization of assets of Kent Hotel Gwangnlli by Kensington. E.Land Park Ltd., a subsidiary, entered into a cash deficiency support agreement with creditors in relation to borrowings of Core Asset Invest Co., Ltd. (the "debtor") on January 20, 2021. According to the agreement, E.Land Park Ltd. is obliged to replenish the lack of funds in case of the debtor's shortfall with the loan agreement. As at December 31, 2021, remaining balance of the borrowings for E.Land Park Ltd. amounts to ₩ 28 billion.   |
| Jonblue Corp.               | Jonblue Corp. was established on December 10, 2020. Jonblue Corp. is a special purpose company for asset backed securitization of assets of Kensington Resort Jeju Seogwipo and Haeundae resort. On January 18, 2021, E.Land Park Ltd., a subsidiary, has entered into a collateral trust agreement with MUGUNGHWA TRUST CO.,LTD. entrusting Kensington Resort Jeju Seogwipo  |

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and Haeundae resort. According to the agreement, Jonblue Corp. provided the type 1 beneficiary right to Saemaeul guemgo, and provided loan to E.Land Park Ltd. by receiving asset backed loans from lenders by executing asset backed loan. As at December 31, 2021, the remaining balance of borrowings for E.Land Park Ltd. amounts to ₩ 37 billion.

**WithMoonBrown Corp.** WithMoonBrown Corp. was established on January 12, 2021. WithMoonBrown Corp. is a special purpose company for asset backed securitization of assets of Kensington Resort Jeju Seogwipo and Haeundae resort. On January 18, 2021, E.Land Park Ltd., a subsidiary, has entered into a collateral trust agreement with MUGUNGHWA TRUST CO.,LTD. entrusting Kensington Resort Jeju Seogwipo and Haeundae resort. According to the agreement, WithMoonBrown Corp. provided the type 2 beneficiary right to the lenders. Also, E.Land Park Ltd. issued asset-backed securities based on loans receivables and all other associated rights, and granted to underwriters, then provided loan for the issued amounts to E.Land Park Ltd. As at December 31, 2021, the remaining balance of borrowings for E.Land Park Ltd. amounts to ₩ 8 billion.

**TJ Joy 1 Corp.** TJ Joy 1 Corp. was established on March 31, 2021. TJ Joy 1 Corp. is a special purpose company for asset backed securitization of real estates including land in Gangwon Goseong-gun and Jeju Odeung-dong. On May 17, 2021, E.Land Park Ltd., a subsidiary, entered into a collateral trust agreement with the collateral of domestic real estates including the land in Gangwon Goseong-gun and Jeju Odeung-dong with Asia Trust Co., Ltd, and KORAMCO EQUITY TRUST CO., LTD, respectively. According to the agreement, TJ Joy 1 Corp. provided the type 1 beneficiary right to Shinhyup, and provided loan to E.Land Park Ltd. by receiving asset backed loans from lenders by executing asset backed loan. As at December 31, 2021, the remaining balance of borrowings for E.Land Park Ltd. amounts to ₩ 30 billion.

**Koseong Valley 1 Co., Ltd.** Koseong Valley 1 Co., Ltd. was established on January 15, 2021. Koseong Valley 1 Co., Ltd. is a special purpose company for real-estate backed securitization of land of Goseong valley and building of Intermilano in Pohang. On August 3, 2021, E.Land Park Ltd., a subsidiary, entered into a collateral trust agreement with the collateral of domestic real estates including the land of Goseong valley and building of Intermilano in Pohang with Asia Trust Co., Ltd,. According to the agreement, Koseong Valley 1 Co., Ltd. provided the type 1 beneficiary right to Saemaeul guemgo and provided loan to E.Land Park Ltd. by receiving asset backed loans from lenders by executing asset backed loan. As at December 31, 2021, the remaining balance of borrowings for E.Land Park Ltd amounts to ₩ 14 billion.

**Kodit 2020 6th Inc. specializing in liquidization** Kodit 2020 6th Inc. specializing in liquidization was established based on asset securitization plan registered by Financial Services Commission in accordance with Article 3 of Asset-Backed Securitization Act. The Group entered into an acquisition agreement in which Yuanta Securities Korea acquires unregistered non-guarantee bonds of ₩ 80 billion issued by the Group. Yuanta Securities Korea entered into an agreement to have a transaction in which Yuanta

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Securities Korea transfers the bonds to Kodit 2020 6th Inc. specializing in liquidization and Kodit 2020 6th Inc. specializing in liquidization issues CBO. As at December 31, 2021, the remaining balance of borrowings amounts to ₩ 80 billion.

Kodit 2020 9th Inc. specializing in liquidization  
 Kodit 2020 9th Inc. specializing in liquidization was established based on asset securitization plan registered by Financial Services Commission in accordance with Article 3 of Asset-Backed Securitization Act. The Group entered into an acquisition agreement in which Yuanta Securities Korea acquires unregistered non-guarantee bonds of ₩ 30 billion issued by the Group. Yuanta Securities Korea entered into an agreement to have a transaction in which Yuanta Securities Korea transfers the bonds to Kodit 2020 9th Inc. specializing in liquidization and Kodit 2020 9th Inc. specializing in liquidization issues CBO. As at December 31, 2021, the remaining balance of borrowings amounts to ₩ 30 billion.

Kodit 2020 18th Inc. specializing in liquidization  
 Kodit 2020 18th Inc. specializing in liquidization was established based on asset securitization plan registered by Financial Services Commission in accordance with Article 3 of Asset-Backed Securitization Act. E.Land Construction, Inc. and ELAND EATS CO., LIMITED, subsidiaries, entered into an acquisition agreement in which IBK Securities acquires unregistered non-guarantee bonds of ₩ 40 billion issued by E.Land Construction, Inc. and ELAND EATS CO., LIMITED. IBK Securities entered into an agreement to have a transaction in which IBK Securities transfers the bonds to Kodit 2020 18th Inc. specializing in liquidization and Kodit 2020 18th Inc. specializing in liquidization issues CBO. As at December 31, 2021, the remaining balance of borrowings amounts to ₩ 40 billion.

Kodit 2021 11th Inc. specializing in liquidization  
 Kodit 2021 11th Inc. specializing in liquidization was established based on asset securitization plan registered by Financial Services Commission in accordance with Article 3 of Asset-Backed Securitization Act. The Group entered into an acquisition agreement in which Korea Investment and Securities and 1 other financial institution acquire unregistered non-guarantee bonds of ₩ 50 billion issued by the Group. IBK Securities entered into an agreement to have a transaction in which IBK Securities transfers the bonds to Kodit 2021 11th Inc. specializing in liquidization and Kodit 2021 11th Inc. specializing in liquidization issues CBO. As at December 31, 2021, the remaining balance of borrowings amounts to ₩ 50 billion.