

# **GS Engineering & Construction Corporation and its subsidiaries**

Consolidated financial statements  
for the year ended December 31, 2023  
with the independent auditor's report



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

**GS Engineering & Construction Corporation**  
**The Shareholders and Board of Directors**

**Opinion**

We have audited the consolidated financial statements of GS Engineering & Construction Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as of December 31, 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including material accounting policy information.

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

We also have audited the Group's internal control over financial reporting ("ICFR") as of December 31, 2023 based on the Conceptual Framework for Design and Operation of ICFR established by the Operating Committee of ICFR in Korea, in accordance with Korean Standards on Auditing ("KSA"), and our report dated March 21, 2024 expressed an unqualified opinion thereon.

**Basis for opinion**

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

**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**A. Uncertainty in estimating the total contract costs**

The majority of the Group's construction contracts are executed over a long period of time, and the total contract costs are estimated based on projected future costs of the components. Therefore, there may be additional costs incurred that could not be expected prior to 2022 due to the following reasons: changes in macroeconomic and microeconomic variables that are the basis of the total contract cost estimation during the construction period; various changes in the domestic and overseas regions where constructions are being executed; and extension of construction period of some construction projects. For such reasons, there is significant uncertainty in estimating the total contract costs, and changes in estimation of the total contract costs affect profit or loss in the consolidated statements of comprehensive income for the current and future periods. Accordingly, we identified the uncertainty in the estimation of total contract costs as a key audit matter.

We performed the following audit procedures for the impact of uncertainty in estimating the total contract costs on the consolidated financial statements.

- Inquire about and inspect related documents on the causes of differences between the total estimated costs and total input costs of the projects that have significant differences out of the construction contracts ended during the current period.
- Inquire about and inspect related documents on the causes of the major projects that have significant fluctuations in the total contract costs during the current period.
- Inquire about and inspect related documents on whether the estimated total contract costs were appropriately reflected in the construction contracts which terms and conditions have changed.
- Inspect documents on whether the estimated total contract costs of the Group have been recorded through an appropriate approval process.
- Inquire about whether there are major contracts with possible changes in the estimated total contract costs due to delays or extended construction periods.
- Inquire about the validity of the total contract costs for significant contracts in which changes in the total contract costs did not exist for a long period.

#### B. Calculation of the percentage-of-completion

For construction contracts from which revenue is recognized using the percentage-of-completion method, the progress of a construction is a component that has a direct impact on the calculation of contract revenue. The calculation of the percentage-of-completion is affected by the appropriateness of the estimated total contract costs and cumulative construction costs, and as such, the uncertainty in estimating total contract costs, appropriateness of the timing of recognition of the estimated total contract costs and reliability of aggregating contract costs may have significant impact on the profit of the reporting period. Considering the significance of such impact on profit of the Group for the reporting period, we identified the calculation of the percentage-of-completion as a key audit matter.

We performed the following audit procedures in relation to the Group's calculation of the construction progress.

- Inquire about changes in the aggregation method of contract costs and the system and control of actual cost aggregation of individual construction contract, and perform testing of related internal control.
- Perform testing on details of approval history for contract costs aggregated by the major construction sites, considering the occurrence of the cost, amount of the cost and classification of the site.
- Inquire about contracts with significant changes in percentage-of-completion and causes of such fluctuation.
- Inquire about occurrence and accounting treatment of costs that are excluded from the calculation of percentage-of-completion due to a failure to reflect the progress of a contract.
- Perform an independent recalculation for percentage-of-completion of each contract to identify the appropriateness of the calculation performed by the Group.
- Compare the difference between the actual percentage-of-completion confirmed by other information available to use, including those information available at the major site visit, and the accounting percentage-of-completion of the contract, and review of the validity of such reasons.

#### C. Recoverability of due from customers

As described in Note 7 (Construction contract) to the accompanying consolidated financial statements, the Group's due from customers amounts to ₩1,267,065 million as of December 31, 2023, which accounts for 9% of the total sales. Due from customers are claimed in accordance with the terms and conditions of the construction contract, such as the completion of the construction of the applicable process and results of inspection done by the contractor. Depending on such contractual conditions including the results of inspection, it is probable that any unavoidable changes in payment terms will incur. Accordingly, recoverability of due from customers are identified as a key audit matter.

We performed the following audit procedures in relation to the recoverability of due from customers.

- Inspect if there are any construction sites with significantly unusual due from customers based on the contractual terms of payment prescribed in the contract agreements.
- Identify construction sites with significant differences between the actual progress of the construction and the billing rate, and inquire about the causes thereof.

- Identify construction contracts with significant amount of due from customers, inquire about the possibility of the customer's financial risks and assess the possibility by obtaining related information.
- If there is a significant construction site with due from customers remaining unchanged for a long term, inquire about whether there is any specific reason for that unusual cases, such as litigation therefor.

#### D. Accounting treatment for modification of construction contracts

A change in construction means the change of the scope of the construction carried out in accordance with the contract as per the instruction of the customer. As described in Note 7 (Construction contract) to the consolidated financial statements, the Group estimated changes in the total contract revenue of ₩1,457,003 million for the year ended December 31, 2023. As most of the Group's construction contracts are performed over a long period of time, it is possible for the constructions to be changed before they are completed, and the contract revenue can increase or decrease due to the modification of construction contracts. Accounting of modification of construction contracts requires management's judgement on the estimation on the possibility of the approval on the modified revenue amount and reliable measurement of the amount modified. In addition, the effect of changes in the total contract revenue and total contract cost resulting from the modification of construction contracts on profit or loss for the current or future periods is significant. Accordingly, we identified the accounting for the modification of construction contracts as a key audit matter.

We performed the following audit procedures in relation to accounting treatment for changes in construction contracts.

- Inquire about the reason of changes in the revenue from a construction contract, if any significant increase or decrease arises from the contract.
- Inquire about the possibility of liquidated damages for delay (LD) on construction sites of which expected completion dates are approaching or have passed.
- Inquire about whether the estimated additional construction costs from construction changes are reflected in the calculation of the total estimated contract costs and the percentage-of-completion.

#### Emphasis of matter

Without qualifying our opinion, we draw attention to Note 3 in the consolidated financial statements.

As described in Note 3 to the consolidated financial statements, an accident occurred on April 29, 2023 where a portion of the underground parking lot collapsed at the construction site of Incheon Geomdan AA13-2 block public housing being constructed by the Group. In relation to this accident, the Group decided to reconstruct the entire public housing of Incheon Geomdan AA13-1 block and 13-2 block, as well as the underground parking lot. Consequently, an estimated amount of loss effect totaling ₩552,751 million was reflected in provisions and losses on the consolidated financial statements as of and for the year ended December 31, 2023.

In connection with the aforementioned accident, the Group received a business suspension order for civil engineering and construction work from Seoul Metropolitan Government on January 31, 2024, and a business suspension order for civil engineering and landscape construction work from the Ministry of Land, Infrastructure and Transport on February 1, 2024. The Group filed for a stay of execution of administrative orders and initiated lawsuits seeking to overturn the administrative orders. Meanwhile, Seoul Administrative Court decided to accept the Group's application for a stay of execution of the business suspension administrative order on February 28, 2024. Material accounting estimates and assumptions used in preparing the consolidated financial statements may be adjusted based on the final results of additional administrative actions by Seoul Metropolitan Government and the results of applications for a stay of execution and lawsuits against administrative orders from both Seoul Metropolitan Government and the Ministry of Land, Infrastructure and Transport. As a result, their impact on the Group's business, financial position, and financial performance cannot be reasonably predicted.

#### Other matters

The consolidated financial statements as of and for the year ended December 31, 2022 were audited by Samil PwC whose audit report dated March 16, 2023 expressed an unqualified opinion thereon.

## **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 KIFRS, and for such internal control as management determines is necessary to enable the preparation of the 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, or has no realistic alternative but to do so.

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

## **Auditor's responsibilities for the audit of the consolidated financial statements**

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

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

- Identify and assess the risks of material misstatement of the 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.
- 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.

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

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

The engagement partner on the audit resulting in this independent auditor's report is *Tae Gon Lee*.

*Ernst & Young Han Young*

March 21, 2024

<p>This audit report is effective as of March 21, 2024, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to this report.</p>
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# **GS Engineering & Construction Corporation and its subsidiaries**

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

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

Byeong Yong Lim  
Chief Executive Officer  
GS Engineering & Construction Corporation



**GS Engineering & Construction Corporation and its subsidiaries**  
**Consolidated statements of financial position**  
**as of December 31, 2023 and 2022**

<i>(in millions of Korean won)</i>	<b>Notes</b>	<b>2023</b>	<b>2022</b>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	5,9,32,33	₩ 2,244,925	₩ 2,023,701
Trade and other receivables, net	6,7,9,30,32,33	3,529,003	3,251,679
Contract assets	7,32	1,267,066	1,555,865
Inventories	8	1,338,666	1,499,922
Short-term financial assets	5,9,11,32,33	592,972	582,067
Other current assets	8	509,399	498,361
		<u>9,482,031</u>	<u>9,411,595</u>
Non-current assets:			
Property, plant and equipment, net	13	2,256,206	1,819,806
Intangible assets, net	14	960,960	888,334
Investment properties, net	15	764,901	926,375
Right-of-use assets, net	16	293,273	291,723
Investments in associates	12	214,549	230,772
Long-term trade and other receivables, net	6,9,30,32,33	1,374,648	1,204,451
Long-term financial assets	5,9,11,30,32,33	784,575	713,678
Net employee defined benefit assets	19	82,530	97,469
Deferred income tax assets	28	1,133,526	960,552
Financial assets at fair value through profit or loss	9,10,33	263,978	273,951
Other non-current assets	8	96,122	127,910
		<u>8,225,268</u>	<u>7,535,021</u>
<b>Total assets</b>		<b>₩ 17,707,299</b>	<b>₩ 16,946,616</b>
<b>Liabilities</b>			
Current liabilities			
Trade and other payables	9,17,30,32,33	₩ 1,810,904	₩ 1,874,115
Short-term financial liabilities	9,11,13,16,18,32,33	2,481,711	2,339,439
Contract liabilities	7	2,352,653	2,522,008
Income tax payable	28	45,026	97,779
Current provisions	7,20	1,054,148	290,332
Other current liabilities	7,9,17,30,33	1,051,781	1,081,797
		<u>8,796,223</u>	<u>8,205,470</u>
Non-current liabilities:			
Long-term trade and other payables	9,17,30,32,33	3,744	-
Long-term financial liabilities	9,11,13,15,16,18,32,33	3,342,288	2,735,340
Net employee defined benefit liabilities	19	7,415	4,867
Non-current provisions	20,32	399,837	397,388
Deferred income tax liabilities	28	160,942	161,890
Other non-current liabilities	19,17,33	111,689	85,459
		<u>4,025,915</u>	<u>3,384,944</u>
<b>Total liabilities</b>		<b>₩ 12,822,138</b>	<b>11,590,414</b>
<b>Equity</b>			
Issued capital	1,22	₩ 427,907	427,907
Share premium	22	941,984	942,699
Other components of equity	22	(36,808)	(36,808)
Accumulated other comprehensive loss	11,22	(64,977)	(161,984)
Retained earnings	23	3,046,354	3,659,818
		<u>4,314,460</u>	<u>4,831,632</u>
Non-controlling interests		570,701	524,570
<b>Total equity</b>		<b>4,885,161</b>	<b>5,356,202</b>
<b>Total liabilities and equity</b>		<b>₩ 17,707,299</b>	<b>₩ 16,946,616</b>

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

**GS Engineering & Construction Corporation and its subsidiaries**  
**Consolidated statements of profit or loss**  
**for each of the two years in the period ended December 31, 2023**

(in millions of Korean won) except per share amounts

	Notes	2023	2022
<b>Sales</b>	4,7,30		
Sales from construction operations		₩ 10,972,563	₩ 10,329,874
Sales from real estates housing construction and sales operations		1,200,383	839,779
Others		1,263,739	1,129,543
		<u>13,436,685</u>	<u>12,299,196</u>
<b>Cost of sales</b>	7,29,30		
Cost of sales from construction operations		11,051,489	9,301,876
Cost of sales from real estates Cost of housing construction and sales operations		1,008,098	699,483
Others		1,114,904	1,011,230
		<u>13,174,491</u>	<u>11,012,589</u>
<b>Gross profit</b>		<u><b>262,194</b></u>	<u><b>1,286,607</b></u>
Selling and administrative expenses	25,29	<u>650,139</u>	<u>731,772</u>
<b>Operating income (loss)</b>	4	<b>(387,945)</b>	<b>554,835</b>
Other non-operating income	9,11,26	331,941	454,311
Other non-operating expenses	9,11,26	294,896	263,773
Share of profit of associates	12	39,931	18,255
Finance income	9,11,27,30	256,125	196,448
Finance costs	9,11,27,32	462,642	295,178
		<u>1,385,535</u>	<u>1,227,965</u>
<b>Profit before income tax</b>	4	<b>(517,486)</b>	<b>664,898</b>
Income tax expenses (benefits)	28	<u>(97,986)</u>	<u>223,686</u>
<b>Profit (loss) for the year</b>		<u><b>₩ (419,500)</b></u>	<u><b>₩ 441,212</b></u>
<b>Profit (loss) is attributable to</b>			
Equity holders of the parent		(481,945)	339,274
Non-controlling interests		62,444	101,938
<b>Earnings (loss) per share attributable to the equity holders of the parent (Korean Won)</b>	24		
Basic earnings (loss) per share		₩ (5,677)	₩ 3,997
Diluted earnings (loss) per share		(5,677)	3,997

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

**GS Engineering & Construction Corporation and its subsidiaries**  
**Consolidated statements of comprehensive income (loss)**  
**for each of the two years in the period ended December 31, 2023**

<i>(in millions of Korean won)</i>	<b>Notes</b>	<b>2023</b>	<b>2022</b>
<b>Profit (loss) for the year</b>		₩ (419,500)	₩ 441,212
<b>Other comprehensive income (loss)</b>			
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods (net of tax):			
Gain (loss) on exchange differences on translations of foreign operations	22,28	107,915	(41,475)
Gain on valuation of derivative instruments	11,22,28	1,414	11,292
Share of other comprehensive income (loss) of associates and joint ventures	12,28	(744)	2,175
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods (net of tax):			
Remeasurements on net defined benefit liabilities	19,23,28	(25,282)	28,454
<b>Other comprehensive income for the year</b>		<b>83,303</b>	<b>446</b>
<b>Total comprehensive income (loss) for the year</b>		<b>₩ (336,197)</b>	<b>₩ 441,658</b>
<b>Total comprehensive income (loss) for the year is attributable to:</b>			
Equity holders of the parent		(406,103)	325,055
Non-controlling interests		69,905	116,603

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

**GS Engineering & Construction Corporation and its subsidiaries**  
**Consolidated Statements of Changes in Equity**  
**for each of the two years in the period ended December 31, 2023**

<i>(in millions of Korean won)</i>									
	Notes	Share capital	Share premium	Other components of equity	Accumulated other comprehensive income (loss)	Retained earnings	Total	Noncontrolling Interests	Total
<b>As of January 1, 2022</b>		₩ 427,907	₩ 951,257	₩ (36,801)	₩ (122,760)	₩ 3,405,713	4,625,316	247,408	₩ 4,872,724
<b>Total comprehensive income (loss)</b>									
Profit for the year	23	-	-	-	-	339,274	339,274	101,938	441,212
Gain (loss) on exchange differences on translations of foreign operations	22,28	-	-	-	(52,929)	-	(52,929)	11,454	(41,475)
Gain (loss) on valuation of derivative instruments	11,22,28	-	-	-	11,530	-	11,530	(238)	11,292
Share of other comprehensive income (loss) of associates and joint ventures	12,28	-	-	(7)	2,175	-	2,168	-	2,168
Remeasurements on net defined benefit liabilities	19,23,28	-	-	-	-	25,005	25,005	3,449	28,454
<b>Total comprehensive income (loss) for the year</b>		-	-	(7)	(39,224)	364,279	325,048	116,603	441,651
<b>Transactions with equity holders of the parant</b>									
Dividends paid	23	-	-	-	-	(110,356)	(110,356)	(9,225)	(119,581)
Equity transactions within the consolidated entities		-	(8,558)	-	-	1,608	(6,950)	97,322	90,372
Changes in scope of consolidation		-	-	-	-	-	-	73,851	73,851
Others		-	-	-	-	(1,426)	(1,426)	(1,389)	(2,815)
<b>Total transactions with equity holders of the parant</b>		-	(8,558)	-	-	(110,174)	(118,732)	160,559	41,827
<b>As of December 31, 2022</b>		₩ 427,907	₩ 942,699	₩ (36,808)	₩ (161,984)	₩ 3,659,818	4,831,632	524,570	₩ 5,356,202
<b>As of January 1, 2023</b>		₩ 427,907	₩ 942,699	₩ (36,808)	₩ (161,984)	₩ 3,659,818	4,831,632	524,570	₩ 5,356,202
<b>Total comprehensive income (loss)</b>									
Profit (loss) for the year	23	-	-	-	-	(481,945)	(481,945)	62,444	(419,501)
Gain on exchange differences on translations of foreign operations	22,28	-	-	-	96,338	-	96,338	11,577	107,915
Gain on valuation of derivative instruments	11,22,28	-	-	-	1,412	-	1,412	3	1,415
Share of other comprehensive loss of associates and joint ventures	12,28	-	-	-	(744)	-	(744)	-	(744)
Remeasurements on net defined benefit liabilities	19,23,28	-	-	-	-	(21,164)	(21,164)	(4,119)	(25,283)
<b>Total comprehensive loss for the year</b>		-	-	-	97,006	(503,109)	(406,103)	69,905	(336,198)
<b>Transactions with equity holders of the parant</b>									
Dividends paid	23	-	-	-	-	(110,356)	(110,356)	(24,925)	(135,281)
Equity transactions within the consolidated entities		-	(715)	-	-	-	(715)	846	131
Changes in scope of consolidation		-	-	-	-	-	-	304	304
<b>Total transactions with equity holders of the parant</b>		-	(715)	-	-	(110,356)	(111,071)	(23,775)	(134,846)
<b>As of December 31, 2023</b>		₩ 427,907	₩ 941,984	₩ (36,808)	₩ (64,978)	₩ 3,046,353	4,314,458	570,700	₩ 4,885,158

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

**GS Engineering & Construction Corporation and its subsidiaries**  
**Consolidated Statements of Cash Flows**  
**for each of the two years in the period ended December 31, 2023**

<i>(in millions of Korean won)</i>	<b>Notes</b>	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	31	₩ 710,634	₩ 306,073
Interest received		190,992	81,293
Interest paid		(326,195)	(171,493)
Dividends received		53,506	10,803
Income tax paid		(159,138)	(233,972)
<b>Net cash flows provided by (used in) operating activities</b>		<b>469,799</b>	<b>(7,296)</b>
<b>Cash flows from investing activities</b>			
Decrease in other receivables		130,465	97,674
Decrease in short-term financial assets		808,743	948,467
Decrease in long-term other receivables		293,111	185,256
Decrease in long-term financial assets		210,466	158,220
Disposal of financial assets at fair value through profit or loss		24,264	10
Disposal of investments in associates		51,926	23,288
Disposal of property, plant and equipment		1,460	2,423
Disposal of intangible assets		1,464	8,960
Disposal of investment properties		540	-
Increase in other receivables		(403,728)	(120,199)
Increase in short-term financial assets		(785,191)	(1,132,781)
Increase in long-term other receivables		(249,674)	(581,245)
Increase in long-term financial assets		(253,190)	(292,759)
Acquisition of financial assets at fair value through profit or loss		(15,396)	(18,868)
Acquisition of investments in associates		(35,320)	(65,474)
Acquisition of property, plant and equipment		(476,147)	(295,512)
Acquisition of intangible assets		(29,086)	(38,707)
Acquisition of investment properties		(37,768)	(7,609)
Changes in scope of consolidation		-	(182,317)
<b>Net cash flows from used in investing activities</b>		<b>(763,061)</b>	<b>(1,311,173)</b>
<b>Cash flows from financing activities</b>			
Increase in short-term financial liabilities		2,775,805	1,726,693
Increase in long-term financial liabilities		1,465,991	931,564
Increase in other non-current liabilities		9,270	3,080
Increase in non-controlling interests		-	101,184
Decrease in short-term financial liabilities		(3,299,612)	(1,616,858)
Decrease in other current liabilities		(3,554)	(1,965)
Decrease in long-term financial liabilities		(197,895)	(293,137)
Decrease in other non-current liabilities		(1,004)	(218)
Dividends paid		(135,168)	(119,600)
Payment of principal portion of lease liabilities		(117,345)	(106,090)
<b>Net cash flows provided by financing activities</b>		<b>496,488</b>	<b>624,653</b>
Effect of exchange rate changes on cash and cash equivalents		<b>17,997</b>	<b>(873)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>221,224</b>	<b>(694,689)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>2,023,701</b>	<b>2,718,390</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>₩ 2,244,925</b>	<b>₩ 2,023,701</b>

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

# **GS Engineering & Construction Corporation and Subsidiaries**

## **Notes to the consolidated financial statements**

### **December 31, 2023 and 2022**

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#### **1. General Information**

General information on GS Engineering & Construction Corporation (the “Company” or the “Parent Company”) and its subsidiaries including Xi S&D Inc. (collectively referred to as the “Group”) in accordance with KIFRS 1110 *Consolidated Financial Statement* is as follows.

##### **1.1 Overview of the Company**

The Company was incorporated on December 19, 1969, to engage in the civil works and construction, sales of new houses, repairs and maintenance, overseas general construction and technology consultation. The Company acquired Lucky Foreign Construction Co., Ltd., LG Engineering Co., Ltd. and Baekyang Development Co., Ltd. on January 4, 1979, August 1, 1999 and October 1, 2000, respectively. The Company has listed its shares on the Korea Exchange since August 3, 1981, and changed its name from LG Engineering & Construction Co., Ltd. to GS Engineering & Construction Corporation on March 18, 2005. Also, in accordance with the *Monopoly Regulation and Fair Trade Act*, the Korea Fair Trade Commission has designated the Company as the related company to GS Group and placed restriction on mutual investments between the Company and the entities within GS Group.

As of December 31, 2023, the Company maintains overseas branches and construction sites in several foreign countries, including the United Arab Emirates, Saudi Arabia, Vietnam, China and Singapore.

The Company's issued capital as of December 31, 2023 amounts to ₩ 427,907 million.

**GS Engineering & Construction Corporation and Subsidiaries**  
**Notes to the consolidated financial statements**  
**December 31, 2023 and 2022**

**1.2 Summary of the Consolidated Subsidiaries**

Name of subsidiary	Percentage of ownership (%)		Location	Year end	Principal operation
	2023	2022			
Xi S&D Inc. <sup>2</sup>	39.40	39.40	Korea	Dec. 31	Real estate
Xi - Estec Co., Ltd.	100.00	100.00	Korea	Dec. 31	Construction
GCS	100.00	100.00	Korea	Dec. 31	Service
BSM Co., Ltd.	100.00	100.00	Korea	Dec. 31	Processing
Zeit O&M Co., Ltd.	100.00	100.00	Korea	Dec. 31	Service
GVESCO Corporation	100.00	100.00	Korea	Dec. 31	Service
GVESCO Investment Management Corp.	100.00	100.00	Korea	Dec. 31	Service
GVESCO Private Real Estate Fund No.1	99.80	99.80	Korea	Dec. 31	Collective investment
GPC Corp.	100.00	100.00	Korea	Dec. 31	Manufacturing
GS ELEVATOR Co., Ltd	100.00	100.00	Korea	Dec. 31	Manufacturing
ECO AQUAFARM	82.91	75.00	Korea	Dec. 31	Fishery
XiGEIST	100.00	100.00	Korea	Dec. 31	Manufacturing
XiGEIST Architects	100.00	100.00	Korea	Dec. 31	Service
Energy Materials Corp. (formerly, Enerma Corp.)	100.00	100.00	Korea	Dec. 31	Manufacturing
GLOBAL WATER SOLUTION CO., LTD. <sup>7</sup>	100.00	100.00	Korea	Dec. 31	Holding Business
DC Bridge Corp.	100.00	100.00	Korea	Dec. 31	Information and communication
Bucheon Media Complex Management Inc.	100.00	100.00	Korea	Dec. 31	Real estate
GFS Co., Ltd.	69.10	69.10	Korea	Dec. 31	Service
Sun-field Solar Power Co., Ltd.	91.00	91.00	Korea	Dec. 31	Service
XI C&A CO., LTD. <sup>3</sup>	41.46	41.46	Korea	Dec. 31	Construction
ZEIT C&A NANJING Co., Ltd <sup>4</sup>	41.46	41.46	China	Dec. 31	Construction management
ZEIT C&A POLAND SP. Z O. O. <sup>4</sup>	41.46	41.46	Poland	Dec. 31	Construction management
ZEIT C&A VIETNAM COMPANY LIMITED <sup>4</sup>	41.46	41.46	Vietnam	Dec. 31	Construction management
ZEIT C&A AMERICA, INC. <sup>4, 5</sup>	41.46	-	USA	Dec. 31	Construction management
HEIMLAB Corp.	100.00	100.00	Korea	Dec. 31	Construction
HAETDEULWON Rooftop PV 01	100.00	100.00	Korea	Dec. 31	Service
XPLOR INVESTMENT Co., Ltd	100.00	100.00	Korea	Dec. 31	Finance
XPLOR-Smart City Investment Association <sup>5</sup>	100.00	-	Korea	Dec. 31	Collective investment
XPLOR-Open Innovation Investment Association <sup>5</sup>	100.00	-	Korea	Dec. 31	Collective investment
GS E&C Nanjing Co., Ltd.	100.00	100.00	China	Dec. 31	Construction
Vietnam GS Industry One-Member LLC	100.00	100.00	Vietnam	Dec. 31	Real estate
Vietnam GS Enterprise One	100.00	100.00	Vietnam	Dec. 31	Real estate

**GS Engineering & Construction Corporation and Subsidiaries**  
**Notes to the consolidated financial statements**  
**December 31, 2023 and 2022**

Name of subsidiary	Percentage of ownership (%)		Location	Year end	Principal operation
	2023	2022			
Member LLC					
ZEITGEIST EDUCATION CO., LTD.	100.00	100.00	Vietnam	Dec. 31	Service
GS E&C Delhi Pvt. Ltd. <sup>6</sup>	-	100.00	India	Mar. 31	Construction
GS Engineering & Construction Mumbai Pvt. Ltd. <sup>6</sup>	100.00	100.00	India	Mar. 31	Construction
PT. GSENC Development Indonesia	100.00	100.00	Indonesia	Dec. 31	Construction
GS E&C Development (Thailand) Co., Ltd.	100.00	100.00	Thailand	Dec. 31	Real estate
ZEIT GREEN DEVELOPMENT INDIA Pvt. Ltd. <sup>5</sup>	100.00	-	India	Mar. 31	Service
GS Construction Arabia Co., Ltd.	100.00	100.00	Saudi Arabia	Dec. 31	Construction
GS Real Estate Development Company	100.00	100.00	Saudi Arabia	Dec. 31	Real estate
GS CONSTRUCTION MIDDLE EAST - SOLE PROPRIETORSHIP L.L.C.	100.00	100.00	UAE	Dec. 31	Construction
GS E&C Poland SP.ZO.O	100.00	100.00	Poland	Dec. 31	Construction
Danwood S.A.	100.00	100.00	Poland	Dec. 31	Construction
Danwood GmbH	100.00	100.00	Switzerland	Dec. 31	Construction
GS Engineering & Construction Spain, S.L.	100.00	100.00	Spain	Dec. 31	Construction
Chervona Gora EKO	100.00	100.00	Ukraine	Dec. 31	Construction
Elements (Europe) Limited	75.00	75.00	UK	Dec. 31	Construction
GS Real Estate Development Company London LTD.	100.00	100.00	UK	Dec. 31	Real estate
GS E&C Panama S.A.	100.00	100.00	Panama	Dec. 31	Lease
GS Village Lake LLC	100.00	100.00	USA	Dec. 31	Real estate
GS Property Mountain View LLC	100.00	100.00	USA	Dec. 31	Real estate
GS MIRAMAR 700 EC, LLC	90.00	90.00	USA	Dec. 31	Real estate
777 WMF, LLC	100.00	100.00	USA	Dec. 31	Real estate
GS MIRAMAR VILLAGE LAKES MANAGER, LLC	80.00	80.00	USA	Dec. 31	Real estate
CDCF III FORTBAY MV, LLC	94.19	94.19	USA	Dec. 31	Real estate
GS Redlands, LLC	100.00	100.00	USA	Dec. 31	Real estate
700 EC PROPERTY, LLC	90.00	90.00	USA	Dec. 31	Real estate
MOUNTAIN VIEW MEZZ, LLC	94.19	94.19	USA	Dec. 31	Real estate
MOUNTAIN VIEW OWNER, LLC	94.19	94.19	USA	Dec. 31	Real estate
GSFC FUND 1 LLC	100.00	100.00	USA	Dec. 31	Collective investment
400 LOGUE OWNER, LLC	94.00	94.00	USA	Dec. 31	Real estate
PALA-POWER GENERAL CONSRUCTION SERVICE (PROPRIETARY) LIMITED	100.00	100.00	Botswana	Dec. 31	Construction
GS Engineering & Construction	100.00	100.00	Australia	Dec. 31	Construction



# GS Engineering & Construction Corporation and Subsidiaries

## Notes to the consolidated financial statements

### December 31, 2023 and 2022

Name of subsidiary	Percentage of ownership (%)		Location	Year end	Principal operation
	2023	2022			
Australia Pty Ltd.					
The Trustee for GS NEL Trust	100.00	100.00	Australia	Dec. 31	Construction
GS SPV PTY LTD.	100.00	100.00	Australia	Dec. 31	Construction
ZEIT DEVELOPMENT POLAND LLC	100.00	100.00	Poland	Dec. 31	Real estate
400 Logue Master GP, LLC	85.00	85.00	USA	Dec. 31	Real estate
400 Logue LP, LLC	100.00	100.00	USA	Dec. 31	Real estate
400 Logue GP, LLC	100.00	100.00	USA	Dec. 31	Real estate
400 Logue JVC, LLC	94.00	94.00	USA	Dec. 31	Real estate
Zeit Homes, Inc.	100.00	100.00	USA	Dec. 31	Real estate

<sup>1</sup> Includes securities held by subsidiaries of the Group.

<sup>2</sup> Although the Parent Company holds less than 50% of the voting rights, the Parent Company is considered to have control over the subsidiary because other shareholders are widely dispersed and the voting right ratio of the Company is significantly high compared to the attendance ratio at the previous shareholders' meetings.

<sup>3</sup> GFS Co., Ltd., a subsidiary of the Group, holds more than 50% of shares in the entity and the Group determined that GFS Co., Ltd. has control over the entity, accordingly.

<sup>4</sup> Subsidiaries of XI C&A CO., LTD..

<sup>5</sup> Newly included in the scope of consolidation for the year ended December 31, 2023.

<sup>6</sup> GS E&C Delhi Pvt. Ltd. was merged into GS Engineering & Construction Mumbai Pvt. Ltd. for the year ended December 31, 2023.

<sup>7</sup> Summarized information of the Group's subsidiaries is as follows:

Name of subsidiary	Location	Principal business activity	Year end	Percentage of ownership (%)
GS Inima Environment S.A.U.	Spain	Construction	Dec. 31	100.00
Aguas de Ensenada, S.A. de C.V.	Mexico	Construction	Dec. 31	100.00
SOCIEDAD DE ECONOMIA MIXTA AGUAS DE SORIA S.L.	Spain	Construction	Dec. 31	59.20
Inima Water Services, S.L.	Spain	Construction	Dec. 31	100.00
GS Inima Water Management S.L.	Spain	Construction	Dec. 31	100.00
GS Inima Gestion S.L.U.	Spain	Construction	Dec. 31	100.00
GS Inima Inversiones S.L.U.	Spain	Construction	Dec. 31	100.00
GS Inima Energia, S.L.	Spain	Construction	Dec. 31	100.00
Palmeiras Saneamento, S.A.	Brazil	Construction	Dec. 31	60.00
VALORINIMA S.L.	Spain	Construction	Dec. 31	80.00
Ambient Servicos Ambientais de Ribeirao Preto, S.A.	Brazil	Construction	Dec. 31	100.00
Aquaria LLC	USA	Construction	Dec. 31	87.50

**GS Engineering & Construction Corporation and Subsidiaries**  
**Notes to the consolidated financial statements**  
**December 31, 2023 and 2022**

Name of subsidiary	Location	Principal business activity	Year end	Percentage of ownership (%)
Araucaria Saneamento, S.A.	Brazil	Construction	Dec. 31	51.00
CAEPA COMPANHIA DE AGUA E EGOSTO DE PARIBUNA S.A.	Brazil	Construction	Dec. 31	95.00
COMASA COMPANHIA AGUAS DE SANTA RITA S.A	Brazil	Construction	Dec. 31	75.00
GS Inima Chile S.A.	Chile	Construction	Dec. 31	100.00
INIMA-CVV S.A.	Chile	Construction	Dec. 31	65.00
GS Inima Mexico, S.A. de C.V.	Mexico	Construction	Dec. 31	100.00
GS Inima USA Construction Corporation	USA	Construction	Dec. 31	100.00
GS Inima USA Corporation	USA	Construction	Dec. 31	100.00
Sanel-Saneamento de Luis Antonio, S.A	Brazil	Construction	Dec. 31	70.00
Promoaqua Desalacion de los Cabos, S.A. de C.V.	Mexico	Construction	Dec. 31	100.00
Sanama Saneamento Alta Maceio S.A.	Brazil	Construction	Dec. 31	60.00
SAMAR SOLUCOES AMBIENTAIS DE ARACATUBA S.A.	Brazil	Construction	Dec. 31	100.00
GS Inima Brasil Ltda.	Brazil	Construction	Dec. 31	100.00
GS Inima Industrial S.A.	Brazil	Construction	Dec. 31	100.00
GS Inima Solucoes em Saneamento, Ltda (formerly, GS Inima Servicos de Saneamento Eireli)	Brazil	Construction	Dec. 31	100.00
Aquapolo Ambiental S.A.	Brazil	Construction	Dec. 31	51.00
GS Inima Industrial Jeceaba, S.A.	Brazil	Construction	Dec. 31	84.50
GS Inima Industrial Triunfo, S.A.	Brazil	Construction	Dec. 31	100.00
Ouro Preto Servicos de Saneamento S.A. - Saneouro	Brazil	Construction	Dec. 31	60.00
GS Inima Servicios Corporativos, S.A. de C.V.	Mexico	Construction	Dec. 31	100.00
Saneamento do Vale do Paraiba, S.A.	Brazil	Construction	Dec. 31	50.10
Servicos de Saneamento de Mogi Mirim, S.A.	Brazil	Construction	Dec. 31	64.00
Shariket Miyeh Ras Djinet, Spa <sup>1</sup>	Algeria	Construction	Dec. 31	25.49
Tecnicas y Gestion Medioambiental, S.A.	Spain	Construction	Dec. 31	100.00
GS Inima Middle East LLC	Oman	Construction	Dec. 31	100.00
GS Inima Barka 5 Desalination Company, S.A.O.C.	Oman	Construction	Dec. 31	100.00
Capital Desalination Company, S.A.O.C.	Oman	Construction	Dec. 31	52.00
GS Inima (Barka), LLC	Oman	Construction	Dec. 31	100.00
GS Inima Investment - Sole Proprietorship LLC	UAE	Construction	Dec. 31	100.00
GS Inima Desalination - Sole Proprietorship LLC	UAE	Construction	Dec. 31	100.00

<sup>1</sup> In accordance with a contractual arrangement with other shareholders, the Group is able to exercise control over the entity and has included it in the consolidation.

**GS Engineering & Construction Corporation and Subsidiaries**  
**Notes to the consolidated financial statements**  
**December 31, 2023 and 2022**

**1.3 Summarized Financial Information**

(in millions of Korean won)

	2023				
	Assets	Liabilities	Equity	Sales	Profit (loss) for the year
Xi S&D Inc. <sup>1</sup>	₩ 1,569,165	₩ 775,630	₩ 793,535	₩ 2,374,633	₩ 94,998
Xi - Estec Co., Ltd.	2,259	1,164	1,095	7,000	441
GCS	24,003	7,983	16,020	75,773	3,699
BSM Co., Ltd.	5,120	2,884	2,236	22,116	1,485
Zeit O&M Co., Ltd.	21,059	17,888	3,171	54,171	(2,414)
GVESCO Corporation	4,504	1	4,503	-	(14)
GVESCO Investment Management Corp.	7,220	1,100	6,120	4,352	1,089
GVESCO Private Real Estate Fund No.1	31,054	14	31,040	381	301
GPC Corp.	141,290	50,342	90,948	109,598	12,085
GS ELEVATOR Co., Ltd.	16,164	16,714	(550)	34,129	(16,092)
ECO AQUAFARM	11,015	582	10,433	-	(977)
XiGEIST	14,089	5,362	8,727	1,373	(4,810)
XiGEIST Architects	340	330	10	16	(4)
Energy Materials Corp.(formerly, Enerma Corp.)	216,462	89,881	126,581	3,148	(4,539)
GLOBAL WATER SOLUTION CO., LTD.	414,523	96	414,427	-	(174)
DC Bridge Corp.	4,085	55	4,030	272	144
Bucheon Media Complex Management Inc.	3,088	375	2,713	3,600	1,325
Sun-field Solar Power Co., Ltd.	2,031	2,097	(66)	-	(67)
HEIMLAB Corp.	3,904	112	3,792	381	(2,279)
HAETDEULWON Rooftop PV 01	6,592	2,209	4,383	-	(103)
XPLOR INVESTMENT Co., Ltd	11,862	356	11,506	758	(814)
XPLOR-Smart City Investment Association	5,025	5	5,020	45	(180)
XPLOR-Open Innovation Investment Association	2,996	2	2,994	7	(5)
GS E&C Nanjing Co., Ltd.	74,962	31,801	43,161	73,883	27,873
Vietnam GS Industry One- Member LLC	475,702	473,150	2,552	227,643	31,943
Vietnam GS Enterprise One Member LLC	573,809	681,731	(107,922)	-	(22,712)
GS Engineering & Construction Mumbai Pvt. Ltd.	9,196	17,548	(8,352)	10,197	(4,449)
PT. GSENC Development Indonesia	24,694	1,766	22,928	-	664
ZEITGEIST EDUCATION CO., LTD.	359	1	358	-	4
GS E&C Development (Thailand) Co., Ltd.	29,451	526	28,925	-	2,361
ZEIT GREEN DEVELOPMENT INDIA Pvt. Ltd.	608	254	354	-	(548)

**GS Engineering & Construction Corporation and Subsidiaries**  
**Notes to the consolidated financial statements**  
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(in millions of Korean won)

	2023				
	Assets	Liabilities	Equity	Sales	Profit (loss) for the year
GS Construction Arabia Co., Ltd.	23,758	966,787	(943,029)	14,026	(28,927)
GS CONSTRUCTION MIDDLE EAST - SOLE PROPRIETORSHIP L.L.C.	11,872	60,784	(48,912)	27,120	(12,859)
GS Real Estate Development Company	9,495	1,190	8,305	-	(728)
GS E&C Poland SP.ZO.O <sup>1</sup>	617,664	254,091	363,573	474,574	44,578
GS Inima Environment S.A.U. <sup>1</sup>	1,721,231	948,949	772,282	493,048	52,191
GS Engineering & Construction Spain, S.L.	127,653	33	127,620	(669)	(156)
Chervona Gora EKO	21,323	12,924	8,399	4,625	2,039
Elements (Europe) Limited	47,985	54,556	(6,571)	65,147	(25,917)
GS Real Estate Development Company London LTD.	234	727	(493)	-	(133)
GS E&C Panama S.A.	1,293	-	1,293	-	-
GS Village Lake LLC	78,924	1,417	77,507	-	(66)
GS Property Mountain View LLC	18,863	810	18,053	849	(2,194)
GS MIRAMAR 700 EC, LLC <sup>1</sup>	31,769	33,519	(1,750)	4,882	(18,463)
777 WMF, LLC	26,020	1	26,019	-	(6)
GS MIRAMAR VILLAGE LAKES MANAGER, LLC	32,237	-	32,237	-	(6)
CDCF III FORTBAY MV, LLC <sup>1</sup>	519,575	506,146	13,429	3,497	6,412
GS Redlands, LLC	11,311	9	11,302	-	2
GSFC FUND 1 LLC	22,681	27	22,654	(820)	(2,778)
PALA-POWER GENERAL CONSTRUCTION SERVICE (PROPRIETARY) LIMITED	24	85	(61)	-	(7)
GS Engineering & Construction Australia Pty Ltd.	434,862	371,888	62,974	367,699	35,080
The Trustee for GS NEL Trust	1,886	362	1,524	1,574	661
GS SPV PTY LTD	32	32	-	282	-
-ZEIT DEVELOPMENT POLAND LLC	64,003	6,083	57,920	-	(1,912)
400 Logue Master GP, LLC	10,925	-	10,925	-	(10)
400 Logue LP, LLC	16,436	1	16,435	-	(4)
400 Logue GP, LLC	9,344	1	9,343	-	(4)
400 Logue JVC, LLC <sup>1</sup>	90,450	64,769	25,681	-	105
Zeit Homes, Inc.	11	1	10	-	(12)

<sup>1</sup> Includes financial information of subsidiaries.

**GS Engineering & Construction Corporation and Subsidiaries**  
**Notes to the consolidated financial statements**  
**December 31, 2023 and 2022**

(in millions of Korean won)

	2022				
	Assets	Liabilities	Equity	Sales	Profit (loss) for the year
Xi S&D Inc. <sup>1</sup>	₩ 1,952,688	₩ 1,230,634	₩ 722,054	₩ 2,479,011	₩ 151,899
Xi - Estec Co., Ltd.	1,126	473	653	5,989	41
GCS	23,733	8,411	15,322	68,453	2,219
BSM Co., Ltd.	3,620	1,929	1,691	16,021	510
Zeit O&M Co., Ltd.	20,660	15,075	5,585	65,897	1,650
GVESCO Corporation	4,520	3	4,517	-	(103)
GVESCO Investment Management Corp.	5,683	499	5,184	2,601	419
GVESCO Private Real Estate Fund No.1	30,753	14	30,739	293	213
GPC Corp.	143,616	64,586	79,030	121,424	11,582
GS ELEVATOR Co., Ltd.	6,508	3,367	3,141	7,286	(4,369)
ECO AQUAFARM (formerly, K Eco Salmon Co., Ltd.)	8,054	302	7,752	-	(186)
XiGEIST	10,882	1,085	9,797	-	(4,827)
XiGEIST Architects	14	-	14	4	-
Enerma Corp.	69,685	8,150	61,535	2,900	(48)
GLOBAL WATER SOLUTION CO., LTD.	414,601	-	414,601	-	(196)
DC Bridge Corp.	3,896	9	3,887	-	(42)
Bucheon Media Complex Management Inc.	2,152	433	1,719	3,600	1,442
Sun-field Solar Power Co., Ltd.	1	-	1	-	-
HEIMLAB Corp.	3,161	45	3,116	30	(1,384)
HAETDEULWON Rooftop PV 01	202	-	202	-	(3)
XPLOR INVESTMENT Co., Ltd	12,745	405	12,340	158	(684)
GS E&C Nanjing Co., Ltd.	106,894	86,076	20,818	80,721	9,717
Vietnam GS Industry One- Member LLC	511,367	542,932	(31,565)	36,700	(36,860)
Vietnam GS Enterprise One Member LLC	499,222	585,903	(86,681)	-	(22,819)
GS E&C Delhi Pvt. Ltd.	7,292	9,078	(1,786)	2,560	(456)
GS Engineering & Construction Mumbai Pvt. Ltd.	9,010	11,537	(2,527)	13,929	412
PT. GSENC Development Indonesia	23,134	1,570	21,564	-	(237)
ZEITGEIST EDUCATION CO., LTD.	358	1	357	-	(1)
GS E&C Development (Thailand) Co., Ltd.	20,781	381	20,400	-	(1,009)
GS Construction Arabia Co., Ltd.	43,231	939,644	(896,413)	6,557	(35,318)
GS CONSTRUCTION MIDDLE EAST - SOLE PROPRIETORSHIP L.L.C. (formerly, GS Construction Middle East L.L.C.)	13,472	49,063	(35,591)	13,411	(9,793)
GS Real Estate Development	9,286	438	8,848	-	(616)

**GS Engineering & Construction Corporation and Subsidiaries**  
**Notes to the consolidated financial statements**  
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(in millions of Korean won)

	2022				
	Assets	Liabilities	Equity	Sales	Profit (loss) for the year
Company					
GS E&C Poland SP.ZO.O <sup>1</sup>	539,051	271,602	267,449	420,165	3,513
GS Inima Environment S.A.U. <sup>1</sup>	1,425,488	755,784	669,704	405,253	41,245
GS Engineering & Construction Spain, S.L.	133,740	8,773	124,967	2,918	(821)
Chervona Gora EKO	24,724	18,302	6,422	3,786	(2,137)
Elements (Europe) Limited	32,961	9,757	23,204	36,195	(3,988)
GS Real Estate Development Company London LTD.	363	696	(333)	-	(1,097)
GS E&C Panama S.A.	1,271	-	1,271	-	-
GS Village Lake LLC	77,574	1,332	76,242	-	(97)
GS Property Mountain View LLC	18,251	595	17,656	723	(1,258)
GS MIRAMAR 700 EC, LLC <sup>1</sup>	49,814	33,610	16,204	4,534	771
777 WMF, LLC	25,578	-	25,578	-	(11)
GS MIRAMAR VILLAGE LAKES MANAGER, LLC	31,691	-	31,691	-	(4)
CDCF III FORTBAY MV, LLC <sup>1</sup>	294,311	287,336	6,975	2,033	(2,761)
GS Redlands, LLC	11,112	5	11,107	-	14
GSFC FUND 1 LLC	25,328	366	24,962	-	(1,669)
PALA-POWER GENERAL CONSRUCTION SERVICE (PROPRIETARY) LIMITED	26	81	(55)	-	(9)
GS Engineering & Construction Australia Pty Ltd.	346,967	320,264	26,703	149,007	14,791
The Trustee for GS NEL Trust	1,207	374	833	1,607	815
GS SPV PTY LTD.	-	-	-	-	-
ZEIT DEVELOPMENT POLAND LLC	51,706	184	51,522	46	2,260
400 Logue Master GP, LLC	10,734	-	10,734	-	-
400 Logue LP, LLC	16,157	-	16,157	-	(1)
400 Logue GP, LLC	9,187	-	9,187	-	(1)
400 Logue JVC, LLC <sup>1</sup>	90,187	65,049	25,138	-	(1,730)
Zeit Homes, Inc.	3	1	2	-	(4)

<sup>1</sup> Includes financial information of subsidiaries.

The summarized financial information of the subsidiaries is based on amounts before inter-company eliminations. If the significant accounting treatments of the subsidiaries are different from those of the Company, such differences are adjusted.

# **GS Engineering & Construction Corporation and Subsidiaries**

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## **2. Basis of Preparation and Material Accounting Policy Information**

### **2.1 Basis of Preparation**

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS"). 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 accompanying consolidated financial statements have been translated into English from the Korean language financial statements. In the event of any differences in interpreting the consolidated financial statements or the independent auditors' report thereon, the Korean version, which is used for regulatory reporting purposes, shall prevail.

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

### **2.2 Basis of Consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of December 31, 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

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

### **2.3 Material Accounting Policy Information**

#### **2.3.1 Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (Note 4). The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors who is responsible for the Group's strategic decisions.

#### **2.3.2 Current versus Non-current Classification**

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

An asset is current when it is:

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

All other assets are classified as non-current.



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A liability is current when:

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

The Group classifies all other liabilities as non-current. However, deferred tax assets and liabilities are classified as non-current assets and liabilities.

#### **2.3.3 Fair Value Measurement**

The Group measures financial instruments such as derivatives at fair value at each balance sheet date. Fair values of financial instruments and fair value hierarchy are disclosed in Note 33.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

#### **2.3.4 Foreign Currencies**

The Group's consolidated financial statements are presented in Korean won, which is also the Group's functional and reporting currency.

##### **(1) Transactions and balances**

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, The Group determines the transaction date for each payment or receipt of advance consideration.

# **GS Engineering & Construction Corporation and Subsidiaries**

## **Notes to the consolidated financial statements**

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#### **(2) 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;
- 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.

#### **(3) Translation in foreign operations**

The assets and liabilities of foreign operations are translated into Korean won at the rate of exchange prevailing at the reporting date and their statements of income and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation of foreign operations are recognized in other comprehensive income (OCI). On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in profit or loss.

### **2.3.5 Financial Instruments - Initial Recognition and Subsequent Measurement**

#### **(1) Financial assets**

##### **1) Initial recognition and measurement**

The Group classifies financial assets, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

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

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

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

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

#### **2) Subsequent measurement**

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

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

##### **① Financial assets at amortized cost (debt instruments)**

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

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

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

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

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

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

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

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

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under KIFRS 1032 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

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

#### ④ Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

This category includes derivatives and equity instruments which the Group had not irrevocably elected to treat changes in fair value as other comprehensive income. Dividends on equity instruments are recognized in profit or loss when the right is determined.

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

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

#### **3) Derecognition**

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

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

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

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

#### **4) Impairment of financial assets**

The Group has applied the expected credit loss (ECL) model of KIFRS 1109 in two types. The expected credit loss model applied to each type of financial asset is as follows.

##### **① Trade receivables**

For the purpose of measuring the expected credit losses of trade receivables under KIFRS 1109, the Group applies the practical expedient and uses the expected credit loss model for the life-time for trade receivables subject to the expected credit loss model.

##### **② Debt instruments other than trade receivables**

For which there has not been a significant increase in credit risk since initial recognition, the Group uses expected credit loss model for the next 12 months. For which there has been a significant increase in credit risk since initial recognition, the Group uses expected credit loss model for the entire period.

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#### (2) Financial liabilities

##### 1) Initial recognition and measurement

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

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

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

##### 2) Subsequent measurement

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

##### - Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. This category generally applies to interest – bearing loans and borrowings.

##### - Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, deducted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with KIFRS 1115 *Revenue from Contracts with Customers*.

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

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by KIFRS 1109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of income.

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Gains and losses arising from financial liabilities held for trading are recognized in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in KIFRS 1109 are satisfied. The Group has not designated any financial liability as of fair value through profit or loss.

#### **3) Derecognition**

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

#### **4) Offsetting of financial instruments**

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

### **2.3.6 Derivative Financial Instruments and Hedge Accounting**

In accordance with the transition rules, the consolidated financial statements have been prepared by applying the requirements of KIFRS 1039 to hedge accounting without applying the requirements of KIFRS 1109.

Derivatives are initially recognized at fair value on the date when a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of the derivatives that are not qualified for hedge accounting are recognized in the statements of profit or loss within 'other income (expenses)' or 'finance income (costs)' according to the nature of transactions.

The Group designates certain derivatives as:

- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.



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The fair values of various derivative instruments used for hedging purposes are disclosed in Note 11. Movements on the hedging reserve in OCI are shown in Note 11. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is longer than the Group's normal business cycle and as a current asset or liability when the remaining maturity of the hedged item is shorter than the Group's normal business cycle. Trading derivatives are classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

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

- Cash flow hedge: The effective portion of changes in the fair value of derivatives that is designated and qualified as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the statements of profit or loss within other income (expenses). Amounts accumulated in equity are reclassified to income in the periods when the hedged item affects profit or loss (for example, when the forecast purchase that is hedged takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the statements of profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statements of profit or loss within other income (expenses).

#### **2.3.7 Inventories**

Inventories are stated at the lower of cost and net realizable value. Raw materials, goods and products, and supplies are determined using the gross average method. Other inventories are determined using the specific identification method.

#### **2.3.8 Property, Plant and Equipment**

All property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

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Land is not depreciated but depreciation on other assets is calculated using the straight-line method to allocate the difference between their cost and their residual values over their estimated useful lives, as follows:

	<b>Estimated useful lives(years)</b>
Buildings	10 - 50 years
Structures	5 - 50
Machinery	3 - 16
Construction equipment	4 - 12
Vehicles	4 - 10
Tools	3 - 10
Equipment	2 - 10

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

#### **2.3.9 Leases**

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

##### **(1) The Group as a lessee**

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

##### **1) Right-of-use assets**

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

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 2.3.13 Impairment of Non-financial Assets.

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#### **2) Lease liabilities**

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

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

#### **3) Short-term leases and leases of low-value assets**

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

#### **(2) Group as a lessor**

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

If the Group is an intermediate lessor, the Group accounts for the head lease and the sublease as two separated contracts. The subleases are classified as finance lease or operating lease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

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#### **2.3.10 Borrowing Costs**

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

#### **2.3.11 Intangible Assets**

Amortization of intangible assets is calculated using the straight-line method over their estimated useful lives. Membership rights are regarded as intangible assets with indefinite useful life and not amortized because there is no foreseeable limit to the period over which the asset is expected to be utilized.

	<b>Estimated useful lives (years)</b>
Technical rights	10 years
Concession assets	10 - 30
Software	3 - 10
Others	1 - 48

#### **2.3.12 Investment Properties**

Investment properties is held to earn rentals or for capital appreciation or both. Investment property is measured initially at its cost, including transaction costs incurred in acquiring the asset. After recognition as an asset, investment property is carried at cost less accumulated depreciation and impairment losses. Investment property, except for land, is depreciated using the straight-line method over their useful lives of 40 years.

#### **2.3.13 Impairment of Non-financial Assets**

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

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

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Impairment losses of continuing operations are recognized in the statement of income in expense categories consistent with the function of the impaired asset.

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

Intangible assets with indefinite useful lives are tested for impairment annually as of December 31, either individually or at the CGU level.

#### **2.3.14 Employee Benefits**

##### **(1) Post-employment 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 has been paid. The contribution is 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. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

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.

##### **(2) Other long-term employee benefits**

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The Group provides long-term employee benefits that are entitled to employees with service period for ten years and above. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. The Group recognizes service cost, net interest on other long-term employee benefits and remeasurements as profit or loss for the year. These liabilities are valued annually by an independent qualified actuary.

#### **2.3.15 Provisions**

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

##### **(1) Warranty provision**

The Group provides warranties for general repairs of defects that existed at the time of sale, as required by law. Provisions related to these assurance-type warranties are recognized when the product is sold or the service is provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised at the end of the reporting period.

##### **(2) Onerous contracts**

If the Group has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognizes any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

#### **2.3.16 Current and Deferred Income Tax**

##### **(1) Current income tax**

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

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

#### **(2) Deferred tax**

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

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

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities

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

#### **2.3.17 Revenue Recognition**

##### **(1) Identifying performance obligations**

The Group identifies the separate performance obligations if: i) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer; and ii) the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.

##### **(2) Performance obligation satisfied over time**

Construction contracts for the Group include apartments, commercial facilities, factories, roads and bridges those are ordered by customers, and usually require about three to four years of construction.

In accordance with KIFRS 1115, the timing of revenue recognition may vary depending on whether each performance obligation is satisfied at a point in time or over a period of time.

Performance obligations satisfied over time shall meet any of the following criteria:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

The Group is obliged to provide construction and maintenance services to the customer during the contract period for a majority of its construction contract. Also, it is determined that the customer controls the asset as the Group creates or enhances its value. Therefore, the Group recognizes the transaction price allocated to the performance obligation by revenue over a contract period.

For housing contracts meeting conditions under Korea Accounting Institute's Question and Answer, 2017-I-KQA015, revenue of the number of residential units the Group built and sold is recognized using percentage of completion method and the accounting treatment is effective only under the KIFRS.

##### **(3) Percentage-of-completion measurement using input method**

In accordance with KIFRS 1115, revenue is recognized when the goods or services committed to be provided to the customer are transferred and the performance obligation is fulfilled or when the performance obligation is fulfilled over a period of time. The obligation to perform during the period is to measure the percentage-of-completion until the obligation is fulfilled and the revenue is recognized over the period. The method of measuring the percentage-of-completion includes the output method and the input method, and they are applied if the percentage-of-completion of the performance obligation can be reasonably measured. In most construction contracts, the Group applies percentage-of-completion measurement.



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In accordance with KIFRS 1115, if an entity expects that the goods are not distinct at contract inception, it will significantly control the goods or services before transferring to the customer, the costs of the goods transferred are significant in comparison to the total costs expected to be fully satisfied, and the entity receives the goods from a third party and does not significantly engage in the design and production of those goods, then recognizing the cost of the goods used to fulfill the performance obligation as revenue demonstrates the entity's performance well.

The construction contracts in plant sector are contracts including the purchase and installation of special equipment, and most of the projects are carried out over a long period of time of three years or more. The Group carries out the accounting by considering total planning costs versus special equipment costs, whether the customer has significant control over the special equipment under separate contracts, and whether the Group is deeply involved in design and production of the special equipment.

#### **(4) Incremental cost of obtaining a contract and cost to fulfil a contract**

The Group capitalizes incremental costs of obtaining a contract or contract costs incurred directly related to contract and created resources used to fulfill a contract and expected to be recovered. If capitalization requirements are not met, it is accounted for as current expenses.

#### **2.3.18 Business Combinations and Goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

The consideration the acquirer transfers in exchange for the acquiree includes any asset or liability resulting from a contingent consideration arrangement. The acquirer shall recognize the acquisition-date fair value of contingent consideration as part of the consideration transferred in exchange for the acquiree. Contingent consideration classified as assets or liabilities within the scope of KIFRS 1109 shall be measured at fair value at each reporting date and changes in fair value shall be recognized in profit or loss, or other comprehensive income, in accordance with KIFRS 1109. Contingent consideration classified as equity shall not be remeasured and its subsequent settlement shall be accounted for within equity. Other contingent consideration that is not within the scope of KIFRS 1109 shall be measured in accordance with other appropriate standards.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net

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identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

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

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

#### **2.3.19 Investment in Associates and Joint Ventures**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

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

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax.

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

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After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. The Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired.

The Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognizes the loss as 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

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

#### **2.3.20 Approval of Issuance of the Financial Statements**

The consolidated financial statements as of and for the year ended December 31, 2023 were approved for issue by the Board of Directors on February 14, 2024 and are subject to change with the approval of shareholders at their Annual General Meeting.

#### **2.4 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 periods commencing on or after January 1, 2023.

##### **2.4.1 KIFRS 1117 *Insurance Contract***

KIFRS 1117 *Insurance Contracts* replaces KIFRS 1104 *Insurance Contracts*. The amendments estimate 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 contractual services (i.e., insurance coverage) provided to the policyholder by each annual period. In addition, investment components (refunds due to surrender or maturity) repaid to a policyholder regardless of the occurrence of an insured event 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. The amendments had no material impact on the Group's consolidated financial statements.

##### **2.4.2 KIFRS 1008 *Accounting Policies, Changes in Accounting Estimates and Errors* – Definition of Accounting Estimates**

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

##### **2.4.3 KIFRS 1001 *Presentation of Consolidated Financial Statements* - Disclosure of Accounting Policies**

The amendments to KIFRS 1001 define and require entities to disclose their material accounting policy

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information (being information that, when considered together with other information included in an entity's consolidated financial statements, can reasonably be expected to influence decisions that the primary users of consolidated financial statements make on the basis of those consolidated financial statements). The amendments had no material impact on the Group's consolidated financial statements.

#### **2.4.4 KIFRS 1001 *Presentation of Consolidated Financial Statements* - Disclosure of Gain or Loss on Valuation of Financial Liabilities Subject to Adjustment of Exercise Price**

If the entire or a part of financial instrument, whose exercise price is subject to change due to the issuer's share price, is classified as a financial liability, the carrying amount of the financial liability and related gains and losses shall be disclosed. The amendments had no material impact on the Group's consolidated financial statements.

#### **2.4.5 KIFRS 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 had no material impact on the Group's consolidated financial statements.

#### **2.4.6 KIFRS 1012 *Income Taxes* - International Tax Reform - Pillar Two Model Rules**

The amendments provide a temporary relief from the accounting for deferred taxes arising from Pillar Two legislation enacted for the purposes to reform international corporate taxation for multinational enterprises, and require disclosure of current tax effects related thereto. The Group applies the exception to the recognition and disclosure of deferred tax assets and liabilities related to Pillar Two income taxes. Since the Pillar Two legislation is scheduled to be effective from January 1, 2024, the Group has no current tax expense related to the Pillar Two Model Rules for the year ended December 31, 2023.

### **2.5 New Standards and Interpretations Not Yet Adopted by the Group**

The following new accounting standards and interpretations have been published that are not mandatory for December 31, 2023 reporting periods and have not been early adopted by the Group.

#### **2.5.1 Amendments to KIFRS 1116 *Leases* - Lease Liability in a Sale and Leaseback**

The amendments to KIFRS 1116 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of KIFRS 1116. Earlier application is permitted and that fact must be disclosed. The Group is currently assessing the impact of these amendments on its consolidated financial statements.

#### **2.5.2 Amendments to KIFRS 1001 *Presentation of Consolidated Financial Statements* -**

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#### **Classification of Liabilities as Current or Non-current, Non-current Liabilities with Covenants**

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 if compound financial instruments is met the definition of equity instruments and recognized separately from the liability. In addition, covenants that an entity is required to comply with after the end of the reporting period would not affect classification of a liability as current or non-current at the reporting date. When an entity classifies a liability that is subject to the covenants which an entity is required to comply with within twelve months of the reporting date as non-current at the end of the reporting period, the entity shall disclose information in the notes to understand the risk that non-current liabilities with covenants could become repayable within twelve months after the reporting period. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group is currently assessing the impact of these amendments on its consolidated financial statements.

#### **2.5.3 Amendments to KIFRS 1007 *Statement of Cash Flows*, KIFRS 1107 *Financial Instruments: Disclosures* - Supplier finance arrangements**

The amendments to KIFRS 1007 *Statement of Cash Flows* and KIFRS 1107 *Financial Instruments: Disclosures* clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group is currently assessing the impact of these amendments on its consolidated financial statements.

#### **2.5.4 Amendments to KIFRS 1001 *Presentation of Consolidated Financial Statements* - Disclosure of Virtual Assets**

These amendments mandate entities to disclose material information for the financial statement users such as the impact of holding and issuing virtual assets on their accounting policies and financial statements. The amendments will be effective for annual reporting periods beginning on or after January 1, 2024 and earlier application is permitted. The amendments have no material impact on the Group's consolidated financial statements.

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### **3. Material Accounting Estimates and Assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### **3.1 Impairment of Non-financial Assets**

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. Goodwill and intangible assets with indefinite useful lives are tested for impairment annually as of December 31 either individually or at the CGU level, as appropriate, or when circumstances indicate that the carrying value may be impaired. Other non-financial assets are assessed for impairment when circumstances indicate that its asset may be impaired.

To calculate the value in use, the Group estimates the expected future cash inflows derived from CGUs and applies the appropriate discount rate to those future cash inflows.

#### **3.2 Income Tax**

The Group recorded, based on its best estimate, current taxes and deferred taxes that the Group will be liable in the future for the operating results as at the financial year end. However, the final tax outcome in the future may be different from the amounts that were initially recorded. Such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

#### **3.3 Defined Benefit Plans**

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

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

Further details about pension obligations are disclosed in Note 19.

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#### **3.4 Revenue Recognition**

Revenue for construction contracts is recognized on the basis of the percentage-of-completion method, under which revenue is recognized as work progress in the ratio of actual cost incurred to estimated total cost. A variation is an instruction by the customer for a change in the scope of the work to be performed under the contract. A variation may lead to an increase or a decrease in contract revenue. Examples of variations are changes in the specifications or design of the asset and changes in the duration of the contract.

Contract revenue is measured at the fair value of the initial amount of revenue agreed in the contract. The measurement of contract revenue is affected by a variety of uncertainties that depend on the outcome of future events such as delays caused by the contractor, claim, and incentive. The estimates often need to be revised as events occur and uncertainties are resolved. Therefore, the amount of contract revenue may increase or decrease from one period to the next. A variation is recognized in contract revenue when the following four circumstances are satisfied. It is probable that the customer will approve the variation and the amount of revenue arising from the variation. Negotiations have reached an advanced stage such that it is probable that the customer will accept the claim. The contract is sufficiently advanced that it is probable that the specified performance standards will be met or exceeded and only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with variable consideration has resolved.

The total contract cost is measured in each reporting period. However, the measurement of contract revenue is affected by various uncertainties that depend on the outcome of future events including project, geographic and economic characteristics. When the uncertainties that prevented the cost of the contract being estimated reliably no longer exist, expenses associated with the construction contract shall be recognized.

#### **3.5 Fair Value of Financial Instruments**

For the fair value of financial instruments that are not traded in an active market, 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.

#### **3.6 Impairment of Financial Assets and Contract 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.

Also, the Group considered that financial assets and contract assets are impaired based on the estimated revenue and expenses of business in relation to certain construction contracts.

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#### 3.7 Provisions

As of the end of the reporting period, the Group recognizes provisions for construction warranty, litigations, payment guarantees and others. These provisions are determined under the estimates based on past experience and forecasts of future events. However, future events may have a significant difference from past experiences and forecasts, and estimates based on these future events have uncertainty that may cause significant differences from actual values.

#### 3.8 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).

#### 3.9 Fair value measurement of identifiable assets acquired and liabilities assumed in a business combination

The fair value measurement of identifiable assets acquired and liabilities assumed in a business combination is based on management's best assumptions regarding valuation method and major variables.

#### 3.10 Accident at the construction site of public housing in Geomdan-dong, Incheon

On April 29, 2023, an accident occurred with the collapse of some parts of the underground parking lots under construction at the public housing construction site in block AA13-2, Geomdan, Incheon, where the Group was providing construction services as the main contractor. Following the accident investigation results from the Ministry of Land, Infrastructure, and Transport on July 5, 2023, the Group decided to reconstruct the entire public housing apartment complex and underground parking lots in Blocks AA13-1 and AA13-2 in Incheon, as part of the remedial measures. Consequently, an estimated loss of 552,751 billion won, including the reconstruction costs, was recognized as provision for loss and loss in the current period.

Meanwhile, on January 31, 2024, the Group received a one-month administrative suspension of business operations for civil engineering and construction works from Seoul Metropolitan Government for violations of the *Construction Industry Basic Act* and the *Construction Technology Promotion Act*. Subsequently, on February 1, 2024, the Ministry of Land, Infrastructure, and Transport imposed an eight-month administrative suspension of business operations for civil engineering and construction works as well as landscaping works, citing violations of the *Construction Industry Basic Act*. The Group filed for a stay of execution and initiated administrative litigation against these administrative sanctions. On February 28, 2024, Seoul Administrative Court accepted the Group's application for stay of execution against the one-month suspension imposed by Seoul Metropolitan Government. Depending on the outcome of the administrative litigation regarding the cancellation of the administrative sanctions from Seoul Metropolitan Government and the Ministry of Land, Infrastructure, and Transport, as well as the possibility of an additional one-month administrative action from Seoul Metropolitan Government, material accounting estimates and assumptions used in preparing the consolidated financial statements may be adjusted. Their impact on the Group's business, consolidated financial position and financial performance cannot be reasonably predicted.



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#### 4. Segment information and Revenue from Contracts with Customers

(1) Details of the Group's operating segments are as follows:

Operating segments	Principal business activity
Architectural & housing construction	Office building, factory, apartment and others
New business	Overseas development and others
Plant construction	Petroleum refining facility and others
Infra works <sup>1</sup>	Road, railroad and others
Green business <sup>2</sup>	Waste water treatment plant, power plant, power control facility, district heating and others
Others	Resort and others

<sup>1</sup> The infra works segment includes the business unit in Australia.

<sup>2</sup> The ECO business segment has been renamed as the Green business segment for the year ended December 31, 2023.

(2) Sales and operating profit (loss) by each operating segment for each of the two years in the period ended December 31, 2023 are as follows:

(in millions of Korean won)	2023									
	Architectural & housing construction	New business	Plant construction	Infra works	Green Business	Others	Total	Consolidation adjustments	Consolidated total	
Sales	₩ 10,412,244	₩ 1,466,235	₩ 398,922	₩ 1,116,545	₩ 273,579	₩ 169,618	₩ 13,837,143	₩ (400,458)	₩ 13,436,685	
Inter-company sales	(175,112)	(51,809)	(98,472)	(12,458)	(1,818)	(60,789)	(400,458)	400,458	-	
Net sales	10,237,132	1,414,426	300,450	1,104,087	271,761	108,829	13,436,685	-	13,436,685	
Operating profit (loss) <sup>1</sup>	(446,070)	121,269	(4,835)	(32,203)	(28,856)	2,750	(387,945)	-	(387,945)	
Profit (loss) before income tax <sup>1</sup>	(206,477)	(5,418)	(149,208)	(49,724)	(98,607)	(8,053)	(517,487)	-	(517,487)	

<sup>1</sup> Operating profit (loss) and profit (loss) before income tax are net of elimination of intercompany transactions.

(in millions of Korean won)	2022									
	Architectural & housing construction	New business	Plant construction	Infra works	Green Business	Others	Total	Consolidation adjustments	Consolidated total	
Sales	₩ 9,442,110	₩ 1,077,808	₩ 628,502	₩ 1,069,199	₩ 191,258	₩ 158,641	₩ 12,567,518	₩ (268,322)	₩ 12,299,196	
Inter-company sales	(107,541)	(52,255)	(29,950)	(7,763)	(18,121)	(52,692)	(268,322)	268,322	-	
Net sales	9,334,569	1,025,553	598,552	1,061,436	173,137	105,949	12,299,196	-	12,299,196	
Operating profit (loss) <sup>1</sup>	768,002	17,851	(159,202)	11,604	(93,773)	10,353	554,835	-	554,835	
Profit (loss) before income tax <sup>1</sup>	997,478	(34,731)	(133,632)	(36,401)	(132,254)	4,438	664,898	-	664,898	

# GS Engineering & Construction Corporation and Subsidiaries

## Notes to the consolidated financial statements

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<sup>1</sup> Operating profit (loss) and profit (loss) before income tax are net of elimination of intercompany transactions.

(3) Revenues by segments for each of the two years in the period ended December 31, 2023 are as follows:

(in millions of  
Korean won)

	2023						
	Architectural & housing construction	New business	Plant construction	Infra works	Green Business	Others	Total
Major product & service							
Construction contract as a constructor	₩ 9,105,233	₩ 92,449	₩ 271,604	₩ 1,045,224	₩ 158,580	₩ -	₩ 10,673,090
Construction contract as a developer & constructor	1,020,160	180,223	-	-	-	-	1,200,383
Engineering service and others	58,538	472,605	28,005	58,097	107,686	-	724,931
Lease and others	53,201	669,149	841	766	5,495	44,429	773,881
Resort	-	-	-	-	-	64,400	64,400
	₩ 10,237,132	₩ 1,414,426	₩ 300,450	₩ 1,104,087	₩ 271,761	₩ 108,829	₩ 13,436,685

Timing of revenue  
recognition

Recognition over time	₩ 9,821,754	₩ 579,509	₩ 300,450	₩ 1,104,087	₩ 271,761	₩ 44,429	₩ 12,121,990
Recognition at a point in time	415,378	834,917	-	-	-	64,400	1,314,695
	₩ 10,237,132	₩ 1,414,426	₩ 300,450	₩ 1,104,087	₩ 271,761	₩ 108,829	₩ 13,436,685

(in millions of  
Korean won)

	2022						
	Architectural & housing construction	New business	Plant construction	Infra works	Green Business	Others	Total
Major product & service							
Construction contract as a constructor	₩ 8,373,389	₩ 21,025	₩ 563,182	₩ 1,013,028	₩ 68,328	₩ -	₩ 10,038,952
Construction contract as a developer & constructor	839,779	-	-	-	-	-	839,779
Engineering service and others	65,101	405,351	32,951	48,326	100,409	-	652,138
Lease and others	56,300	599,177	2,419	82	4,400	38,177	700,555
Resort	-	-	-	-	-	67,772	67,772
	₩ 9,334,569	₩ 1,025,553	₩ 598,552	₩ 1,061,436	₩ 173,137	₩ 105,949	₩ 12,299,196

Timing of revenue  
recognition

Recognition over time	₩ 9,036,654	₩ 394,158	₩ 598,552	₩ 1,061,436	₩ 173,137	₩ 38,177	₩ 11,302,114
Recognition at a point in time	297,915	631,395	-	-	-	67,772	997,082
	₩ 9,334,569	₩ 1,025,553	₩ 598,552	₩ 1,061,436	₩ 173,137	₩ 105,949	₩ 12,299,196

**GS Engineering & Construction Corporation and Subsidiaries**  
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(4) There are no customers who contribute more than 10% of total sales of the Group for each of the two years in the period ended December 31, 2023.

(5) Sales information by regional segment for each of the two years in the period ended December 31, 2023 is as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>				
	<b>Korea</b>	<b>Middle East</b>	<b>China and South-East Asia</b>	<b>Others</b>	<b>Total</b>
Sales	₩ 10,787,919	₩ 308,473	₩ 1,327,130	₩ 1,413,621	₩ 13,837,143
Inter-company sales	(371,980)	(7,900)	(8,462)	(12,116)	(400,458)
Net sales	<u>₩ 10,415,939</u>	<u>₩ 300,573</u>	<u>₩ 1,318,668</u>	<u>₩ 1,401,505</u>	<u>₩ 13,436,685</u>

  

<i>(in millions of Korean won)</i>	<b>2022</b>				
	<b>Korea</b>	<b>Middle East</b>	<b>China and South-East Asia</b>	<b>Others</b>	<b>Total</b>
Sales	₩ 9,653,375	₩ 320,140	₩ 1,420,209	₩ 1,173,794	₩ 12,567,518
Inter-company sales	(244,462)	(9,638)	(7,758)	(6,464)	(268,322)
Net sales	<u>₩ 9,408,913</u>	<u>₩ 310,502</u>	<u>₩ 1,412,451</u>	<u>₩ 1,167,330</u>	<u>₩ 12,299,196</u>

**GS Engineering & Construction Corporation and Subsidiaries**  
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**5. Cash and Cash Equivalents and Others**

(1) Cash and cash equivalents and others as of December 31, 2023 and 2022 consist of:

<i>(in millions of Korean won)</i>		<b>2023</b>	<b>2022</b>
Cash and cash equivalents	Cash	₩ 893	₩ 2,359
	Deposits	2,244,032	2,021,340
	Securities	-	2
		<u>2,244,925</u>	<u>2,023,701</u>
Short-term financial assets	Short-term financial instruments	553,758	493,780
	Current financial lease receivables and others	39,214	88,287
		<u>592,972</u>	<u>582,067</u>
Long-term financial assets	Long-term financial instruments	14,913	2,500
	Leasehold deposits provided and others	769,662	711,178
		<u>784,575</u>	<u>713,678</u>
		<u><b>₩ 3,622,472</b></u>	<u><b>₩ 3,319,446</b></u>

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(2) Details of restricted financial instruments as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	<b>Bank</b>	<b>2023</b>	<b>2022</b>	<b>Remarks</b>
Cash and cash equivalents	Wells Fargo and others	₩ 1,530	₩ 330	Restricted cash and others
	Subtotal	1,530	330	
Short-term financial assets	Shinhan and others	-	1,045	Loan repayment accumulation
	Shinhan	4,889	4,889	Leasehold deposits
	Shinhan	6,850	6,850	Loans for employees' housing
	Shinhan and others	31,300	2,020	Pledged as collateral
	Shinhan and others	30,000	30,000	Deposits in support of mutual property
	NH and others	1,672	1,478	Special provisions for construction warranty account
	SC	39,971	39,343	L/C issued for overseas sites
	INDUSTRIAL BANK OF KOREA	6,200	6,200	Win-win growth cooperative fund
	INDUSTRIAL BANK OF KOREA	4,521	12,247	Bank draft issuance limit
	Banobras and others	227	779	Cash Restricted
	Subtotal	125,630	104,851	
	Shinhan and others	138	138	Leasehold deposits
	Shinhan and others	22	22	Deposit for overdraft
Long-term financial assets	Woori and others	1,586	2,177	Deposit for issuance of letter of credit guarantee
	Industrial and Commercial Bank of China	348	349	Deposit for establishment of a branch
	Subtotal	2,094	2,686	
		₩ 129,254	₩ 107,867	

**GS Engineering & Construction Corporation and Subsidiaries**  
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**6. Trade and Other Receivables**

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

(in millions of Korean won)

		2023		
		Receivables	Allowance for bad debts	Receivables, net
<b>Current assets</b>				
Trade and other receivables	Receivables from construction contracts	₩ 2,803,320	₩ (185,565)	₩ 2,617,755
	Receivables from apartment sales	42,312	(2,174)	40,138
	Notes receivable	74,392	(967)	73,425
	Other trade receivables	47,499	(636)	46,863
	Other receivables	535,886	(287,983)	247,903
	Accrued revenue	129,926	(55,217)	74,709
	Short-term loans	498,825	(70,769)	428,056
	Deposits provided for business	154	-	154
		<u>₩ 4,132,314</u>	<u>₩ (603,311)</u>	<u>₩ 3,529,003</u>
<b>Non-current assets</b>				
Long-term trade and other receivables	Long-term other receivables	₩ 38,224	₩ -	₩ 38,224
	Long-term loans	1,376,026	(136,165)	1,239,861
	Deposits provided for business	97,874	(1,311)	96,563
		<u>₩ 1,512,124</u>	<u>₩ (137,476)</u>	<u>₩ 1,374,648</u>

**GS Engineering & Construction Corporation and Subsidiaries**  
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(in millions of Korean won)

(in millions of Korean won)

		2022					
		Receivables		Allowance for bad debts		Receivables, net	
<b>Current assets</b>							
Trade and other receivables	Receivables from construction contracts	₩	2,496,596	₩	(116,779)	₩	2,379,817
	Receivables from apartment sales		8,029		(1,613)		6,416
	Notes receivable		82,530		(909)		81,621
	Other trade receivables		61,502		(61)		61,441
	Other receivables		546,787		(291,950)		254,837
	Accrued revenue		119,896		(45,603)		74,293
	Short-term loans		479,770		(87,684)		392,086
	Deposits provided for business		1,169		-		1,169
		₩	3,796,279	₩	(544,599)	₩	3,251,680
<b>Non-current assets</b>							
Long-term trade and other receivables	Long-term other receivables	₩	37,000	₩	-	₩	37,000
	Long-term loans		1,149,541		(178,923)		970,618
	Deposits provided for business		197,526		(693)		196,833
		₩	1,384,067	₩	(179,616)	₩	1,204,451

(2) Aging schedule on trade and other receivables are as follows:

(in millions of Korean won)

		2023		2022	
		Trade receivables <sup>1</sup>	Other receivables	Trade receivables <sup>1</sup>	Other receivables
Receivables not impaired					
Up to 1 year		₩ 2,019,321	₩ 462,759	₩ 1,828,655	₩ 281,478
1 to 2 years		194,517	54,613	173,256	30,120
Over 2 years		527,900	38,435	563,026	106,059
		2,741,738	555,807	2,564,937	417,657
Individually impaired		264,010	608,983	120,720	729,965
		₩ 3,005,748	₩ 1,164,790	₩ 2,685,657	₩ 1,147,622
Allowance for bad debts		₩ (189,342)	₩ (413,969)	₩ (119,362)	₩ (425,237)

<sup>1</sup> Includes receivables with deferred collection due to contractual conditions (₩ 207,435 million in 2023, ₩ 300,294 million in 2022). In addition, long-term other receivables are included.

**GS Engineering & Construction Corporation and Subsidiaries**  
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(3) Changes in allowance for bad debts as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

		2023			
		Beginning	Bad debt expenses	Reversal / write-off and others	Ending
Trade and other receivables	Receivables from construction contracts	₩ 116,779	₩ 114,641	₩ (45,855)	₩ 185,565
	Receivables from apartment sales	1,613	1,153	(592)	2,174
	Notes receivable	909	146	(88)	967
	Other receivables	291,950	16,934	(20,901)	287,983
	Accrued revenue	45,603	7,401	2,213	55,217
	Short-term loans	87,684	8,736	(25,651)	70,769
	Other trade receivables	61	550	25	636
		<u>₩ 544,599</u>	<u>₩ 149,561</u>	<u>₩ (90,849)</u>	<u>₩ 603,311</u>
Long-term trade and other receivables	Long-term loans	₩ 178,923	₩ 9,080	₩ (51,838)	₩ 136,165
	Deposits provided for business	693	1,078	(460)	1,311
		<u>₩ 179,616</u>	<u>₩ 10,158</u>	<u>₩ (52,298)</u>	<u>₩ 137,476</u>

(in millions of Korean won)

		2022			
		Beginning	Bad debt expenses	Reversal / write-off and others	Ending
Trade and other receivables	Receivables from construction contracts	₩ 154,599	₩ 23,061	₩ (60,881)	₩ 116,779
	Receivables from apartment sales	1,176	468	(31)	1,613
	Notes receivable	225	579	105	909
	Other receivables	286,165	16,892	(11,107)	291,950
	Accrued revenue	31,229	6,056	8,318	45,603
	Short-term loans	117,280	3,375	(32,971)	87,684
	Other trade receivables	833	14,469	(15,241)	61
		<u>₩ 591,507</u>	<u>₩ 64,900</u>	<u>₩ (111,808)</u>	<u>₩ 544,599</u>
Long-term trade and other receivables	Long-term loans	₩ 178,175	₩ 13,985	₩ (13,237)	₩ 178,923
	Deposits provided for business	363	521	(191)	693
		<u>₩ 178,538</u>	<u>₩ 14,506</u>	<u>₩ (13,428)</u>	<u>₩ 179,616</u>



**GS Engineering & Construction Corporation and Subsidiaries**  
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**7. Construction Contracts**

(1) Changes in the outstanding balances of construction contracts for each of the two years in the period ended December 31, 2023 are as follows:

(in millions of Korean won)

	2023			
	Beginning	Increase	Sales recognized	Ending
Architectural & housing construction	₩ 16,627,531	₩ 5,769,270	₩ 8,941,575	₩ 13,455,226
New business	30,441	762,137	84,276	708,302
Plant construction	340,039	215,045	273,044	282,040
Green business	454,465	217,566	159,434	512,597
Infra works	4,265,917	662,601	1,022,286	3,906,232
	21,718,393	7,626,619	10,480,615	18,864,397
Housing construction and sales operations <sup>1</sup>	1,319,115	293,884	766,530	846,469
	₩ 23,037,508	₩ 7,920,503	₩ 11,247,145	₩ 19,710,866

<sup>1</sup> Apartment sales contracts of which the revenue is recognized at a point in time are excluded.

(in millions of Korean won)

	2022			
	Beginning	Increase	Sales recognized	Ending
Architectural & housing construction <sup>2</sup>	₩ 14,403,386	₩ 10,530,205	₩ 8,306,060	₩ 16,627,531
New business	29,129	13,336	12,024	30,441
Plant construction	480,325	429,259	569,545	340,039
Green business	320,219	202,582	68,336	454,465
Infra works	4,847,136	422,411	1,003,630	4,265,917
	20,080,195	11,597,793	9,959,595	21,718,393
Housing construction and sales operations <sup>1</sup>	1,920,798	9,712	611,395	1,319,115
	₩ 22,000,993	₩ 11,607,505	₩ 10,570,990	₩ 23,037,508

<sup>1</sup> Apartment sales contracts of which the revenue is recognized at a point in time are excluded.

<sup>2</sup> The effect of change in the scope of consolidation is included.

The amounts above do not include the construction contracts not yet executed.

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(2) Details of construction contracts in progress as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

	<b>2023</b>			
	<b>Accumulated sales</b>	<b>Accumulated cost</b>	<b>Accumulated profit (loss)</b>	<b>Retention for receivables<sup>1</sup></b>
Architectural & housing construction	₩ 46,803,597	₩ 41,190,983	₩ 5,612,614	₩ 2,386
New business	1,037,229	989,626	47,603	-
Plant construction	29,639,487	30,111,870	(472,383)	72,208
Green business	5,629,984	5,996,278	(366,294)	41,118
Infra works	11,591,465	11,216,579	374,886	91,575
	94,701,762	89,505,336	5,196,426	207,287
Housing construction and sales operations	3,865,603	3,097,715	767,888	-
	₩ 98,567,365	₩ 92,603,051	₩ 5,964,314	₩ 207,287

<sup>1</sup> Included in trade receivables.

(in millions of Korean won)

	<b>2022</b>			
	<b>Accumulated sales</b>	<b>Accumulated cost</b>	<b>Accumulated profit (loss)</b>	<b>Retention for receivables<sup>1</sup></b>
Architectural & housing construction	₩ 40,962,487	₩ 35,040,552	₩ 5,921,935	₩ 6,076
New business	871,655	818,951	52,704	-
Plant construction	30,969,823	31,547,708	(577,885)	163,588
Green business	5,681,168	6,052,437	(371,269)	47,193
Infra works	11,287,979	10,892,389	395,590	83,437
	89,773,112	84,352,037	5,421,075	300,294
Housing construction and sales operations	3,074,550	2,406,566	667,984	-
	₩ 92,847,662	₩ 86,758,603	₩ 6,089,059	₩ 300,294

<sup>1</sup> Included in trade receivables.

# GS Engineering & Construction Corporation and Subsidiaries

## Notes to the consolidated financial statements

### December 31, 2023 and 2022

(3) Details of contract assets and liabilities (due from customers and due to customers amount) related to construction as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

	2023		2022	
	Contract assets <sup>1</sup>	Contract liabilities	Contract assets <sup>1</sup>	Contract liabilities
Architectural & housing construction	₩ 648,269	₩ 1,400,086	₩ 956,006	₩ 1,357,982
New business	39,097	31,093	19,009	4,224
Plant construction	131,624	46,707	71,437	125,334
Green business	36,474	125,505	50,075	100,379
Infra works	343,641	319,261	424,737	287,487
	<u>₩ 1,199,105</u>	<u>₩ 1,922,652</u>	<u>₩ 1,521,264</u>	<u>₩ 1,875,406</u>

<sup>1</sup> As of December 31, 2023, the allowance for bad debts which the Group recognized for contract assets in accordance with KIFRS 1109 amounts to ₩ 206,549 million (₩ 273,736 million in 2022).

As of December 31, 2023, the due from customers amount from housing construction and sales operations is ₩ 56,358 million (₩ 25,707 million in 2022) and due to customers amount from housing construction and sales operations is ₩ 80,846 million (₩ 238,123 million in 2022).

Sales recognized for the year ended December 31, 2023, from the balance of contract liabilities as of December 31, 2022, amount to ₩ 1,763,704 million (₩ 1,480,621 million in 2022)

(4) As of December 31, 2023, the cost of fulfilling a contract which the Group has recognized as an asset is ₩ 149,816 million (₩ 116,701 million in 2022). In connection with construction contracts, the Group recognized cost directly related to the contract (or expected contract) and that creates or increases the value of the entity's resources to be used in fulfilling its future performance obligations and recoverable, as cost to fulfill a contract.

(5) Details of major joint construction contracts as of December 31, 2023 are as follows:

(in millions of Korean won)

	Total contract amount	Amounts attributable to the Group	Equity interest attributable to the Group	Principal contractee
Karbala Refinery Project	₩ 7,599,093	₩ 2,849,660	37.5%	Hyundai E&C
North East Link Project	10,103,389	2,828,949	28.0%	Webuild S.p.A
Sanseong Station Xi Prugio	974,836	487,418	50.0%	GS E&C
New Hanul Nuclear Power Plant #1,2 main facility construction	1,943,644	485,911	25.0%	Hyundai E&C
Unam Xi Forena Firstichae	949,101	450,823	47.5%	GS E&C
Imun I-Park Xi	1,016,220	447,137	44.0%	HDC
Indeogwon Xi SK VIEW	662,118	397,271	60.0%	GS E&C
Suwon Central I-Park Xi	743,374	371,687	50.0%	HDC
Pyeongchon Xi I-Park	579,007	347,404	60.0%	GS E&C
Sejong Xi The CITY	675,114	337,557	50.0%	GS E&C

# GS Engineering & Construction Corporation and Subsidiaries

## Notes to the consolidated financial statements

### December 31, 2023 and 2022

(6) Provisions for construction losses under the stage-of-completion method, changes in contract revenues and costs arising from accounting estimates changes and due from customers amount related to construction for each of the two years in the period ended December 31, 2023 are as follows:

(in millions of  
Korean won)

(in millions of Korean won)	2023													
	Provision for Construction losses		Changes in contract revenues		Changes in estimated contract costs		Profit (loss) for current year due to changes in estimates		Expected profit due to changes in estimates		Total		Changes in due from customers amount related to construction	
Architectural & housing construction	₩	546,865	₩	1,089,702	₩	1,533,862	₩	(615,160)	₩	171,000	₩	(444,160)	₩	(615,160)
New business		703		(40)		28		(68)		-		(68)		(68)
Plant construction		16		72,082		97,138		(28,866)		3,810		(25,056)		(28,866)
Green business		17,638		52,163		28,051		22,202		1,910		24,112		22,202
Infra works		5,743		243,096		267,967		(63,083)		38,212		(24,871)		(63,083)
	₩	570,965	₩	1,457,003	₩	1,927,046	₩	(684,975)	₩	214,932	₩	(470,043)	₩	(684,975)

(in millions of  
Korean won)

(in millions of Korean won)

	2022													
	Provision for Construction losses		Changes in contract revenues		Changes in estimated contract costs		Profit (loss) for prior year due to changes in estimates		Expected profit due to changes in estimates		Total	Changes in due from customers amount related to construction		
Architectural & housing construction	₩	97,414	₩	1,294,549	₩	625,512	₩	192,045	₩	476,992	₩	669,037	₩	192,045
New business		3,425		(4)		30		(29)		(5)		(34)		(29)
Plant construction		505		333,509		441,676		(140,103)		31,936		(108,167)		(140,103)
Green business		16,126		87,722		78,598		(7,266)		16,390		9,124		(7,266)
Infra works		1,123		318,321		39,008		20,505		258,808		279,313		20,505
	₩	118,593	₩	2,034,097	₩	1,184,824	₩	65,152	₩	784,121	₩	849,273	₩	65,152

**GS Engineering & Construction Corporation and Subsidiaries**  
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(7) Under the stage-of-completion method, the construction contracts of which the contract revenue exceeds 5% of the preceding year's total revenue for each of the two years in the period ended December 31, 2023 are as follows:

(in millions of Korean won)		2023								
			Contract date	Contract due <sup>1</sup>	Progress rate	Due from customers amount related to construction		Receivables from construction contracts		
						Amount	Accumulated impairment	Amount	Allowance for bad debts	
Architectural & housing construction	Gaepo Xi Presidents	2019-11-04	2023-02-28	100.00	₩ -	₩ -	₩ -	-	-	
	Maple Xi	2021-10-28	2025-04-28	38.53	68,011	-	-	-		
	Cheolsan Xi The Heritage	2021-12-30	2025-05-30	33.26	-	-	-	-		
	Jangwi Xi Radiant	2022-04-01	2025-03-31	33.62	-	-	19,125	241		
	Brighten	2019-07-23	2023-08-21	100.00	-	-	542,121	13,613		
	North Suwon Xi Rexvia	2021-03-19	2024-03-31	81.36	41,705	-	-	-		
	Heukseok Xi	2019-12-06	2023-02-27	100.00	-	-	24,614	3,716		
	Daemyeong Xi Grand City	2022-11-01	2026-04-30	16.96	77,331	-	-	-		
	Songdo Xi Crystal Ocean	2021-02-22	2024-06-30	67.50	-	-	6,800	514		
	GP3	2017-07-07	2024-03-31	99.49	-	-	6,077	-		
Plant construction	Karbala Refinery Project	2014-04-22	2023-07-31	99.80	24,347	-	146,675	-		
Green business	New Hanul Nuclear Power Plant #1,2 main facility construction	2010-04-30	2024-04-30	99.44	2,530	-	-	-		
Infra works	Thomson-East Coast line Contract T301	2016-03-18	2024-10-04	90.45	59,988	-	62,724	-		
	ITTC Project	2020-05-11	2025-04-25	83.31	32,431	-	30,447	-		
	NSC N101	2018-12-26	2027-07-26	47.24	36,193	-	10,601	-		
	North East Link Project	2021-10-28	2028-12-29	17.36	-	-	6,509	-		

<sup>1</sup> The project's contractual or expected construction period.

**GS Engineering & Construction Corporation and Subsidiaries**  
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**2022**

		Contract date	Contract due <sup>1</sup>	Progress rate	Due from customers amount related to construction		Receivables from construction contracts	
					Amount	Accumulated impairment	Amount	Allowance for bad debts
Architectural & housing construction	P10-Project	2015-10-20	2022-12-31	100.00	₩ -	₩ -	₩ 9,654	₩ 58
	Maple Xi	2021-10-28	2025-04-28	17.80	67,207	-	-	-
	Gaepo Xi Presidents	2019-11-04	2023-02-28	84.33	22,193	-	16	3
	Cheolsan Xi The Heritage	2021-12-30	2025-05-30	11.26	76,706	-	-	-
	Gwacheon Xi	2018-12-13	2021-11-12	100.00	-	-	910	138
	Jangwi Xi Radiant	2022-04-01	2025-03-31	10.62	13,209	-	28,318	367
	North Suwon Xi Rexvia	2021-03-19	2024-03-31	30.83	-	-	12	-
	Tapseok Central Xi	2018-11-01	2021-12-31	100.00	-	-	2	-
	Brighten	2019-07-23	2023-08-18	63.19	47,575	-	271,824	3,271
	Heukseok Xi	2019-12-06	2023-02-28	80.48	44,685	-	59,624	702
	Daemyeong Xi Grand City	2022-11-01	2026-04-30	3.22	14,678	-	-	-
Plant construction	Songdo Xi Crystal Ocean	2021-02-22	2024-06-30	37.31	-	-	2,504	165
	GP3	2017-07-07	2023-04-30	95.32	-	-	1,701	-
	Karbala Refinery Project	2014-04-22	2023-07-31	94.33	-	-	194,613	-
	MFC Project	2018-08-07	2022-08-31	100.00	-	-	-	-
Green business	New Hanul Nuclear Power Plant #1,2 main facility construction	2010-04-30	2023-09-30	98.81	7,021	-	-	-
Infra works	Thomson-East Coast line Contract T301	2016-03-18	2024-10-04	80.82	100,607	-	64,154	-
	ITTC Project	2020-05-11	2025-04-25	55.70	53,080	-	32,711	-
	NSC N101	2018-12-26	2027-07-26	35.37	34,986	-	9,550	-
	North East Link Project	2021-10-28	2028-12-29	5.47	-	-	26,562	-

<sup>1</sup> The project's contractual or expected construction period.

Of the construction contracts whose total contract revenue amounts to 5% or more of the previous fiscal year's sales, construction contracts before commencement which did not generate profits are excluded. Contracts of which revenue is recognized as the percentage of completion method due to construction warranty after delivery are included. On the other side, there are no construction contracts that are excluded from the disclosure due to related laws or contracts with the client.

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**8. Inventories and Other Assets**

(1) Inventories as of December 31, 2023 and 2022, are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Land for construction <sup>1</sup>	₩ 341,957	₩ 348,886
Goods and products	25,480	24,351
Raw materials	82,004	98,423
Finished housing	15,848	8,242
Unfinished housing construction <sup>2</sup>	782,474	924,888
Supplies	1,295	2,071
Incompletion construction	-	6,939
Others	435	-
Semi-finished goods	939	692
Work-in-process	88,217	84,546
Goods in transit	17	884
	<u>₩ 1,338,666</u>	<u>₩ 1,499,922</u>

<sup>1</sup> Land for construction amounting to ₩ 235,339 million (₩ 237,550 million in 3033) has been pledged as collateral for borrowings.

<sup>2</sup> The amount of borrowing costs capitalized on qualifying assets is included (Note 27).

(2) Other current assets as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Prepaid construction costs	₩ 149,816	₩ 116,701
Advance payments	179,258	235,199
Prepaid expenses	55,201	49,981
Purchase value added tax	65,639	71,317
Prepaid income taxes	59,485	25,163
	<u>₩ 509,399</u>	<u>₩ 498,361</u>

(3) Other non-current assets as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Long-term advance payments	₩ 19,485	₩ 23,937
Long-term prepaid expenses	74,975	102,383
Other non-current assets	1,661	1,590
	<u>₩ 96,121</u>	<u>₩ 127,910</u>

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**9. Categories of Financial Assets and Liabilities**

(1) Categories of financial assets as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

	<b>2023</b>			
	<b>Financial assets at fair value through profit or loss</b>	<b>Derivative financial instruments</b>	<b>Financial assets at amortized cost</b>	<b>Total</b>
Cash and cash equivalents	₩ -	₩ -	₩ 2,244,925	₩ 2,244,925
Trade and other receivables	-	-	3,529,003	3,529,003
Short-term financial assets	36,307	6,152	541,759	584,218
Long-term trade and other receivables	-	-	1,374,648	1,374,648
Long-term financial assets	-	2,175	772,939	775,114
Financial assets at fair value through profit or loss	263,978	-	-	263,978
	<u>₩ 300,285</u>	<u>₩ 8,327</u>	<u>₩ 8,463,274</u>	<u>₩ 8,771,886</u>

(in millions of Korean won)

	<b>2022</b>			
	<b>Financial assets at fair value through profit or loss</b>	<b>Derivative financial instruments</b>	<b>Financial assets at amortized cost</b>	<b>Total</b>
Cash and cash equivalents	₩ -	₩ -	₩ 2,023,701	₩ 2,023,701
Trade and other receivables	-	-	3,251,679	3,251,679
Short-term financial assets	52,662	8,008	500,867	561,537
Long-term trade and other receivables	-	-	1,204,451	1,204,451
Long-term financial assets	-	1,517	697,947	699,464
Financial assets at fair value through profit or loss	273,951	-	-	273,951
	<u>₩ 326,613</u>	<u>₩ 9,525</u>	<u>₩ 7,678,645</u>	<u>₩ 8,014,783</u>



**GS Engineering & Construction Corporation and Subsidiaries**  
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(2) Categories of financial liabilities as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

	<b>2023</b>			
	<b>Financial liabilities at fair value through profit or loss</b>	<b>Derivative financial instruments</b>	<b>Other financial liabilities at amortized cost</b>	<b>Total</b>
Trade and other payables	₩ -	₩ -	₩ 1,810,904	₩ 1,810,904
Short-term financial liabilities	5,903	2,279	2,378,810	2,386,992
Other current liabilities <sup>1</sup>	-	-	606,190	606,190
Long-term Trade and other payables	-	-	3,744	3,744
Long-term financial liabilities	7,791	487	2,980,504	2,988,782
Other non-current liabilities	-	-	111,689	111,689
	<u>₩ 13,694</u>	<u>₩ 2,766</u>	<u>₩ 7,891,841</u>	<u>₩ 7,908,301</u>

<sup>1</sup> Consists of accrued expenses, accrued dividends, current membership guarantee deposits and deposits received and, except for short-term employee benefits.

(in millions of Korean won)

	<b>2022</b>			
	<b>Financial liabilities at fair value through profit or loss</b>	<b>Derivative financial instruments</b>	<b>Other financial liabilities at amortized cost</b>	<b>Total</b>
Trade and other payables	₩ -	₩ -	₩ 1,874,115	₩ 1,874,115
Short-term financial liabilities	-	1,729	2,226,587	2,228,316
Other current liabilities <sup>1</sup>	-	-	556,307	556,307
Long-term financial liabilities	-	831	2,362,833	2,363,664
Other non-current liabilities	-	-	85,454	85,454
	<u>₩ -</u>	<u>₩ 2,560</u>	<u>₩ 7,105,296</u>	<u>₩ 7,107,856</u>

<sup>1</sup> Consists of accrued expenses, accrued dividends, current membership guarantee deposits and deposits received and, except for short-term employee benefits.

**GS Engineering & Construction Corporation and Subsidiaries**  
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(3) Net gains and losses on financial instruments by category for each of the two years in the period ended December 31, 2023 are as follows:

(in millions of  
Korean won)

	<b>2023</b>			
	<b>Financial instruments at fair value through profit or loss</b>	<b>Derivative financial instruments</b>	<b>Financial instruments at amortized cost</b>	<b>Total</b>
Interest income <sup>1</sup>	₩ 1,199	₩ -	₩ 195,899	₩ 197,098
Interest expense <sup>1</sup>	-	-	(288,028)	(288,028)
Gain on foreign currency translation	-	-	5,328	5,328
Gain on foreign currency transaction	-	-	2,796	2,796
Gain on derivatives valuation	(13,694)	(2,892)	-	(16,586)
Loss on derivatives transaction	20,690	583	-	21,273
Dividend income	9,435	-	-	9,435
Other finance income	(3,933)	-	(18,354)	(22,287)
	<u>₩ 13,697</u>	<u>₩ (2,309)</u>	<u>₩ (102,359)</u>	<u>₩ (90,971)</u>

<sup>1</sup> Interest expenses for lease liabilities and interest income from subleases are excluded.

(in millions of  
Korean won)

	<b>2022</b>			
	<b>Financial instruments at fair value through profit or loss</b>	<b>Derivative financial instruments</b>	<b>Financial instruments at amortized cost</b>	<b>Total</b>
Interest income <sup>1</sup>	₩ 265	₩ -	₩ 123,115	₩ 123,380
Interest expense <sup>1</sup>	-	-	(129,117)	(129,117)
Loss on foreign currency translation	-	-	100,658	100,658
Loss on foreign currency transaction	-	-	16,462	16,462
Loss on derivatives valuation <sup>1</sup>	13,779	(1,076)	-	12,703
Loss on derivatives transaction	3,462	8,006	-	11,468
Dividend income	10,803	-	-	10,803
Other finance loss	(4,219)	-	(44,799)	(49,018)
	<u>₩ 24,090</u>	<u>₩ 6,930</u>	<u>₩ 66,319</u>	<u>₩ 97,339</u>

<sup>1</sup> Interest expenses for lease liabilities and interest income from subleases are excluded.

**GS Engineering & Construction Corporation and Subsidiaries**  
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**10. Financial Assets at Fair Value through Profit or Loss**

(1) Details of financial assets at fair value through profit or loss as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>		<b>2022</b>	
Marketable equity securities	₩	565	₩	661
Non-marketable equity securities		263,413		273,290
	₩	263,978	₩	273,951

(2) Changes in financial assets at fair value through profit of loss for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>		<b>2022</b>	
Beginning	₩	273,951	₩	250,735
Acquisition		15,435		18,700
Disposal		(24,266)		(10)
Valuation		(3,807)		(2,252)
Transfer		-		1,167
Changes in exchange rate		2,665		322
Changes in consolidation		-		5,289
Ending	₩	263,978	₩	273,951

(3) Details of marketable equity securities as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	<b>Number of shares</b>	<b>Equity interest (%)</b>	<b>Acquisition cost</b>		<b>Book value<sup>1</sup></b>	
			<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
DONGBU Corporation	87,105	0.38	₩ 1,239	₩ 1,239	₩ 511	₩ 632
SAMBU CONSTRUCTION CO., LTD.	23,444	0.01	20	20	54	29
			₩ 1,259	₩ 1,259	₩ 565	₩ 661

<sup>1</sup> The book value presents either the net asset amount or the amount after fair value valuation.

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(4) Details of non-marketable equity securities as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)	Number of shares	Equity interest (%)	Acquisition cost		Book value <sup>1</sup>	
			2023	2022	2023	2022
Uijeongbu LRT Inc.	8,663,394	47.54	₩ 45,226	₩ 45,226	₩ -	₩ -
Seoul-Munsan Highway Co., Ltd.	4,833,920	18.20	24,169	48,339	16,851	42,248
Oksan Ochang Highway Corporation	5,988,000	60.00	29,940	29,940	2,048	2,132
Daegu Green Energy Center Co., Ltd.	474,400	10.20	2,372	2,372	-	-
Eun Pyung New Road Corp.	435,200	55.06	2,176	2,176	2,176	2,176
Jeonju Sewage Pipe Co., Ltd.	207,060	7.90	1,035	1,035	-	-
Nonsan Drain Co., Ltd.	91,868	11.90	459	459	459	459
Masan Drain Co., Ltd.	220,890	8.14	1,104	1,104	302	339
Youngduk & Bio Co., Ltd.	34,870	4.22	174	174	174	174
The 2nd YoungDong Highway Co., Ltd.	1,437,483	2.69	7,187	7,187	-	-
Gaya Railway Co., Ltd.	305,490	2.30	1,527	1,527	145	115
S-Y highway Co., Ltd.	4,737,712	7.00	23,689	23,689	-	-
Kangreung Sewage Pipe Co., Ltd.	50,682	3.30	253	253	253	253
Eumseong Sewage Pipe Co., Ltd.	67,210	6.30	336	336	336	336
Mileseum Co., Ltd.	86,645	1.63	433	433	433	433
Seoul Northern Highway Co., Ltd.	2,730,560	5.60	13,653	13,653	2,430	2,509
Daejeon Sewage Pipe Co., Ltd.	108,456	4.00	830	830	830	830
Gyeonggi Railroad Cd., Ltd.	495,000	2.45	2,475	2,475	-	-
Green Energy Development Co., Ltd.	81,000	27.00	405	405	405	405
Dangyul Co., Ltd.	128,228	11.29	641	641	641	641
Wonju Green Co., Ltd.	805,425	24.46	4,027	4,027	459	456
Gumi Green Water Co., Ltd.	335,412	18.90	1,677	1,677	1,572	1,577
Ulsan green Co., Ltd.	701,368	19.74	3,507	3,507	2,987	2,653
Seoul Tunnel Co., Ltd.	1,147,200	6.00	5,736	5,736	8,410	7,054
Paju-Yangju Powerful Army Co., Ltd.	89,289	8.00	447	447	-	-
Evergreen Goyang Co., Ltd.	24,267	1.76	121	121	121	121
Hwaseong Gwangju Highway.	2,894,436	13.32	14,472	14,472	14,652	14,947
Midan City Development Co., Ltd.	2,391,480	13.40	13,240	13,240	-	-
Dream Hub Project Financial Investment	4,000,000	2.00	20,000	20,000	-	-
Alpha Dome City Co., Ltd. (deferred shares)	13,175	0.48	66	66	-	-
Tropical Bintan Pte., Ltd.	625,000	12.50	2,444	2,444	-	-
The Korea Economic Daily	646	0.00	14	14	14	14
Asiad Country Club Co., Ltd.	80,000	2.67	400	400	-	-
International Convention Center Jeju	100,000	0.25	500	500	500	500
Public Development Co., Ltd.	276,259	17.09	2,669	2,669	4,666	4,688

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(in millions of Korean won)	Number of shares	Equity interest (%)	Acquisition cost		Book value <sup>1</sup>	
			2023	2022	2023	2022
Construction Guarantee Cooperative <sup>2</sup>	16,363	0.38	17,095	17,095	25,350	25,098
Engineering Construction Financial Cooperative <sup>2</sup>	13,700	0.98	6,612	6,612	11,120	10,647
Electric Construction Financial Cooperative	600	0.01	98	98	98	98
Information & Communication Financial Cooperative	440	0.03	61	61	61	61
Fire Guarantee Cooperative	40	0.01	20	20	20	20
Siheung Ecopia Co., Ltd.	30,530	3.51	153	153	153	153
West Seoul Urban Expressway Inc.	600,087	3.53	3,000	3,000	53,865	51,076
Daejeongreen.	1,058,077	27.20	5,290	5,290	-	-
Dong Yang Engineering and Construction Corp.	545	0.02	3	3	3	3
Jinsung Construction Co., Ltd.	10,095	1.39	101	101	-	-
Gyeongnam Enterprise Ltd.	292	0.00	1	1	1	1
Pyeongtaek EOS	328,200	6.00	1,641	1,641	2,118	1,872
Busan East-West highway Corp.	2,201,310	13.50	11,007	11,007	11,007	11,007
KIAMCO Gyeonggi Railway Investment Private Investment Trust	8,104,011,384	10.31	8,107	8,107	-	-
Gyongbuk Green Energy	286,552	8.40	1,433	1,433	1,623	1,644
North Han-River Barraks	13,308	0.48	67	67	67	67
Ssangyong E&C Co., Ltd.	1,743	0.00	9	9	9	9
Pureun seobu environment	13,488	1.30	68	68	67	67
Hwaseong Ecotec Co., Ltd.	8,689	0.90	43	43	43	43
Blue Core PFV Co., Ltd.	1,000,000	10.00	5,000	5,000	5,000	5,000
Gunsan Green Energy Center Co., Ltd.	246,962	10.05	1,235	1,235	530	575
GUMIMAKEUNMUL Co., Ltd.	116,721	12.15	584	584	584	584
Donghae International Resources Terminal Co., Ltd.	-	-	-	690	-	76
Angelswing Co., Ltd.	5,291	4.23	1,500	1,500	1,587	1,433
Chemico Advanced Materials Co., Ltd.	2,428,417	16.52	2,800	2,800	3,006	2,659
Gangnam Metro Co., Ltd.	3,900	39.00	20	20	20	20
Urban Gateway Fund I Limited	2,400,000	41.03	3,163	2,083	3,017	1,903
INDIDLAB CO., LTD.	2,223	9.09	350	350	350	350
GS Assemble Fund	6,000,000,000	15.23	6,000	4,000	5,293	3,767
Seongnam Green Energy Co., Ltd	246,471	72.00	1,232	-	1,232	-
Sasang Haeundae Expressway Co., Ltd	6,500	65.00	33	-	33	-
Korea Electric Engineers Association	34	0.00	8	-	8	-
Others <sup>3</sup>	-	-	86,683	75,601	76,284	69,997
			<u>₩ 390,821</u>	<u>₩ 400,246</u>	<u>₩ 263,413</u>	<u>₩ 273,290</u>

# GS Engineering & Construction Corporation and Subsidiaries

## Notes to the consolidated financial statements

### December 31, 2023 and 2022

<sup>1</sup> The book value presents either the net asset amount or the amount after fair value valuation.

<sup>2</sup> The financial assets have been pledged as collateral in relation to its construction performance guarantee, etc.

<sup>3</sup> Others present non-marketable equity securities held by a subsidiary and include ₩ 10,456 million ( ₩ 10,651 million in 2022) of the amount pledged as collateral in connection with the construction payment guarantee.

Certain equity securities held by the Group are pledged as collateral (see Note 21).

Equity securities held by the Group with 20% or more of the voting power over the investee over which it does not have significant influence are classified as financial assets at fair value through profit of loss.

## 11. Derivative Instruments

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

(in millions of  
Korean won)

	2023								
	Valuation		Gain or loss			Accumulated other comprehensive loss <sup>1</sup>			
	Assets	Liabilities	Gain	Loss	Net	Gain	Loss	Net	
For sale	₩ -	₩ 13,694	₩ -	₩ 13,694	₩ (13,694)	₩ -	₩ -	₩ -	-
Hedging	8,327	2,765	18,048	20,940	(2,892)	49,168	28,519		20,649
	₩ 8,327	₩ 16,459	₩ 18,048	₩ 34,634	₩ (16,586)	₩ 49,168	₩ 28,519	₩	20,649

<sup>1</sup> Gains (losses) on valuation of derivatives are presented prior to income tax effects.

(in millions of  
Korean won)

	2022								
	Valuation		Gain or loss			Accumulated other comprehensive loss <sup>1</sup>			
	Assets	Liabilities	Gain	Loss	Net	Gain	Loss	Net	
For sale	₩ 22,662	₩ -	₩ 13,779	₩ -	₩ 13,779	₩ -	₩ -	₩ -	-
Hedging	9,525	2,560	29,393	30,469	(1,076)	47,683	29,820		17,863
	₩ 32,187	₩ 2,560	₩ 43,172	₩ 30,469	₩ 12,703	₩ 47,683	₩ 29,820	₩	17,863

<sup>1</sup> Gains (losses) on valuation of derivatives are presented prior to income tax effects.

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**12. Investments in Associates and Joint Ventures**

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

(in millions of Korean won)	2023						
	Equity ownership (%)	Beginning	Increase (decrease)	Share of profit or loss	Share of other comprehensive income	Others	Ending
GS KOCREF New Stay REIT Co., Ltd.	25.24	₩ -	₩ -	₩ -	₩ -	₩ -	-
Beopwon Industry Urban Development Corp.	20.00	-	-	-	-	-	-
Park City Co., Ltd.(formerly SoBaek Co., Ltd.) <sup>1</sup>	29.99	-	-	-	-	-	-
Yeouido MBC Site MXD PFV. Inc. <sup>2</sup>	10.00	-	-	-	-	-	-
Gwacheon Sangsang PFV. Inc. <sup>2</sup>	19.00	16,150	-	3,555	-	(13,763)	5,942
FGS East Asia Technical Resource Management, Inc.	25.00	37	-	(37)	-	-	-
Cadiz San Fernando, A.I.E.	21.95	1,698	-	418	-	(254)	1,862
Participes de Biorreciclaje S.A.	33.33	10,054	-	790	-	569	11,413
Gestion de Participes de Biorreciclaje	33.33	-	-	-	-	-	-
Cheongju Hi Tech Valley	20.00	-	-	-	-	-	-
BKT Co., Ltd.	28.10	10,442	-	175	-	(60)	10,557
PT. CORE RESOURCE	49.00	336	-	(356)	-	20	-
Zero Tech Co., Ltd. <sup>2</sup>	19.00	-	-	-	-	-	-
Cheonan Techno Park Inc.	20.00	-	-	-	-	-	-
Camp Stanton Co., Ltd. <sup>2</sup>	0.58	3	-	(1)	-	-	2
ORIGIN LATPHRAO CO., LTD.	49.00	9,538	-	2,977	-	181	12,696
RENEW SOLAR ENERGY (JHARKHAND THREE) PRIVATE LIMITED	49.00	35,805	-	2,105	(684)	318	37,544
PARK PILLAR R4 CO., LTD. <sup>3</sup>	49.00	8,847	2,243	(18)	-	265	11,337
GYEONGGIPYEON GTAEK GLOBAL CO., LTD.	25.00	4,641	-	1,177	-	-	5,818
GS Collective Fund I LLC <sup>2</sup>	6.45	6,287	-	(179)	-	112	6,220
CHEMICO ADVANCED MATERIALS CO., LTD. <sup>4</sup>	16.52	-	-	-	-	-	-

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	2023						
	Equity ownership (%)	Beginning	Increase (decrease)	Share of profit or loss	Share of other comprehensive income	Others	Ending
EPOCH PFV Co., LTD. <sup>3</sup>	24.59	11,973	16,818	(1,708)	-	-	27,083
Jerotaekmuan Co., LTD.	30.00	-	-	-	-	-	-
Bucheon Visual Culture Industrial Complex Development Co., Ltd.	26.53	-	-	-	-	-	-
Fisia GS Inima (AI Ghubrah) LLC	50.00	-	-	16	-	(6)	10
PHU MY VINH CONSTRUCTION & INVESTMENT CORPORATION	30.00	18,424	-	404	-	962	19,790
Gvesco Opportunity-seeking general private real estate investment trust No.1 <sup>3</sup>	20.00	849	6,420	(12)	-	-	7,257
Incheon New Port Smart Complex Co., Ltd <sup>3,5</sup>	100.00	4	10	-	-	(6)	8
PavilionMC ClimateTech No.1 Private Equity Fund <sup>6</sup>	43.60	-	1,169	(185)	-	-	984
HI-ASCENT Fund no.2 <sup>6</sup>	25.00	-	3,000	(127)	-	-	2,873
Daejeon High End Development Co., Ltd <sup>2,6</sup>	15.83	-	950	(85)	-	-	865
Shuweihtat R O Desalination Company LLC <sup>6</sup>	40.00	-	43	-	-	1	44
AlinkCo., Ltd. <sup>4</sup>	13.20	-	-	-	-	-	-
Jincheon smart bokhap Industrial danji development Inc <sup>7</sup>	-	99	(99)	-	-	-	-
Major Development Co., Ltd. <sup>8</sup>	-	-	-	-	-	-	-
		<u>₩ 135,187</u>	<u>₩ 30,554</u>	<u>₩ 8,909</u>	<u>₩ (684)</u>	<u>₩ (11,661)</u>	<u>₩ 162,305</u>

<sup>1</sup> Its name has been changed for the year ended December 31, 2023.

<sup>2</sup> The entity has been categorized as an associate as the Group has significant influence over the retention of directors' rights. <sup>3</sup> Participated in the paid-in capital increase.

<sup>4</sup> Financial instruments invested by the Group were classified as financial assets at fair value through profit or loss in accordance with KIFRS 1109 given that they are convertible preferred shares and profits linked to the ownership interest in the associate through the financial instruments are not substantially



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accessible, in spite of the Group having significant influence over the retention of directors' rights.

<sup>5</sup> The entity has been categorized as an associate since the Group concluded that the control is limited by the agreement.

<sup>6</sup> Newly acquired for the year ended December 31, 2023.

<sup>7</sup> The entity has recovered all of Group's shares for the year ended December 31, 2023.

<sup>8</sup> The entity was declared bankrupt by the court, and it was decided to end bankruptcy for the year ended December 31, 2023.

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	2022						
	Equity ownership (%)	Beginning	Increase (decrease)	Share of profit or loss	Share of other comprehensive income	Others	Ending
Major Development Co., Ltd.	45.00	₩ -	₩ -	₩ -	₩ -	₩ -	-
GS KOCREF New Stay REIT Co., Ltd.	25.24	-	-	-	-	-	-
Bowen Industry Urban Development Corp.	20.00	-	-	-	-	-	-
HyangSan 2 Urban Development Corp. <sup>1</sup>	-	-	-	-	-	-	-
SoBaek Co., Ltd.	29.99	-	-	-	-	-	-
Yeouido MBC Site MXD PFV. Inc. <sup>2</sup>	10.00	-	-	-	-	-	-
Gwacheon Sangsang PFV. Inc <sup>2</sup>	19.00	9,109	-	14,799	-	(7,758)	16,150
FGS East Asia Technical Resource Management, Inc.	25.00	31	-	6	-	-	37
Cadiz San Fernando, A.I.E.	21.95	1,760	-	353	-	(415)	1,698
Participes de Biorreciclaje S.A.	33.33	9,337	-	658	-	59	10,054
Gestion de Participes de Biorreciclaje	33.33	-	-	-	-	-	-
Cheongju Hi Tech Valley	20.00	42	-	(42)	-	-	-
BKT Co., Ltd.	29.00	13,462	-	(3,079)	62	(3)	10,442
PT. CORE RESOURCE	49.00	-	-	414	-	(78)	336
Zero Tech Co., Ltd. <sup>2</sup>	19.00	-	-	-	-	-	-
Cheonan Techno Park Inc.	20.00	-	-	-	-	-	-
Camp Stanton Co., Ltd. <sup>2</sup>	0.58	3	-	-	-	-	3
ORIGIN LATPHRAO CO., LTD. <sup>3</sup>	49.00	7,208	2,393	(234)	-	171	9,538
RENEW SOLAR ENERGY (JHARKHAND THREE) PRIVATE LIMITED	49.00	26,837	-	8,168	2,114	(1,314)	35,805
Jincheon smart bokhap Industrial danji development Inc	20.00	99	-	-	-	-	99
PARK PILLAR R4 CO., LTD.	49.00	8,669	-	(123)	-	301	8,847
GYEONGGIPYEON GTAEK GLOBAL CO., LTD.	25.00	4,435	-	212	(6)	-	4,641
GS Collective Fund I LLC <sup>2,3</sup>	6.45	3,216	3,301	(326)	-	96	6,287
CHEMICO ADVANCED MATERIALS CO., LTD. <sup>3,4</sup>	16.52	-	-	-	-	-	-

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	2022						
	Equity ownership (%)	Beginning	Increase (decrease)	Share of profit or loss	Share of other comprehensive income	Others	Ending
EPOCH PFV Co., LTD. <sup>3</sup>	23.02	10,227	1,815	(69)	-	-	11,973
Jerotaekmuan Co., LTD.	30.00	-	-	-	-	-	-
Bucheon Visual Culture Industrial Complex Development Co., Ltd.	26.53	-	-	-	-	-	-
GS Inima (Barka), LLC <sup>5,6</sup>	100.00	-	-	(2,257)	-	-	-
Fisia GS Inima (Al Ghubrah) LLC	50.00	82	-	(94)	-	12	-
PHU MY VINH CONSTRUCTION & INVESTMENT CORPORATION	30.00	16,399	-	514	-	1,511	18,424
Gvesco Opportunity-seeking general private real estate investment trust No.1 <sup>7</sup>	20.00	-	854	(5)	-	-	849
Incheon New Port Smart Complex Co., Ltd <sup>7,8</sup>	100.00	-	5	(1)	-	-	4
		<u>₩ 110,916</u>	<u>₩ 8,368</u>	<u>₩ 18,894</u>	<u>₩ 2,170</u>	<u>₩ (7,418)</u>	<u>₩ 135,187</u>

<sup>1</sup> Disposed of shares for the year ended December 31, 2022.

<sup>2</sup> The entity has been categorized as an associate as the Group has significant influence over the retention of directors' rights.

<sup>3</sup> Participated in the paid-in capital increase.

<sup>4</sup> Financial instruments invested by the Group were classified as financial assets at fair value through profit or loss in accordance with KIFRS 1109 given that they are convertible preferred shares and profits linked to the ownership interest in the associate through the financial instruments are not substantially accessible, in spite of the Group having significant influence over the retention of directors' rights.

<sup>5</sup> Newly included in the consolidation for the year ended December 31, 2022.

<sup>6</sup> Share of loss at the time of acquisition was reflected retrospectively.

<sup>7</sup> Newly acquired for the year ended December 31, 2022.

<sup>8</sup> The entity has been categorized as an associate since the Group concluded that the control is limited by the agreement.

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

(in millions of Korean won)	2023					
	Equity ownership (%)	Beginning	Increase	Share of profit or loss	Others	Ending
G&M Estate Co., Ltd.	50.00	₩ 504	₩ -	₩ (15)	₩ -	₩ 489
GS Korea for Project Management Company	49.00	19	-	(7)	-	12
Hialeah Water, LLP	50.00	537	-	-	(166)	371
Lignana LLC	50.00	-	-	-	-	-
Lignana LLP <sup>1</sup>	95.00	45,159	(51,823)	32,731	(25,781)	286
VESPOLINA SP. Z O.O.	50.00	-	-	-	-	-
Oasis Residences Real Estate, LLC	50.00	8,919	-	(211)	182	8,890
GS MINH HUNG SIKICO CO., LTD.	51.00	3,519	-	32	(34)	3,517
PDC INDUSTRIAL CENTER 198 SP. Z O.O	50.00	176	(3)	(175)	2	-
Regionerate Rail Pty Ltd <sup>2</sup>	-	-	-	-	-	-
MAGNA PFV Corp.	51.39	36,752	-	(1,329)	-	35,423
MJV4 Co., Ltd. <sup>3</sup>	49.00	-	3,253	(4)	7	3,256
		₩ 95,585	₩ (48,573)	₩ 31,022	₩ (25,790)	₩ 52,244

<sup>1</sup> Capital reduction with refund occurred for the year ended December 31, 2023.

<sup>2</sup> The entity has been liquidated for the year ended December 31, 2023.

<sup>3</sup> Newly invested in the entity for the year ended December 31, 2023.

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(in millions of Korean won)	2022					
	Equity ownership (%)	Beginning	Increase	Share of profit or loss	Others	Ending
G&M Estate Co., Ltd.	50.00	₩ 503	₩ -	₩ 1	₩ -	₩ 504
GS Korea for Project Management Company	49.00	20	-	(1)	-	19
Hialeah Water, LLP	50.00	449	-	-	88	537
PT. Daria Mulia Properti <sup>1</sup>	-	22,575	(22,575)	-	-	-
Lignana LLC	50.00	-	-	-	-	-
Lignana LLP <sup>2</sup>	95.00	35,099	10,945	(477)	(408)	45,159
VESPOLINA SP. Z O.O. <sup>3</sup>	50.00	-	2	(2)	-	-
Oasis Residences Real Estate, LLC <sup>2,3</sup>	50.00	-	8,988	(70)	1	8,919
GS MINH HUNG SIKICO CO., LTD.	51.00	3,429	-	(15)	105	3,519
PDC INDUSTRIAL CENTER 198 SP. Z O.O <sup>3</sup>	50.00	-	5	172	(1)	176
Regionerate Rail Pty Ltd <sup>3</sup>	20.00	-	-	-	-	-
MAGNA PFV Corp. <sup>3</sup>	51.39	-	37,000	(248)	-	36,752
		₩ 62,075	₩ 34,365	₩ (640)	₩ (215)	₩ 95,585

<sup>1</sup> Disposed of for the year ended December 31, 2022.

<sup>2</sup> Participated in the paid-in capital increase.

<sup>3</sup> Newly acquired for the year ended December 31, 2022.

(3) Equity method of accounting has been suspended due to accumulated losses, and unrecognized losses in equity for each of the two years in the period ended December 31, 2023 are as follows:

(in millions of Korean won)	2023		
	Beginning	Increase	Ending
GS KOCREF New Stay REIT Co., Ltd.	₩ 50,999	₩ 7,206	₩ 58,205
Beopwon Industry Urban Development Corp.	1,843	236	2,079
Park City Co., Ltd.(formerly, SoBaek Co., Ltd.) <sup>1</sup>	18,901	9,642	28,543
Yeouido MBC Site MXD PFV. Inc.	12,649	9,095	21,744

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Gestion de Participes de Biorreciclaje	11	-	11
Zero Tech Co., Ltd.	89	(2)	87
PT. CORE RESOURCE	-	1,600	1,600
Lignana LLC	34	4	38
Jerotaekmuan Co., LTD.	43	21	64
Cheonan Techno Park Inc.	8,650	(2,388)	6,262
Bucheon Visual Culture Industrial Complex Development Co. Ltd.	5,403	2,554	7,957
VESPOLINA SP. Z O.O.	263	240	503
CHEONGJU HI TECH VALLEY CO.,LTD.	1,763	2,525	4,288
FGS East Asia Technical Resource Management, Inc.	-	29	29
PDC INDUSTRIAL CENTER 198 SP. Z O.O	-	286	286
Major Development Co., Ltd. <sup>2</sup>	8,391	(8,391)	-
	<u>₩ 109,039</u>	<u>₩ 22,657</u>	<u>₩ 131,696</u>

<sup>1</sup> Its name has been changed for the year ended December 31, 2023.

<sup>2</sup> The entity was declared bankrupt by the court, and it was decided to end bankruptcy for the year ended December 31, 2023.

(in millions of Korean won)

	2022		
	Beginning	Increase	Ending
Major Development Co., Ltd.	₩ 8,329	₩ 62	₩ 8,391
GS KOCREF New Stay REIT Co., Ltd.	42,453	8,546	50,999
Beopwon Industry Urban Development Corp.	2,260	(417)	1,843
SoBaek Co., Ltd.	13,000	5,901	18,901
Yeouido MBC Site MXD PFV. Inc.	4,713	7,936	12,649
Gestion de Participes de Biorreciclaje	11	-	11
Zero Tech Co., Ltd.	81	8	89
PT. CORE RESOURCE	467	(467)	-
Lignana LLC	20	14	34
Jerotaekmuan Co., LTD.	23	20	43
Cheonan Techno Park Inc.	44	8,606	8,650
Bucheon Visual Culture Industrial Complex Development Co. Ltd.	1,855	3,548	5,403
VESPOLINA SP. Z O.O.	-	263	263
CHEONGJU HI TECH VALLEY CO.,LTD.	-	1,763	1,763
HyangSan 2 Urban Development Corp. <sup>1</sup>	2	(2)	-

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₩	73,258	₩	35,781	₩	109,039
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<sup>1</sup> Disposed of for the year ended December 31, 2022.

(4) A summary of financial information on associates and joint ventures is as follows:

(in millions of Korean won)	2023				
	Asset	Liabilities	Net assets	Sales	Profit (loss) for the year
<b>Associates</b>					
GS KOCREF New Stay REIT Co., Ltd.	₩ 336,998	₩ 321,106	₩ 15,892	₩ 3,198	₩ (6,402)
Beopwon Industry Urban Development Corp.	70,486	78,873	(8,387)	15,481	(2,516)
Park City Co., Ltd.(formerly, SoBaek Co., Ltd.)	280,492	375,646	(95,154)	-	(32,473)
Yeouido MBC Site MXD PFV. Inc.	980,116	1,116,273	(136,157)	119,391	(81,329)
Gwacheon Sangsang PFV. Inc	85,973	58,379	27,594	71,000	17,093
FGS East Asia Technical Resource Management, Inc.	912	1,028	(116)	12	(257)
Cadiz San Fernando, A.I.E.	11,574	5,013	6,561	5,217	1,902
Participes de Biorreciclaje S.A.	120,267	87,851	32,416	31,665	2,418
Cheongju Hi Tech Valley	174,666	196,646	(21,980)	-	(11,106)
BKT Co., Ltd.	33,534	21,059	12,475	25,527	3,879
PT. CORE RESOURCE	3,818	4,284	(466)	2,183	(2,444)
Zero Tech Co., Ltd.	41	498	(457)	-	(21)
Cheonan Techno Park Inc.	243,741	275,490	(31,749)	-	(17,074)
Camp Stanton Co., Ltd.	532	126	406	-	(12)
ORIGIN LATPHRAO CO., LTD.	26,309	6,387	19,922	31,910	6,058
RENEW SOLAR ENERGY (JHARKHAND THREE) PRIVATE LIMITED	260,927	203,345	57,582	23,312	4,216
PARK PILLAR R4 CO., LTD.	43,459	30,700	12,759	30	(36)

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(in millions of Korean won)	2023				
	Asset	Liabilities	Net assets	Sales	Profit (loss) for the year
GYEONGGIPYEONGT AEK GLOBAL CO., LTD.	134,511	110,378	24,133	53,016	3,413
GS Collective Fund I LLC.	96,413	34	96,379	12,423	(2,778)
CHEMICO ADVANCED MATERIALS CO., LTD.	4,881	1,147	3,734	449	(2,360)
EPOCH PFV Co., LTD.	355,948	238,267	117,681	-	(1,070)
Jerotaekmuan Co., LTD	1,461	1,674	(213)	-	(69)
Bucheon Visual Culture Industrial Complex Development Co., Ltd.	27,776	52,678	(24,902)	-	(8,071)
Fisia GS Inima (Al Ghubrah) LLC	5,421	5,216	205	2,262	31
PHU MY VINH CONSTRUCTION & INVESTMENT CORPORATION	61,804	37,668	24,136	6,580	1,345
Gvesco Opportunity- seeking general private real estate investment trust No.1	36,298	14	36,284	5	(60)
Incheon New Port Smart Complex Co., Ltd	8	-	8	-	(5)
PavilionMC ClimateTech No.1 Private Equity Fund	2,270	11	2,259	-	(425)
HI-ASCENT Fund no.2	11,496	2	11,494	2	(507)
Daejeon High End Development Co., Ltd	5,914	449	5,465	-	(535)
Shuweihaat R O Desalination Company LLC	84,677	84,571	106	-	-
<b>Joint ventures</b>					
G&M Estate Co., Ltd.	1,077	148	929	526	(79)
GS Korea for Project Management Company	151	133	18	30	(23)
Hialeah Water, LLP	874	201	673	-	-
Lignana LLC	30	109	(79)	-	(8)
Lignana LLP	34,330	152	34,178	199,481	(38,016)



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(in millions of Korean won)	2023				
	Asset	Liabilities	Net assets	Sales	Profit (loss) for the year
VESPOLINA SP. Z O.O.	26,991	27,997	(1,006)	-	(476)
Oasis Residences Real Estate, LLC	23,680	5,901	17,779	-	(418)
GS MINH HUNG SIKICO CO., LTD.	6,981	58	6,923	151	63
PDC INDUSTRIAL CENTER 198 SP. Z O.O	44,496	45,269	(773)	-	(760)
MAGNA PFV Corp.	71,408	2,474	68,934	-	(2,591)
MJV Co., Ltd.	11,133	4,527	6,606	26	(8)

(in millions of Korean won)	2022				
	Asset	Liabilities	Net assets	Sales	Profit (loss) for the year
<b>Associates</b>					
Major Development Co., Ltd.	₩ 27	₩ 22,690	₩ (22,663)	₩ -	₩ (137)
GS KOCREF New Stay REIT Co., Ltd.	345,165	322,835	22,330	3,017	(8,027)
Beopwon Industry Urban Development Corp.	80,717	86,588	(5,871)	10,815	735
SoBaek Co., Ltd.	274,736	337,746	(63,010)	-	(19,671)
Yeouido MBC Site MXD PFV. Inc.	837,329	891,236	(53,907)	170,538	(36,563)
Gwacheon Sangsang PFV. Inc	149,661	66,730	82,931	218,174	75,931
FGS East Asia Technical Resource Management, Inc.	886	739	147	426	34
Cadiz San Fernando, A.I.E.	10	4	6	6	2
Participes de Biorreciclaje S.A.	98	73	25	28	2
Gestion de Participes de Biorreciclaje	7	3	4	-	-
Cheongju Hi Tech Valley	127,857	137,212	(9,355)	-	(8,993)
BKT Co., Ltd.	33,532	23,467	10,065	20,869	(6,112)
PT. CORE RESOURCE	20,542	19,503	1,039	17,980	2,727
Zero Tech Co., Ltd.	41	507	(466)	-	(38)

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(in millions of Korean won)	2022				
	Asset	Liabilities	Net assets	Sales	Profit (loss) for the year
Cheonan Techno Park Inc.	212,952	256,642	(43,690)	95,922	(44,557)
Camp Stanton Co., Ltd.	422	4	418	-	(29)
ORIGIN LATPHRAO CO., LTD.	37,146	23,478	13,668	42	(478)
RENEW SOLAR ENERGY (JHARKHAND THREE) PRIVATE LIMITED	254,437	200,347	54,090	46,645	16,671
Jincheon smart bokhap Industrial danji development Inc.	2,795	1,819	976	-	(2)
PARK PILLAR R4 CO., LTD.	32,769	24,769	8,000	130	(265)
GYEONGGIPYEONGT AEK GLOBAL CO., LTD.	41,449	19,777	21,672	37,520	4,300
GS Collective Fund I LLC.	98,435	1,011	97,424	-	(5,053)
CHEMICO ADVANCED MATERIALS CO., LTD.	7,146	31	7,115	18	(812)
EPOCH PFV Co., LTD.	144,203	93,826	50,377	-	(1,032)
Jerotaekmuan Co., LTD	1,462	1,606	(144)	-	(69)
Bucheon Visual Culture Industrial Complex Development Co., Ltd.	33,753	50,585	(16,832)	-	(12,726)
Fisia GS Inima (Al Ghubrah) LLC	6	6	-	1	-
PHU MY VINH CONSTRUCTION & INVESTMENT CORPORATION	64	43	21	9	2
Gvesco Opportunity-seeking general private real estate investment trust No.1	4,246	2	4,244	1	(26)
Incheon New Port Smart Complex Co., Ltd	4	-	4	-	(1)
<b>Joint ventures</b>					
G&M Estate Co., Ltd.	1,153	145	1,008	1,213	2

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(in millions of Korean won)	2022				
	Asset	Liabilities	Net assets	Sales	Profit (loss) for the year
GS Korea for Project Management Company	148	108	40	60	(1)
Hialeah Water, LLP	1	-	1	-	-
Lignana LLC	34	105	(71)	-	(29)
Lignana LLP	153,110	105,574	47,536	7,576	(2,401)
VESPOLINA SP. Z O.O.	24,149	24,679	(530)	-	(534)
Oasis Residences Real Estate, LLC	18,320	482	17,838	-	(141)
GS MINH HUNG SIKICO CO., LTD.	6,931	5	6,926	-	(30)
PDC INDUSTRIAL CENTER 198 SP. Z O.O	29,523	29,355	168	-	172
Regionerate Rail Pty Ltd	7,157	7,157	-	30,180	-
MAGNA PFV Corp.	71,963	444	71,519	-	(482)

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**13. Property, Plant and Equipment**

(1) Details of property, plant and equipment as of December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023				2022			
	Acquisition cost	Accumulated depreciation	Accumulated impairment	Net book value	Acquisition cost	Accumulated depreciation	Accumulated impairment	Net book value
Land	₩ 887,694	₩ -	₩ -	₩ 887,694	₩ 880,074	₩ -	₩ -	₩ 880,074
Buildings	753,137	(212,034)	(18,681)	522,422	714,318	(188,862)	(744)	524,712
Structures	162,788	(66,700)	-	96,088	162,123	(61,537)	-	100,586
Machinery	154,384	(72,849)	(1,581)	79,954	110,772	(57,630)	(1,581)	51,561
Construction equipment	45,671	(35,019)	-	10,652	41,891	(31,067)	-	10,824
Vehicles	29,859	(20,849)	(96)	8,914	29,566	(21,140)	(96)	8,330
Tools	115,404	(65,731)	-	49,673	98,828	(50,368)	-	48,460
Equipment	132,409	(107,352)	(44)	25,013	124,213	(107,750)	(44)	16,419
Construction- in-progress <sup>1</sup>	575,796	-	-	575,796	178,840	-	-	178,840
	<u>₩ 2,857,142</u>	<u>₩ (580,534)</u>	<u>₩ (20,402)</u>	<u>₩ 2,256,206</u>	<u>₩ 2,340,625</u>	<u>₩ (518,354)</u>	<u>₩ (2,465)</u>	<u>₩ 1,819,806</u>

<sup>1</sup> The amount of borrowing costs capitalized on qualifying assets is included (see Note 27).

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

(in millions of Korean won)	2023																	
	Beginning		Acquisition		Disposal		Depreciation		Impairment <sup>1</sup>		Transfer		Change in consolidation		Exchange differences		Ending	
Land	₩	880,074	₩	894	₩	-	₩	-	₩	-	₩	-	₩	-	₩	6,726	₩	887,694
Buildings		524,712		15,151		(18)		(21,352)		(18,160)		2,189		-		19,900		522,422
Structures		100,586		392		(10)		(5,022)		-		21		-		121		96,088
Machinery		51,561		23,721		(448)		(12,722)		-		17,187		(928)		1,583		79,954
Construction equipment		10,824		3,226		(265)		(3,374)		-		-		-		241		10,652
Vehicles		8,330		3,335		(51)		(2,964)		-		89		-		175		8,914
Tools		48,460		19,092		(30)		(15,163)		-		(4,116)		(802)		2,232		49,673
Equipment		16,419		16,037		(1,011)		(6,474)		-		(10)		-		52		25,013
Construction- in-progress		178,840		414,117		-		-		-		(17,396)		-		235		575,796
	₩	1,819,806	₩	495,965	₩	(1,833)	₩	(67,071)	₩	(18,160)		(2,036)	₩	(1,730)	₩	31,265	₩	2,256,206

<sup>1</sup> A fair value measurement is conducted for the building held by GS Miramar 700 EC, LLC, the new overseas business unit of the Group which operates a real estate leasing business in California, USA, due to an expected decline in the value of its building, and an impairment loss of ₩18,160 million is recognized accordingly.

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(in millions of  
Korean won)

	2022									
	Beginning	Acquisition	Disposal	Depreciation	Impairment <sup>1</sup>	Transfer	Change in consolidation	Exchange differences	Ending	
Land	₩ 791,418	₩ 76,024	₩ (120)	₩ -	₩ -	₩ (1,658)	₩ -	₩ 14,410	₩ 880,074	
Buildings	482,174	13,713	-	(18,120)	(776)	26,078	-	21,643	524,712	
Structures	103,839	1,780	(15)	(5,483)	-	4,608	-	(4,143)	100,586	
Machinery	45,766	13,766	(8)	(7,602)	(1,648)	259	23	1,005	51,561	
Construction equipment	12,258	3,868	(1,685)	(4,457)	-	-	-	840	10,824	
Vehicles	7,622	3,140	(244)	(2,291)	(100)	187	-	16	8,330	
Tools	20,110	32,892	(96)	(29,283)	-	23,924	114	799	48,460	
Equipment	15,119	5,612	(356)	(5,478)	(46)	804	702	62	16,419	
Construction-in-progress	65,071	150,794	-	-	-	(37,152)	-	127	178,840	
	₩ 1,543,377	₩ 301,589	₩ (2,524)	₩ (72,714)	₩ (2,570)	17,050	₩ 839	₩ 34,759	₩ 1,819,806	

<sup>1</sup> Impairment testing has conducted for the cash-generating unit of Elements (Europe) Limited, a new oversease business unit of the Group, due to the accumulated operating losses and expected decline in sales in the future, and accordingly, impairment loss of ₩ 2,570 million was recognized. This impairment loss was allocated to property, plant and equipment in excess of the goodwill allocated to the cash-generating units of ₩ 345 million. The recoverable amount of the cash-generating unit was calculated on a basis of the value in use and impairment loss is recognized as profit and loss for the year. The discount rate for calculation of value in use was 16.6%.

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(3) Details of allocation of depreciation for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>		<b>2022</b>	
Cost of sales	₩	57,594	₩	64,758
Selling and administrative expenses (including technology development costs)		9,477		7,956
	₩	67,071	₩	72,714

(4) The amount unpaid by the Group regarding the acquisition of property, plant and equipment is KRW 23,179 million as of December 31, 2023

(5) Collateralls pledged to financial institutions for borrowings as of December 31, 2023 and 2022 are as follows:

<b>2023</b>					
<i>(in millions of Korean won)</i>	<b>Carrying amount</b>	<b>Secured amount</b>	<b>Related account</b>	<b>Related amount</b>	<b>Secured party</b>
Property, plant and equipment (land, buildings and others)	₩ 932,090	₩ 1,009,734	Borrowings	₩ 688,317	KEB Hana Bank and others

  

<b>2022</b>					
<i>(in millions of Korean won)</i>	<b>Carrying amount</b>	<b>Secured amount</b>	<b>Related account</b>	<b>Related amount</b>	<b>Secured party</b>
Property, plant and equipment (land, buildings and others)	₩ 425,695	₩ 399,708	Borrowings	₩ 139,240	Bank Pekao S.A. and others

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**14. Intangible Assets**

(1) Intangible assets as of December 31, 2023 and 2022 consist of:

(in millions of Korean won)	2023				2022			
	Acquisition cost	Accumulated amortization	Accumulated impairment	Net book value	Acquisition cost	Accumulated amortization	Accumulated impairment	Net book value
Goodwill	₩ 560,008	₩ -	₩ (23,442)	₩ 536,566	₩ 522,484	₩ -	₩ (19,607)	₩ 502,877
Memberships	42,534	-	(2,500)	40,034	41,663	-	(2,931)	38,732
Computer software	77,037	(50,046)	-	26,991	63,115	(39,077)	-	24,038
Concession	341,560	(86,969)	-	254,591	294,429	(66,402)	-	228,027
Technical skills	41,402	(41,402)	-	-	39,215	(39,215)	-	-
Trademark	88,827	-	-	88,827	77,920	-	-	77,920
Others	54,279	(39,251)	(1,077)	13,951	55,513	(36,307)	(2,466)	16,740
	₩ 1,205,647	₩ (217,668)	₩ (27,019)	₩ 960,960	₩ 1,094,339	₩ (181,001)	₩ (25,004)	₩ 888,334

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

(in millions of Korean won)	2023				
	Beginning	Acquisition	Disposal	Amortization	Impairment <sup>1</sup>
Goodwill	₩ 502,877	₩ -	₩ -	₩ -	₩ (3,835)
Memberships	38,732	1,378	(500)	-	431
Computer software	24,038	7,929	(11)	(8,557)	-
Concession	228,027	14,657	-	(14,518)	-
Technical skills	-	-	-	-	-
Trademark	77,920	-	-	-	-
Others	16,740	3,444	(800)	(3,064)	(1,077)
	₩ 888,334	₩ 27,408	₩ (1,311)	₩ (26,139)	₩ (4,481)

(in millions of Korean won)	2023			
	Transfer	Change in consolidation	Exchange differences	Ending
Goodwill	₩ -	₩ -	₩ 37,524	₩ 536,566
Memberships	-	-	(7)	40,034
Computer software	3,060	-	532	26,991
Concession	-	1,730	24,695	254,591
Technical skills	-	-	-	-
Trademark	-	-	10,907	88,827
Others	(1,477)	-	185	13,951
	₩ 1,583	₩ 1,730	₩ 73,836	₩ 960,960

<sup>1</sup> Includes an impairment loss of ₩ 4,912 million recognized for the new business unit and other reversals of impairment losses of ₩ 431 million, both of which are recognized in profit or loss.



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(in millions of Korean won)	2022				
	Beginning	Acquisition	Disposal	Amortization	Impairment <sup>1</sup>
Goodwill	₩ 326,665	₩ -	₩ -	₩ -	₩ (8,040)
Memberships	45,639	646	(8,500)	-	-
Computer software	11,119	6,028	(589)	(7,068)	-
Concession assets	202,619	16,105	-	(13,596)	-
Technical rights	1,299	-	-	(1,314)	-
Trademark	78,840	-	-	-	-
Others	14,210	8,411	-	(33,735)	(2,466)
	₩ 680,391	₩ 31,190	₩ (9,089)	₩ (55,713)	₩ (10,506)

(in millions of Korean won)	2022			
	Transfer	Change in consolidation	Exchange differences	Ending
Goodwill	₩ (483)	₩ 181,247	₩ 3,488	₩ 502,877
Memberships	-	924	23	38,732
Computer software	2,605	11,840	103	24,038
Concession assets	-	-	22,899	228,027
Technical rights	-	-	15	-
Trademark	-	-	(920)	77,920
Others	(1,620)	31,973	(33)	16,740
	₩ 502	₩ 225,984	₩ 25,575	₩ 888,334

<sup>1</sup> The entire amount was recognized in profit or loss of new business unit for the year ended December 31, 2022.

(3) Details of allocation of amortization for each of the two years in the period ended December 31, 2023 are as follows:

(in millions of Korean won)	2023	2022
Cost of sales	₩ 17,813	₩ 16,147
Selling and administrative expenses (including technology development costs)	8,326	39,566
	₩ 26,139	₩ 55,713

(4) Impairment tests for goodwill

Goodwill is monitored by the management at the operating segment level (CGU or group of CGU). The following is a summary of goodwill allocation for each operating segment:

(in millions of	2023
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<i>Korean won)</i>										
	Beginning		Increase		Impairment		Other adjustments		Ending	
Architectural construction	₩	182,100	₩	-	₩	-	₩	-	₩	182,100
New business		320,716		-		(3,835)		37,524		354,405
Plant construction		5		-		-		-		5
Infra works		-		-		-		-		-
Others		56		-		-		-		56
	₩	502,877	₩	-	₩	(3,835)	₩	37,524	₩	536,566

(in millions of Korean won)	2022									
	Beginning		Increase		Impairment		Other adjustments		Ending	
Architectural construction	₩	853	₩	181,247	₩	-	₩	-	₩	182,100
New business		325,751		-		(8,040)		3,005		320,716
Plant construction		5		-		-		-		5
Infra works		-		-		-		-		-
Others		56		-		-		-		56
	₩	326,665	₩	181,247	₩	(8,040)	₩	3,005	₩	502,877

Goodwill impairment reviews are undertaken annually. The recoverable amount of the CGU is calculated on a basis of the value in use. Value in use is estimated by using the DCF Method, which discounts the estimated future cash flows at a market discount rate based on the 5 years business budgets and plans approved by the management. Cash flows after 5 years use the estimated long-term growth rate as explained below. This growth rate does not exceed the long-term average growth rate forecasts included in the related industry report.

The following table sets out the key assumptions (discount rate, perpetual rate and others used in the value-in-use calculations) for those CGUs that have significant goodwill allocated to them. Also, the recoverable amount is as follows in case where the impairment loss exists in CGUs.

(in millions of Korean won)	2023				
	Sales growth rate	Operating profit rate	Discount rate	Perpetual growth rate	Recoverable amount <sup>1</sup>
GS Inima Environment S.A.U.	10.9%	17.2%~22.1%	10.1%	1.0%	N/A
Danwood S.A.	6.0%	4.5%~7.4%	13.3%	1.0%	278,136
CDCF III Fortbay MV, LLC	-	34.6%~73.0%	13.3%	0.0%	N/A
XI C&A CO., LTD.	(-)2.0%	4.0%~5.6%	8.8%	1.0%	N/A

<sup>1</sup> Since there is no impairment loss incurred, it is presented as not applicable (N/A).

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(in millions of Korean won)	2022				
	Sales growth rate	Operating profit rate	Discount rate	Perpetual growth rate	Recoverable amount <sup>1</sup>
GS Inima Environment S.A.U.	10.3%	18.7%~29.9%	11.4%	1.0%	N/A
Danwood S.A.	9.0%	5.9%~7.3%	13.0%	1.0%	262,415
Elements (Europe) Limited	29.0%	(-)4.1%~(-)2.3%	16.6%	1.0%	-
CDCF III Fortbay MV, LLC	-	36.2%~93.2%	13.8%	0.0%	N/A
Xi S&D Inc (PM business)	3.6%	0.1%~4.9%	13.1%	0.0%	N/A
XI C&A CO., LTD.	(-)5.5%	4.6%~5.7%	9.7%	1.0%	N/A

<sup>1</sup> Since there is no impairment loss incurred, it is presented as not applicable (N/A).

Management has determined the values assigned to each of the above key assumptions as follows:

Sales growth rate is the average growth rate for sales over the 5 years forecast period. It is based on past performance and sales mix, with adjustments made to reflect the expected future price. Discount rates reflect specific risks relating to the relevant segments and the countries in which they operate. Perpetual growth rate is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates do not exceed the long-term average growth rate forecasts included in industry reports.

If the discount rate used in the estimation of recoverable amounts for the CGU had been 1% higher than management's estimates, the Group would have had to recognize an additional impairment against goodwill of ₩ 21,713 million.

If the perpetual growth rate used in the estimation of recoverable amounts for the CGU had been 1% lower than management's estimates, the Group would have had to recognize an additional impairment against goodwill of ₩ 15,891 million.

(5) The Group has entered into LIB recycle technology transfer contract with GHP and another company and the amount of related purchase agreement is USD 3,700,000 (USD 3,700,000 in 2022).

(6) As at December 31, 2023, the Group has entered into elevator control panel technology transfer contract with G-Tech and in relation to this, the Group pays 1 % of sales from the elevator control panel as a technical fee.

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**15. Investment Properties**

(1) Details of investment properties as of December 31, 2023 and 2022, are as follows:

(in millions of Korean won)	2023				2022			
	Acquisition cost	Accumulated depreciation	Accumulated impairment	Net book value	Acquisition cost	Accumulated depreciation	Accumulated impairment	Net book value
Land	₩ 635,432	₩ -	₩ (11,602)	₩ 623,830	₩ 659,542	₩ -	₩ (10,354)	₩ 649,188
Buildings	80,350	(11,564)	(24,783)	44,003	215,890	(34,086)	(21,359)	160,445
Right-of-use assets	208,693	(101,842)	(9,783)	97,068	210,087	(84,263)	(9,082)	116,742
	₩ 924,475	₩ (113,406)	₩ (46,168)	₩ 764,901	₩ 1,085,519	₩ (118,349)	₩ (40,795)	₩ 926,375

Fair values of investment properties approximate their book values as of December 31, 2023 and 2022.

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

(in millions of Korean won)	2023						
	Beginning	Acquisition	Disposal	Depreciation	Impairment <sup>1</sup>	Transfer	Ending
Land	₩ 649,188	₩ 35,114	₩ (192)	₩ -	₩ (1,252)	₩ (59,028)	₩ 623,830
Buildings	160,445	2,654	(207)	(2,111)	(3,428)	(113,350)	44,003
Right-of-use assets	116,742	-	-	(17,994)	(702)	(978)	97,068
	₩ 926,375	₩ 37,768	₩ (399)	₩ (20,105)	₩ (5,382)	₩ (173,356)	₩ 764,901

<sup>1</sup> The entire amount was recognized in profit or loss of architectural & housing construction for the year ended December 31, 2023.

(in millions of Korean won)	2022					
	Beginning	Acquisition	Depreciation	Impairment <sup>1</sup>	Transfer	Ending
Land	₩ 730,769	₩ 5,715	₩ -	₩ -	₩ (87,296)	₩ 649,188
Buildings	238,285	1,894	(5,448)	-	(74,286)	160,445
Right-of-use assets	127,886	-	(15,799)	2,700	1,955	116,742
	₩ 1,096,940	₩ 7,609	₩ (21,247)	₩ 2,700	₩ (159,627)	₩ 926,375

<sup>1</sup> The entire amount was recognized in profit or loss of architectural & housing construction for the year ended December 31, 2022.

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(3) Gains and losses on investment properties recognized in profit or loss for each of the two years in the period ended December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>		<b>2022</b>	
Lease income	₩	37,444	₩	38,815
Operating expenses		24,870		29,468
	₩	12,574	₩	9,347

(4) Collateralls pledged to financial institutions for borrowings as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>		<b>2023</b>			
	<b>Carrying amount</b>	<b>Secured amount<sup>1</sup></b>	<b>Related account</b>	<b>Related amount</b>	<b>Secured party</b>
Investment properties (land, buildings)	₩ 439,782	₩ 307,102	Leasehold deposits	₩ 2,337	NongHyup Bank and others

<sup>1</sup> As of December 31, 2023, the land of ₩ 300,000 million was provided as collateral in relation to the Group's loan agreement (limit: ₩ 250,000 million), and there are no related borrowings.

<i>(in millions of Korean won)</i>		<b>2022</b>			
	<b>Carrying amount</b>	<b>Secured amount<sup>1</sup></b>	<b>Related account</b>	<b>Related amount</b>	<b>Secured party</b>
Investment properties (land, buildings)	₩ 438,051	₩ 302,220	Leasehold deposits	₩ 2,337	NongHyup Bank and others

<sup>1</sup> As of December 31, 2022, the land of ₩ 300,000 million was provided as collateral in relation to the Group's loan agreement (limit: ₩ 250,000 million), and there are no related borrowings.

(5) The future minimum lease payments expected to be received in relation to the above operating lease agreement for investment property as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>		<b>2022</b>	
Within one year	₩	18,274	₩	26,516
Between 1 and 2 years		14,030		14,145
Between 2 and 3 years		9,935		8,251
Between 3 and 4 years		3,188		4,769
Between 4 and 5 years		2,632		1,875
	₩	48,059	₩	55,556

The minimum lease payments incurred from sublease are included.

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**16. Leases**

Set out below is information for leases when the Company is a lessee (intermediate lessor).

(1) The statements of financial position show the following amounts relating to leases:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Right-of-use assets		
Land	₩ 3,383	₩ 2,824
Buildings <sup>1</sup>	267,450	285,816
Machinery	2,388	2,397
Construction equipment	31,038	31,108
Vehicles	5,978	5,061
Equipment	146	423
Sublease	(17,110)	(35,906)
	<u>₩ 293,273</u>	<u>₩ 291,723</u>
Lease liabilities		
Current	₩ 94,720	₩ 111,123
Non-current	353,506	371,677
	<u>₩ 448,226</u>	<u>₩ 482,800</u>

<sup>1</sup> ₩ 3,354 million of right-of-use assets are deducted for the year ended December 31, 2023 due to the reclassification of subleases to finance leases.

(2) The statements of profit or loss show the following amounts relating to leases:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Depreciation of right-of-use assets		
Land	₩ 2,118	₩ 1,806
Buildings	37,450	37,095
Machinery	270	371
Construction equipment	36,906	23,515
Vehicles	3,095	1,376
Equipment	249	447
	<u>₩ 80,088</u>	<u>₩ 64,610</u>
Interest expense relating to lease liabilities	₩ 18,265	₩ 19,348
Expense relating to short-term leases	64,331	84,689
Expense relating to leases of low-value assets that are not short-term leases	6,304	5,445
Expense relating to variable lease payments not included in lease liabilities	21,352	15,726
Interest income from sublease	1,128	1,930

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The total cash outflow for leases in 2023 was ₩ 227,614 million (₩ 231,297 million in 2022).

(3) Details of finance lease receivables as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Finance lease receivables		
Current	₩ 8,754	₩ 20,529
Non-current	9,461	14,214
	<u>₩ 18,215</u>	<u>₩ 34,743</u>

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Lease payments		
Within one year	₩ 9,008	₩ 20,923
Between 1 and 2 years	2,864	8,142
Between 2 and 3 years	2,839	1,837
Between 3 and 4 years	2,878	1,806
Between 4 and 5 years	2,200	1,803
Over 5 years	453	1,837
	<u>20,242</u>	<u>36,348</u>
Non-guaranteed residual values	-	-
Gross investment in the lease	<u>20,242</u>	<u>36,348</u>
Less: unrealized interest income	(2,027)	(1,605)
Less: loss allowance for lease receivables	-	-
Net investment in the lease	<u>₩ 18,215</u>	<u>₩ 34,743</u>

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**17. Trade and Other Payables, Other Liabilities**

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

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Trade payables	₩ 1,606,266	₩ 1,682,406
Other payables	204,638	191,709
	<u>₩ 1,810,904</u>	<u>₩ 1,874,115</u>

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

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Advance from customers	₩ 52,243	₩ 75,569
Withholdings	312,032	282,789
Deposits received	148	150
Accrued expenses	477,580	494,766
Dividends payable	19	15
Unearned revenue	1,133	1,074
Value added tax withheld	34,273	47,138
Membership guarantee deposits	174,353	180,296
	<u>₩ 1,051,781</u>	<u>₩ 1,081,797</u>

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

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Long-term Trade and other payables	₩ 3,744	₩ -
	<u>₩ 3,744</u>	<u>₩ -</u>

(4) Details of other non-current liabilities as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Long-term deposits received	₩ 69,917	₩ 54,337
Membership guarantee deposits	41,772	31,117
Long-term accrued revenue	-	4
	<u>₩ 111,689</u>	<u>₩ 85,458</u>



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**18. Financial Liabilities**

(1) Details of short-term financial liabilities as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Short-term borrowings	₩ 1,286,213	₩ 879,143
Current portion of long-term debts	1,051,497	1,273,154
Discount on debentures	(45)	(684)
Current lease liabilities	94,720	111,123
Derivative liabilities	8,181	1,729
Financial guarantee liabilities	8,432	6,662
Current portion of leasehold deposits received	32,713	68,312
	<u>₩ 2,481,711</u>	<u>₩ 2,339,439</u>

(2) Details of long-term financial liabilities as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Long-term borrowings	₩ 2,467,330	₩ 1,847,894
Debentures	444,463	386,708
Discount on debentures	(1,351)	(622)
Non-current lease liabilities	353,507	371,677
Derivative liabilities	8,278	831
Financial guarantee liabilities	51,834	80,453
Leasehold deposits received	18,227	48,399
	<u>₩ 3,342,288</u>	<u>₩ 2,735,340</u>

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

<i>(in millions of Korean won)</i>	<b>Creditor</b>	<b>Maturity</b>	<b>Annual interest rate (%)</b>	<b>2023</b>	<b>2022</b>
General borrowings in Korean won	United Overseas Bank	-	-	₩ -	₩ 35,000
	Bank of Communications	-	-	-	30,000
	Meritz Fire & Marine Insurance	2024-03-11	7.00	75,000	-
	Meritz Security	2024-03-11	7.00	25,000	-
	Korea Construction Financial Corp. <sup>1</sup>	2024-10-31	1.10	17,831	20,000
	Daegu Bank	-	-	-	30,000
General borrowings in foreign currency	Korea Exim	2024-01-05	6M SOFR + 2.20	223,066	63,365
	Industrial & Commercial Bank of China	2024-02-09	3M SOFR + 2.60	38,682	63,365
	Bank of China	2024-02-16	3M SOFR + 2.50	77,364	76,038
	NongHyup Bank	2024-03-19	3M SOFR + 1.63	64,469	38,019
	BNP Paribas	2024-04-23	6M SOFR + 2.81	64,470	-
	United Overseas Bank	2024-04-26	3M SOFR + 2.00	77,364	45,119
	China Everbright Bank	2024-07-22	3M SOFR + 2.20	25,788	-
	KEB Hana	2024-08-23	3M EURibor + 1.86 ~ 3M SOFR + 1.60	119,355	49,425
	HSBC	2024-11-15	12M SOFR + 1.70 ~ 1M SOFR + 2.30	177,786	126,730
Subsidiaries	KDB	-	-	-	8,000
	KEB Hana	2024-03-02	5.90	40,000	80,000
	Kookmin	-	-	-	5,000
	Woori	-	-	-	30,270
	Shinhan	-	-	-	11,100
	BNP Paribas and others 1,2,3,4	2024-12-31	12M EURibor + 2.50 and others	260,038	167,712
				<u>₩ 1,286,213</u>	<u>₩ 879,143</u>

<sup>1</sup> Some of the shares held by the consolidated company are provided as collateral (see Note 10)

<sup>2</sup> Future cash flows from private investment projects are provided as collateral (see Note 34)

<sup>3</sup> The maturity of above marked borrowings has arrived in the year ended December 31, 2023, but KRW 32,988 million of borrowings are under discussion for extension.

<sup>4</sup> Some of the property, plant and equipment held by the Group are provided as collateral (see Note 13)

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

<i>(in millions of Korean won)</i>	<b>Creditor</b>	<b>Maturity</b>	<b>Annual interest rate (%)</b>		<b>2023</b>	<b>2022</b>
Long-term borrowings in Korean won	STEALBOX 1ST INC <sup>1</sup>	2024-02-13	7.00	₩	200,000	₩ -
	China Everbright Bank	2024-03-21	3M CD + 1.45		10,000	10,000
	Kookmin	2024-08-19	3M MOR + 2.12		75,000	100,000
	GLORY S INC <sup>1</sup>	2024-08-27	6.50		100,000	-
	Korea Exim	2024-09-19	2.15		18,750	37,500
	GS HANA 1ST INC <sup>1</sup>	2024-10-31	3M CD + 2.50		100,000	100,000
	KEB HANA <sup>2</sup>	2025-02-28	5.86 ~ 3M CD + 2.37		300,000	-
	HSBC	2025-05-10	3.40 ~ 3M CD + 2.60		200,000	200,000
	KDB	2025-09-15	3M CD + 1.27		100,000	100,000
	GS HANA 2ND INC <sup>2</sup>	2025-10-20	6.80		100,000	-
Long-term borrowings in foreign currency	RICHGATE GS INC <sup>2</sup>	2026-04-27	3M CD+ 1.90		92,000	-
	HSBC	2025-03-10	3M EURibor +1,60		26,748	40,536
	Arab Bank, S'pore	2025-03-17	SOFR + 1.60 ~ 6M SOFR + 1.90		128,940	63,365
	KDB	2025-05-12	3M EURibor + 1.05		48,504	45,941
	Korea Exim	2027-08-24	1.81 ~ 6M SOFR + 2.67		418,825	692,486
	KEB Hana	-	-		-	28,781
	China Everbright Bank	-	-		-	25,346
	Industrial & Commercial Bank of China	-	-		-	38,019
	Caixa and others <sup>2,3,4,5</sup>	2041-08-15	TR + 8.50 and others		1,385,829	1,149,714
					3,304,596	2,631,688
Less: current portion					(837,266)	(783,794)
					₩ 2,467,330	₩ 1,847,894

<sup>1</sup> As of December 31, 2023, some of the future cash flows from the business are provided as collateral

<sup>2</sup> As of December 31, 2302, some of the property, plant and equipment held by the Group are provided as collateral (see Note 13) .

<sup>3</sup> Future cash flows from the private sector business are pledged as collateral.. (Note 34)

<sup>4</sup> A portion of the site held by the Group is provided as collateral (see Note 8).

<sup>5</sup> Some of the shares held by the Group are provided as collateral (see Note 10).

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(5) Details of debentures as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	<b>Creditor</b>	<b>Maturity</b>	<b>Annual interest rate (%)</b>	<b>2023</b>	<b>2022</b>
Bonds in Korean won with fixed interest rate	The 137th unsecured bond (public)	-	-	₩ -	₩ 100,000
	The 139th unsecured bond (public)	2024-04-16	1.80	200,000	200,000
	The 141st unsecured bond (public) <sup>3</sup>	2025-02-28	6.52	150,000	-
	The 134th - unsecured bond (variable rate)	-	-	-	63,365
Bonds in foreign currency	The 138th - unsecured bond (variable rate)	-	-	-	215,441
	The 140th - secured bond (variable rate)	2025-04-26	SOFR + 0.95	64,470	63,365
	The 142nd - unsecured bond (variable rate) <sup>4</sup>	2027-05-04	3M SOFR + 2.20	64,470	-
	The 143rd - secured bond (variable rate) <sup>5</sup>	2026-10-23	SOFR + 1.13	38,682	-
Bonds of subsidiaries in foreign currency	Bond <sup>1</sup>	2030-03-01	TR + 9.00	18,702	18,778
	Bond <sup>1</sup>	2033-08-15	CDI + 2.57	41,132	37,190
	Bond <sup>1</sup>	2029-08-01	TR + 8.75	50,137	51,215
	Bond <sup>1</sup>	2041-05-15	IPCA + 6.69	31,101	26,714
Bonds of subsidiaries in Korean won	The 1st unsecured bond (public) <sup>2</sup>	-	-	-	100,000
				658,694	876,068
Less: current portion				(214,186)	(488,676)
				444,508	387,392
Less: discount on issuance of debentures				(1,396)	(1,306)
				₩ 443,112	₩ 386,086

<sup>1</sup> Future cash flows from the private sector business are pledged as collaterals (see Note 34).

<sup>2</sup> Public bond issued in 2018 by XI C&A CO., LTD, a subsidiary of the Group newly included in the scope of consolidation for the year ended December 31, 2022.

<sup>3</sup> The 141<sup>st</sup> unsecured bond (public)

The Company issued unsecured bonds on March 2, 2023. Details of the bonds are as follows:

**The 141<sup>st</sup> unsecured bond (public)**

Aggregate principal amount of the bonds	KRW 150,000,000,000
Nominal interest rate	6.519%
Credit Rating	Korea Rating : A+ / Korea Investor Service : A+ / NICE : A+
Repayment date	February 28, 2025

# GS Engineering & Construction Corporation and Subsidiaries

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The principal amount of the bond will be temporarily repaid on February 28, 2025. However, if the repayment date falls under a bank holiday, it shall be repaid on the following business day, and the interest from the repayment date to the actual repayment date shall not be calculated.

Repayment method

If the principal repayment or interest payment is not fulfilled, the highest interest rate among the delinquent loan interest rates of commercial banks whose headquarters are located in Seoul shall be applied to the elapsed period from the day after the payment date to the actual payment date for the principal or interest, but if the highest interest rate on the delinquent loan falls below the interest rate of this "Bond", the interest rate of this "Bond" shall be applied.

<sup>4</sup> The 142<sup>nd</sup> unsecured bonds (variable rate) in foreign currency (private)

The Company issued unsecured bonds on May 04, 2023. Details of the bonds are as follows:

#### **The 142<sup>nd</sup> unsecured bond (variable rate) in foreign currency (private)**

Aggregate principal amount of the bonds	USD 50,000,000
Nominal interest rate	3M SOFR + 2.20%
Fiscal Agent	WOORI Hong Kong Branch
Repayment date	May 04, 2027
Repayment method	The principal amount of the bonds shall be paid on May 04, 2027 in a lump sum. However, if the repayment date is a holiday for banks, it shall be repaid on the following business day.

<sup>5</sup> The 143<sup>rd</sup> secured bonds (variable rate) in foreign currency (private)

The Company issued secured bonds on October 24, 2023. Details of the bonds are as follows:

#### **The 143<sup>rd</sup> secured bond (variable rate) in foreign currency (private)**

Aggregate principal amount of the bonds	USD 30,000,000
Nominal interest rate	SOFR + 1.13%
Fiscal Agent	WOORI Hong Kong Branch
Repayment date	October 23, 2026
Repayment method	The principal amount of the bonds shall be paid on October 23, 2026 in a lump sum. However, if the repayment date is a holiday for banks, it shall be repaid on the following business day.

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**19. Post-employment Benefits**

(1) Defined contribution retirement pension

The Group operates a defined contribution pension plan under which the amount contributed by the Group is expensed. The amount recognized in the financial statement of profit or loss for the year ended December 31, 2023 is ₩ 4,396 million (₩ 3,775 million in 2022).

(2) Defined benefit retirement pension

The Group operates a defined benefit pension plan for its employees. In relation to this, actuarial gains and losses on the defined benefit obligation is calculated using the projected unit credit method.

1) The amounts recognized in the statements of financial position are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Present value of defined benefit obligations <sup>1</sup>	₩ 500,582	₩ 446,025
Fair value of plan assets	(575,697)	(538,628)
Net defined benefit liabilities	<u>₩ (75,115)</u>	<u>₩ (92,603)</u>

<sup>1</sup> The present value of the defined benefit obligation is calculated by deducting contributions to the National Pension Fund of ₩ 358 million as of December 31, 2023 (₩ 436 million in 2022).

2) Changes in the carrying amount of defined benefit liabilities for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Beginning balance	₩ 446,025	₩ 440,734
Current service cost	60,115	61,751
Interest expenses	19,830	10,744
Remeasurements:	33,651	(40,792)
Actuarial gain and loss from changes in demographic assumptions	(4,472)	3,767
Actuarial gain and loss from changes in financial assumptions	25,597	(57,180)
Actuarial gain and loss from experience adjustments	12,526	12,621
Exchange differences	173	(39)
Payments from plans:	(59,153)	(73,041)
Benefit payments	(59,153)	(73,041)
Past service cost	-	5,747
Liabilities transferred to a related party	(59)	87
Changes in scope of consolidation	-	40,834
Ending balance	<u>₩ 500,582</u>	<u>₩ 446,025</u>

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3) Changes in the fair value of plan assets for each of the two years in the period ended December 31, 2022 are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Beginning balance	₩ 538,628	₩ 477,176
Interest income	26,113	12,224
Remeasurements:	296	(3,195)
Return on plan assets (excluding amounts included in interest income)	296	(3,195)
Contributions:	62,240	79,239
Employers	62,240	79,239
Payments from plans:	(51,666)	(63,818)
Benefit payments	(50,976)	(63,140)
Management fee	(690)	(678)
Assets transferred to a related party	86	60
Changes in scope of consolidation	-	36,942
Ending balance	₩ 575,697	₩ 538,628

4) Fair value of plan assets as of December 31, 2023 and 2022 consists of:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Financial instruments/Insurance	₩ 445,183	₩ 438,399
Time deposits	50,327	99,666
Cash and cash equivalents	80,187	563
	₩ 575,697	₩ 538,628

5) The amounts recognized in the statements of profit or loss for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Current service cost	₩ 60,115	₩ 67,499
Net interest	(5,603)	(802)
Ending balance <sup>1</sup>	₩ 54,512	₩ 66,697
<sup>1</sup> Represents total expenses for pension benefits:		
Cost of sales	₩ 39,776	₩ 47,797
Selling and administrative expenses	14,736	18,900
	₩ 54,512	₩ 66,697

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6) The principal actuarial assumptions as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Discount rate	3.87 ~ 5.07%	5.15 ~ 5.85%
Future salary increase (including inflation)	2.50 ~ 5.14%	2.50 ~ 4.23%

Mortality rates used as actuarial assumptions are based on post-2018 figures announced by the Insurance Development Institute.

7) A quantitative sensitivity analysis for significant assumptions as of December 31, 2023 is as shown below:

<i>(in millions of Korean won)</i>	<b>Assumptions</b>	<b>Sensitivity level (%)</b>	<b>Impact on defined benefit obligation</b>	
			<b>1% increase</b>	<b>1% decrease</b>
	Discount rate	1.00	₩ (21,167)	₩ 23,198
	Future salary increases	1.00	23,318	(21,664)

8) The effects of defined benefit pension plans on future cash flows are as follows:

The Group reviews the funding level on an annual basis and has a policy of eliminating deficit from the fund. Expected contributions to post-employment benefit plans for the year ending December 31, 2024, are ₩ 45,807 million. The expected maturity analysis of undiscounted pension benefits as of December 31, 2023 and 2022 is as follows:

<i>(in millions of Korean won)</i>	<b>Less than 1 year</b>	<b>Between 1-2 years</b>	<b>Between 2-5 years</b>	<b>Between 5-10 years</b>	<b>Total</b>
<b>Pension benefits</b>					
December 31, 2023	₩ 55,528	₩ 68,047	₩ 271,605	₩ 252,330	₩ 647,510
December 31, 2022	72,062	68,282	248,819	203,115	592,278

The weighted average duration of the defined benefit obligation is 4.81~10.87 years.



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(3) Other employee benefits

Employee benefits include paid absences recognized in respect of service rendered by employees in the current period and amount paid in respect of service rendered by employees with service period for certain years and above.

<i>(in millions of Korean won)</i>	<b>2023</b>		<b>2022</b>	
Employee benefits	₩	37,331	₩	33,012

**20. Provisions**

Details and changes in provisions for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in millions of</i>	<b>2023</b>															
<i>Korean won)</i>	<b>Beginning</b>		<b>Additions</b>		<b>Reversal</b>		<b>Utilization</b>		<b>Changes in consolidation</b>		<b>Ending</b>		<b>Current</b>		<b>Non-current</b>	
Provisions for construction loss	₩	202,254	₩	681,328	₩	(248,122)	₩	(487)	₩	-	₩	634,973	₩	634,973	₩	-
Provisions for construction warranty		425,255		109,560		(6,613)		(109,088)		-		419,114		73,921		345,193
Provisions for others		60,211		307,088		(3,006)		35,605		-		399,898		345,254		54,644
	₩	687,720	₩	1,097,976	₩	(257,741)	₩	(73,970)	₩	-	₩	1,453,985	₩	1,054,148	₩	399,837

<i>(in millions of</i>	<b>2022</b>									
<i>Korean won)</i>	<b>Beginning</b>	<b>Additions</b>	<b>Reversal</b>	<b>Utilization</b>	<b>Changes in consolidation</b>	<b>Ending</b>	<b>Current</b>	<b>Non-current</b>		
Provisions for construction loss	₩ 83,189	₩ 128,934	₩ (16,480)	₩ 2,106	₩ 4,505	₩ 202,254	₩ 201,714	₩ 540		
Provisions for construction warranty	415,455	84,178	(4,237)	(72,653)	2,512	425,255	67,283	357,972		
Provisions for others	56,099	21,225	(3,301)	(14,098)	286	60,211	21,335	38,876		
	₩ 554,743	₩ 234,337	₩ (24,018)	₩ (84,645)	₩ 7,303	₩ 687,720	₩ 290,332	₩ 397,388		

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**21. Commitments and Contingencies**

1. PF Contingent liabilities.

(1) Comprehensive real estate PF Loan summary table (excluding construction completion guarantee, borrowings for intermediate payments, SOC)

As of December 31, 2023, the Group has provided credit enhancement guarantees totaling ₩ 3,842,505 million (₩ 3,054,252 in 2022) in relation to the PF loan, with ₩ 3,687,286 million allocated to independent business (₩ 2,949,908 million in 2022) and ₩ 155,219 million to consortium participation business (104,344 million in 2022). No amount was previously recorded as contingent liabilities, being converted to provisions. The Group has provided credit enhancement guarantees of ₩ 395,740 million (₩ 351,740 million in 2022) to its related parties in relation to other businesses. Details of contingent liabilities within PF related to refurbishment projects and other projects are as follows.

<Independent project>

(In millions of Korean won)

Category	Type	Guarantee limit	Guaranteed amount	Loan Balance							
				2023	Maturity						2022
					Less than 3 months	Between 3-6 months	Between 6-12 months	Between 1-2 years	Between 2-3 years	More than 3 years	
Refurbishment projects	Bridge Loan	₩ -	₩ -	₩ -	-	-	-	-	-	-	-
	PF Loan	2,352,096	1,520,142	1,229,253	-	-	276,373	802,034	51,324	99,522	1,027,985
		2,352,096	1,520,142	1,229,253	-	-	276,373	802,034	51,324	99,522	1,027,985
Other projects Refurbishment projects	Bridge Loan	1,988,970	1,988,970	1,758,200	607,700	390,100	560,400	200,000	-	-	1,354,900
	PF Loan	365,500	178,174	163,674	35,000	20,000	-	108,674	-	-	120,000
		2,354,470	2,167,144	1,921,874	642,700	410,100	560,400	308,674	-	-	1,474,900
		₩ 4,706,566	₩ 3,687,286	₩ 3,151,127	642,700	410,100	836,773	1,110,708	51,324	99,522	2,502,885

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<Consortium participation project (the total amount)>  
(In millions of Korean won)

Category	Type	Guarantee limit	Guaranteed amount	Loan Balance								2022
				2023	Maturity							
					Less than 3 months	Between 3-6 months	Between 6-12 months	Between 1-2 years	Between 2-3 years	More than 3 years		
Refurbishment projects	Bridge Loan	₩ -	₩ -	₩ -	-	-	-	-	-	-	-	
	PF Loan	161,212	156,893	151,804	-	126,361	23,361	-	2,082	-	127,705	
		161,212	156,893	151,804	-	126,361	23,361	-	2,082	-	127,705	
Other projects	Bridge Loan	-	-	-	-	-	-	-	-	-	-	
	Refurbishment projects	-	-	-	-	-	-	-	-	-	-	
	PF Loan	-	-	-	-	-	-	-	-	-	-	
		-	-	-	-	-	-	-	-	-	-	
		₩ 161,212	₩ 156,893	₩ 151,804	-	126,361	23,361	-	2,082	-	127,705	

<Consortium participation business (the Group's own amount)>  
(In millions of Korean won)

Category	Type	Guarantee limit		Guaranteed amount		Loan Balance Maturity						2022				
				2023		Less than 3 months	Between 3-6 months	Between 6-12 months	Between 1-2 years	Between 2-3 years	More than 3 years					
Refurbishment projects	Bridge Loan	₩	-	₩	-	₩	-	-	-	-	-	-				
	PF Loan		158,457		155,219		150,409		-		126,361	23,361	-	687	-	127,705
			158,457		155,219		150,409		-		126,361	23,361	-	687	-	127,705
Other projects Refurbishment projects	Bridge Loan		-		-		-		-		-		-		-	-
	PF Loan		-		-		-		-		-		-		-	-
			-		-		-		-		-		-		-	-
		₩	158,457	₩	155,219	₩	150,409		-		126,361	23,361	-	687	-	127,705

(2) Details of Real Estate PF Loan Guarantee (excluding construction completion guarantee, borrowings for intermediate payments, SOC)

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1) As of December 31, 2023, the guarantee details of PF Loan related to refurbishment projects of the Group are as follows. Under the PF guarantee agreements, if the borrower fails to pay the amount due under the financial contract, or if default occurs to the Group or the borrower, the Group will incur a loss of future interest totaling ₩ 1,379,662 million (₩ 1,155,690 million in 2022).

Location	Project Type	Loan Type	Guarantee Type	Guarantee Limit	Burden rate	Guaranteed amount	Borrower	Related party	Credit or	Loan Balance 2023	2022	Loan Period	Securitized security maturity	Loan type	Construction completion commitment
Seoul <sup>1</sup>	Apartment	PF loan	Payment Guarantee	₩ 156,000	100%	₩ 135,240	Sinbanpo 4th District Reconstruction Refurbishment project cooperative Yangpyeong 12th District Urban Environmental refurbishment cooperative	X	Insurance	₩ 112,700	₩ 109,300	20.05 ~24.09	24.09	Loan	₩ -
Seoul <sup>2</sup>	Apartment	PF loan	Payment Guarantee	225,720	100%	196,407	Jangwi 4th District Housing Redevelopment refurbishment cooperative	X	Bank	163,673	140,322	20.06 ~24.10	-	Loan	163,673
Seoul	Apartment	PF loan	Payment Guarantee	111,600	100%	111,600	Daegu Songhyeon Joo-gong 3rd Complex Apartment Housing Reconstruction Refurbishment cooperative	X	Bank	93,000	93,000	21.11 ~25.03	-	Loan	93,000
Daegu	Apartment	PF loan	Payment Guarantee	100,920	100%	100,920	Sinbanpo 4th District Reconstruction Refurbishment cooperative	X	Capital	84,100	84,100	21.07 ~25.04	-	Loan	-
Seoul	Apartment	PF loan	Payment Guarantee	252,000	100%	237,514	Sinbanpo 4th District Reconstruction Refurbishment Project Cooperative	X	Bank	197,928	153,247	22.08 ~25.06	-	Loan	-
Seoul	Apartment	PF loan	Payment Guarantee	494,000	100%	494,000	Sinbanpo 4th District Reconstruction Refurbishment Project Cooperative	X	Bank	380,000	139,730	22.09 ~25.06	-	Loan	-
Seoul <sup>2</sup>	Apartment	PF loan	Payment Guarantee	180,000	100%	-	Sinbanpo 4th District Reconstruction	X	Bank	-	-	23.05 ~25.06	-	Loan	-

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Seoul	Apartment	PF loan	Payment Guarantee	312,000	100%	3,607	Refurbishment Project Cooperative Sinbanpo 4th District Reconstruction Refurbishment Project	X	Bank	3,006	-	23.12 ~25.06	-	Loan	-
Seoul	Apartment	PF loan	Payment Guarantee	52,800	100%	52,800	Cooperative Jangwi 4th District Housing Redevelopment refurbishment cooperative	X	Other	44,000	26,045	22.08 ~25.06	-	Loan	44,000
Seoul	Apartment	PF loan	Payment Guarantee	42,000	100%	25,479	Bangbae 13th District Housing Reconstruction Refurbishment Project	X	Bank	21,233	21,207	21.06 ~26.06	-	Loan	-
Daegu	Apartment	PF loan	Interest Payment Guarantee	22,856	100%	20,882	Cooperative Daemyeong 3rd New Town Housing Redevelopment Refurbishment project cooperative	X	SPC	17,402	-	23.10 ~26.07	-	Loan	-
Seoul	Apartment	PF loan	Payment Guarantee	17,520	100%	15,227	Noryangjin 6 Reconstruction Promotion Zone Housing Redevelopment Refurbishment Project	X	Bank	12,689	11,832	21.12 ~26.11	-	Loan	-
Seoul	Apartment	PF loan	Payment Guarantee	21,600	100%	1,889	Cooperative Yeoksam-dong (758, Milky Way, 760) Housing Reconstruction Refurbishment Project	X	Capital	1,575	-	23.08 ~27.01	-	Loan	-
Gwacheon	Apartment	PF loan	Payment Guarantee	103,080	100%	33,079	Cooperative Gwacheon Joo-gong 4th Complex Housing Reconstruction Refurbishment Project	X	Bank	27,566	48,117	22.10 ~27.02	-	Loan	27,566
							Cooperative								

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Seoul	Apartment	PF loan	Payment Guarantee	260,000	100%	91,497	Yongdap-dong Housing Redevelopment refurbishment Project Cooperative	X	SPC	70,382	-	23.08 ~27.03	27.03	ABST B	-
				<u>₩ 2,352,096</u>		<u>₩ 1,520,142</u>				<u>₩ 1,229,253</u>	<u>₩ 826,899</u>				<u>₩ 328,238</u>
Seoul	Apartment	PF loan	Payment Guarantee	52,440	100%	-	Susaek 7 Reconstruction Promotion Zone Housing Redevelopment Refurbishment Project Cooperative	X	Bank	-	36,466	20.11 ~23.05	-	Loan	-
Seoul	Apartment	PF loan	Payment Guarantee	27,600	100%	-	Heukseok 3 Reconstruction Promotion Zone Housing Redevelopment Refurbishment Project Cooperative	X	Capital	-	23,000	22.02 ~23.05	-	Loan	-
Seoul	Apartment	PF loan	Payment Guarantee	62,400	100%	-	Yongdap-dong Housing Redevelopment refurbishment Project Cooperative	X	Bank	-	42,920	21.11 ~23.08	-	Loan	-
Seoul	Apartment	PF loan	Payment Guarantee	126,310	100%	-	Susaek 6 Reconstruction Promotion Zone Housing Redevelopment Refurbishment Project Cooperative	X	Bank	-	98,700	21.04 ~23.10	-	Loan	-
				<u>₩ 268,750</u>		<u>₩ -</u>				<u>₩ -</u>	<u>₩ 201,086</u>				<u>₩ -</u>
				<u>₩ 2,620,846</u>		<u>₩ 1,520,142</u>				<u>₩ 1,229,253</u>	<u>₩ 1,027,985</u>				<u>₩ 328,238</u>
Incheon <sup>3</sup>	Apartment	PF loan	Payment Guarantee	128,900	100%	126,361	Gyeyang 1 District Housing Redevelopment Refurbishment Project Cooperative	X	Bank	126,361	104,344	21.09 ~24.04	-	Loan	126,361
Seoul <sup>3</sup>	Apartment	PF loan	Payment Guarantee	28,200	100%	28,033	Gongdeok 1 District Housing Reconstruction	X	Bank	23,361	23,361	20.10 ~24.07	-	Loan	-

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Guri	Apartment	PF loan	Interest Payment Guarantee	4,112	33%	824	Refurbishment Project Cooperative Sutaek E District Housing Redevelopment Refurbishment Project Cooperative	X	Bank	687	-	22.04 ~26.08	-	Loan	-
				₩ 161,212		₩ 155,219				₩ 150,409	₩ 127,705				₩ 126,361
				₩ 2,782,059		₩ 1,675,361		X		₩ 1,379,662	₩ 1,155,690				₩ 454,600

<sup>1</sup> If the effective credit rating of the Group's corporate bonds is less than BBB+, or if the effective credit rating of corporate bills(or short-term bonds) is less than A3+, the Group may be treated to be under the Event of Default.

<sup>2</sup> The Group's indemnity agreement is additionally provided as credit enhancement.

<sup>3</sup> The project was contracted through a consortium, but each consortium member independently secured the PF Loan.

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2) As of December 31, 2023, guarantee details of PF Loan related to other projects of the Group are as follows. Under the PF guarantee agreements, if the borrower fails to pay the amount due under the financial contract, or if default occurs to the Group or the borrower, the Group will incur a loss of future interest totaling ₩ 1,921,874 million (₩ 1,474,900 million in 2022).

(in millions of Korean won)

Location	Project Type	Loan Type	Guarantee Type	Guarantee Limit	Burden rate	Guaranteed amount	Borrower	Related party	Creditor	Loan Balance	2022	Loan Period	Securitized security maturity	Loan type	Construction completion commitment
Suncheon	Apartment	Bridge loan	Payment Guarantee	₩ 23,000	100%	₩ 23,000	Samduk Construction Co., Ltd.	X	SPC	₩ 23,000	₩ 4,000	23.04 ~24.01	-	ABL	₩ -
Daegu	Apartment	PF Loan	Payment Guarantee	45,500	100%	45,500	Gyeongju Construction Co., Ltd.	X	SPC	35,000	120,000	23.09 ~24.02	24.02	ABCP	-
Won-ju	Apartment	Bridge loan	Payment Guarantee	45,100	100%	45,100	Bokyeong Comprehensive Construction Co., Ltd.	X	SPC	45,100	104,000	23.11 ~24.02	24.02	ABSTB	-
Asan	Apartment	Bridge loan	Payment Guarantee	125,000	100%	125,000	Haneul E&C Co., Ltd.	X	SPC	125,000	-	23.03 ~24.03	24.03	ABCP	-
Yongin	Apartment	Bridge loan	Payment Guarantee	317,630	100%	317,630	DSD Samho Co., Ltd.	X	Bank	266,600	250,100	23.03 ~24.03	-	Loan	-
Icheon	Apartment	Bridge loan	Payment Guarantee	52,000	100%	52,000	LNS Partners Co., Ltd	X	SPC	52,000	43,000	23.12 ~24.03	24.03	ABSTB	-
Cheonan	Apartment	Bridge loan	Payment Guarantee	108,000	100%	108,000	J-Bis Co., Ltd.	X	SPC	96,000	87,000	23.03 ~24.03	24.03	ABCP	-
Daejeon	Apartment	Bridge loan	Payment Guarantee	131,000	100%	131,000	Seokjeong Urban Development Co., Ltd.	X	SPC	131,000	116,500	23.04 ~24.04	-	ABL	-
Hwaseong	Apartment	PF loan	Payment Guarantee	24,000	100%	24,000	SRAMI Co., Ltd.	X	Capital	20,000	-	23.02 ~24.04	-	Loan	-
Gwangyang	Apartment	Bridge loan	Payment Guarantee	28,000	100%	28,000	Hoyoung Co., Ltd.	X	SPC	28,000	35,000	23.05 ~24.05	24.05	ABCP	-
Asan	Apartment	Bridge loan	Payment Guarantee	131,100	100%	131,100	Haneul E&C Co., Ltd.	X	SPC	131,100	39,500	23.07 ~24.05	24.05	ABCP	-
Cheonan	Apartment	Bridge loan	Payment Guarantee	100,000	100%	100,000	Joongang Holdings Co., Ltd.	X	SPC	100,000	69,000	23.05 ~24.05	-	ABL	-
Busan <sup>1</sup>	Apartment	Bridge loan	Payment Guarantee	207,240	100%	207,240	Park City Co., Ltd.	O	SPC	188,400	148,400	23.08 ~24.08	24.08	ABSTB	-
Osan	Apartment	Bridge loan	Payment Guarantee	120,000	100%	120,000	O&TB Holdings Co., Ltd.	X	Bank	100,000	55,000	23.08 ~24.08	-	Loan	-



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Location	Project Type	Loan Type	Guarantee Type	Guarantee Limit	Burden rate	Guaranteed amount	Borrower	Related party	Creditor	Loan Balance		Loan Period	Securitized security maturity	Loan type	Construction completion commitment
										2023	2022				
Seoul	Apartment	Bridge loan	Payment Guarantee	37,200	100%	37,200	DSD Samho Co., Ltd.	X	Bank	31,000	31,000	23.09~24.09	-	Loan	-
Yongin	Apartment	Bridge loan	Payment Guarantee	115,200	100%	115,200	Seongwon Construction Co., Ltd.	X	Bank	96,000	88,200	23.09~24.09	-	Loan	-
Busan	Apartment	Bridge loan	Payment Guarantee	188,500	100%	188,500	Park City Co., Ltd	O	Bank	145,000	145,000	23.12~24.12	-	Loan	-
Daegu <sup>2</sup>	Apartment	PF Loan	Payment Guarantee	296,000	100%	108,674	Gyeongju Construction Co., Ltd.	X	Bank	108,674	-	23.03~25.03		Loan	-
Ansan	Apartment	Bridge loan	Payment Guarantee	260,000	100%	260,000	White Korea Co., Ltd.	X	SPC	200,000	34,800	23.11~25.05	-	Bond	-
				₩ 2,354,470		₩ 2,167,144				₩ 1,921,874	₩ 1,370,500				
Gwangyang	Apartment	Bridge loan	Payment Guarantee	32,500	100%	-	Korea P&D Co., Ltd.	X	SPC	-	32,500	22.11~23.02	23.02	ABSTB	-
Yeongju	Apartment	Bridge loan	Payment Guarantee	29,600	100%	-	LK Partners Co., Ltd.	X	SPC	-	29,600	22.08~23.02	23.02	ABCP	-
Icheon	Apartment	Bridge loan	Payment Guarantee	42,300	100%	-	Noi Felice Co., Ltd	X	SPC	-	42,300	22.12~23.03	23.03	ABSTB	-
				₩ 104,400		₩ -				₩ -	₩ 104,400				
				₩ 2,458,870		₩ 2,167,144				₩ 1,921,874	₩ 1,474,900				₩ -

<sup>1</sup> If the effective credit rating of the Group's corporate bonds is less than BBB+, or if the effective credit rating of corporate bills(or short-term bonds) is less than A3+, the Group may be treated to be under the Event of Default.

<sup>2</sup> The guarantee provided to HUG for the Manchon Jairene HUG Guarantee Fund loan (post-completion collateral loan) is a joint guarantee.

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(3) Real Estate PF completion guarantee.

As of December 31, 2023, in relation to refurbishment projects and other projects, the Group has entered into conditional debt assumption and indemnification agreements in the event of failure to fulfill liability completion as follows.

(In millions of Korean won)

		2023					2022				
Category		Number of projects	Construction contract balance	Loan contract amount	Loan balance		Number of projects	Construction contract balance	Loan contract amount	Loan balance	
Refurbishment projects	Consortium	44	₩ 22,971,689	₩ 10,354,888	₩ 6,082,772		47	₩ 37,293,627	₩ 9,894,797	₩ 5,781,855	
	Group ownership	44	15,191,923	6,783,065	4,140,707		47	21,505,593	6,689,442	4,028,792	
Other projects	Consortium	44	₩ 8,246,001	₩ 6,776,500	₩ 4,466,050		53	₩ 9,960,342	₩ 8,938,200	₩ 5,517,973	
	Group ownership	44	8,110,241	6,351,100	4,287,660		53	9,824,560	8,512,800	5,325,023	
	Consortium	88	₩ 31,217,690	₩ 17,131,388	₩ 10,548,822		100	₩ 47,253,969	₩ 18,832,997	₩ 11,299,829	
	Group ownership	88	₩ 23,302,164	₩ 13,134,165	₩ 8,428,367		100	₩ 31,330,153	₩ 15,202,242	₩ 9,353,816	

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(4) Real Estate PF SOC Guarantee

As of December 31, 2023, the Group has provided credit enhancement such as capital replenishment and fund provision up to a total of ₩ 2,925,236 million (₩ 2,932,275 million in 2022) in relation to borrowings from SOC entities and executing agencies. Additionally, the Group bears the obligation to supplement funds in case of insufficient essential business expenses of SOC entities.

(In millions of Korean won)

(in millions of Korean won)										
Category	Number of projects	2023				2022				
			Consortium balance	Group ownership balance	Number of projects		Consortium balance	Group ownership balance	Number of projects	
Capital replenishment <sup>1</sup>	30	₩	2,925,236	₩	592,396	30	₩	2,932,275	₩	662,011

<sup>1</sup> In some SOC projects, the Group is separately obligated to provide funds in addition to the above limit agreements.

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(5) PF loan for intermediate payment, relocation expenses, contract deposit

As of December 31, 2023, the Group has provided credit guarantees refurbishment projects amounting to ₩ 839,548 million (₩ 534,381 million in 2022) and other projects amounting to ₩ 2,732,776 million (₩ 2,338,922 million in 2022) in relation to borrowing for intermediate payment, relocation expenses loan, and contract deposit loans from homebuyers.

(In millions of Korean won)

		2023				2022			
Category		Number of projects	Guarantee limit	Loan contract amount	Loan balance	Number of projects	Guarantee limit	Loan contract amount	Loan balance
Refurbishment projects	Consortium	17	₩ 1,194,957	₩ 1,068,138	₩ 383,072	16	₩ 867,479	₩ 775,148	₩ 365,160
	Group ownership	17	930,153	839,548	288,110	16	587,960	534,381	263,971
Other projects	Consortium	47	₩ 3,332,876	₩ 2,872,233	₩ 1,147,149	49	₩ 2,617,598	₩ 2,421,546	₩ 1,234,349
	Group ownership	47	3,184,898	2,732,776	1,094,972	49	2,526,649	2,338,922	1,201,702
	Consortium	64	₩ 4,527,833	₩ 3,940,371	₩ 1,530,221	65	₩ 3,485,077	₩ 3,196,694	₩ 1,599,509
	Group ownership	64	₩ 4,115,051	₩ 3,572,324	₩ 1,383,083	65	₩ 3,114,609	₩ 2,873,303	₩ 1,465,673

(6) As of December 31, 2023, for the Group's investees incorporated under the *Act on Private Investment in Social Overhead Capital*, the Group has provided pledged investments with a carrying value of ₩ 314,992 million (₩ 322,594 million in 2022) as collaterals as of December 31, 2023. Also, the Group and its partners have provided put options and other commitments of ₩ 265,592 million (₩ 62,072 million after considering the Group's ownership) ( ₩ 265,592 million in 2022) (₩ 62,072 million after considering the Group's ownership) to the financial investor and others. The Group has an agreement wherein the Group has a right to sell of shares held by SOC companies such as Busan East-West highway Corp. to financial investors.

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2. Non - PF Contingent liabilities

As of December 31, 2023, the Group has provided guarantees to clients and others, through methods such as insurance with guarantee insurance companies or issuance of guarantees, amounting to ₩ 15,250,343 million (₩ 13,471,594 million in 2022), and has received guarantees amounting to ₩ 22,337,610 million (₩ 22,985,724 million in 2022).

(1) Comprehensive summary table

(In millions of Korean won)

Category	Beneficiary	Guarantee type	Guarantee limit	Guarantee balance	Guarantor	Related party
Payment guarantee provided	Refurbishment Cooperatives etc	sales of housing lots etc	₩ 15,548,116	₩ 15,250,343	Korea Housing & Urban Guarantee Corporation etc	Included
Payment guarantee received	-	sales of housing lots etc	₩ 22,337,610	₩ 22,337,610	Korea Housing & Urban Guarantee Corporation etc	
			₩ 37,885,726	₩ 37,587,953		

(2) Provided payment guarantee

(In millions of Korean won)

Beneficiary	Guarantee type	Guarantee limit	Guarantee balance	Guarantor	Related party
Refurbishment Cooperatives	PF loan	₩ 910,166	₩ 612,393	Korea Housing & Urban Guarantee Corporation	
Trust company etc	sales of housing lots	11,665,616	11,665,616	Korea Housing & Urban Guarantee Corporation	
Trust company etc	sales of residential-commercial complex	448,112	448,112	Korea Housing & Urban Guarantee Corporation	
Subcontract company etc	Subcontract payment guarantee	65,367	65,367	Construction Guarantee Cooperative	
Subcontract company etc	Defect repairs	65,106	65,106	Construction Guarantee Cooperative etc	

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Beneficiary	Guarantee type	Guarantee limit	Guarantee balance	Guarantor	Related party
Subcontract company etc	Others	10,920	10,920	Construction Guarantee Cooperative etc	
GS Engineering & Construction Australia Pty Ltd etc	Performance guarantee for overseas projects	2,274,768	2,274,768	Spark North East Link Pty Limited etc	Included
Mountain View Owner LLC etc	other guarantees for overseas projects	108,060	108,060	KEXIM etc	Included
		<u>₩ 15,548,116</u>	<u>₩ 15,250,343</u>		

(3) Received payment guarantee

Guarantor	Guarantee type	Guarantee limit	Guarantee balance	Related party
Korea Housing & Urban Guarantee Corporation	sales of housing lots	₩ 11,027,980	₩ 11,027,980	
Korea Housing & Urban Guarantee Corporation	sales of residential-commercial complex	89,374	89,374	
Korea Housing & Urban Guarantee Corporation etc	Defect repairs	1,166,786	1,166,786	
Korea Housing & Urban Guarantee Corporation	Constructon warranty	1,973,494	1,973,494	
Korea Housing & Urban Guarantee Corporation etc	Subcontract payment guarantee	3,015,338	3,015,338	
Construction Guarantee Cooperative etc	Performance bond	1,818,483	1,818,483	
Construction Guarantee Cooperative etc	Others	1,435,305	1,435,305	
KEXIM etc	Performance guarantee for overseas projects	1,182,946	1,182,946	
KEXIM etc	other guarantees for overseas projects	627,906	627,906	
		<u>₩ 22,337,610</u>	<u>₩ 22,337,610</u>	

(4) As of December 31, 2023, the Group has provided 23 blank checks and 22 notes amounting to ₩ 127,211 million (23 blank checks and 31 notes amounting to ₩ 238,935 million in 2022) in face value as collaterals to guarantee its construction contracts.

## **GS Engineering & Construction Corporation and Subsidiaries**

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(5) The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. The Group is involved in 84 lawsuits with aggregated claims sued by the Group amounting to ₩ 1,052,561 million after considering the Group's ownership with a total amount of ₩ 2,363,581 million (86 litigations amounting to ₩ 1,338,807 million after considering the Group's ownership with a total amount of ₩ 2,762,452 million in 2022), and 202 lawsuits with aggregated claims against the Group amounting to ₩ 385,929 million after considering the Group's ownership with total amount of ₩ 704,018 million (203 litigations amounting to ₩ 533,637 million after considering the Group's ownership with total amount of ₩ 1,317,976 million in 2022) as the defendant. As of December 31, 2023, there is one ongoing overseas lawsuit where the Group has filed a counterclaim (considering the Group ownership : ₩ 1,294 million, total amount : ₩ 1,294 million), and the Group is being sued in six cases (considering the Group ownership : ₩ 1,135,545 million, total amount : ₩ 2,285,616 million.) As of December 31, 2023, the outcome of these cases cannot be reasonably determined.

#### **3. Major commitments**

(1) As of December 31, 2023, the Group has entered into credit agreements, including revolving loans, with NongHyup Bank and seven other financial institutions, with a total limit of ₩ 598,971 million (₩ 530,400 million in 2022). Additionally, we have agreements for the issuance of accounts receivable-backed loans with five financial institutions other than NongHyup Bank, with a total limit of ₩ 1,649,500 million (₩ 1,640,500 million in 2022). And, the total comprehensive limit amount received from institutions such as KDB for opening a line of credit and bond issuances is ₩ 4,508,082 million, with a specific limit amount for USANCE borrowing (effective limit amount) being ₩ 32,668 million (total limit amount: ₩ 3,744,411 million, USANCE borrowing-related effective limit amount: ₩ 31,299 million in 2022).

(2) As of December 31, 2023, the Group has entered into an interest-free loan agreement amounting to ₩ 7,495,007 million (₩ 5,609,208 million after considering the Group's ownership) (₩ 8,126,379 million (₩ 5,807,033 million after considering the Group's ownership) in 2022) in relation to the Group's refurbishment projects in progress. In addition, the Group has entered into an interest-bearing loan agreement amounting to ₩ 10,270,574 million (₩ 7,846,915 million after considering the Group's ownership) (₩ 12,463,361 million (₩ 7,494,422 million after considering the Group's ownership) in 2022) in relation to the refurbishment projects. There are 11 other interest-bearing loan agreements without limit. Meanwhile, the Group has entered into a loan agreement amounting to ₩ 49,244 million (₩ 57,679 million in 2022) in relation to outsourcing business.

(3) The Group has entered into an operating lease contract for 20 years for the rental of Gran Seoul from Kocref Chungjin No.18 Entrust Management Real Estate Investment Group in 2014. The Group does not hold any purchase option to purchase the leased building upon maturity of the lease period in relation to the contracts above.

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(4) In relation to the commitments and contingencies above, the Group may be required to make accelerated repayments or provide additional guarantees for the borrowings, payment guarantees, and major lease agreements under the contract if the credit rating of unsecured bonds issued by the Group falls below a certain level. The major trigger provisions are maintaining debt to equity ratio below 300%, EBITDA/interest rate above 250%, non-guaranteed debenture rating of A- and others. As of December 31, 2023, the credit rating of unsecured bonds is A0 (stable).

(5) GS Inima Environment S.A.U., a subsidiary, has borrowed from financial institutions in connection with private investment projects and has provided cash flows and equity securities arising from private investment projects as collateral for repayment of borrowings. In addition, some borrowings are obligated to supplement funds in connection with the repayment of borrowings.

(6) As of December 31, the Group has signed an industrial facility loan agreement with the Korea Development Bank for the Pohang secondary battery recycling project, and has provided a contract as collateral to transfer the sale price return bond (limit of ₩ 18,032 million) to the Korea Development Bank if the land sales contract signed between Pohang City and the Group is terminated.

(7) As of December 31, the Group has formed a construction consortium for the development project of Songdo International Complex Phase 2 with the project executor, Songdo International Complex Developments Co., Ltd., and has signed a business agreement. This agreement stipulates the obligations such as large-scale acquisition of unsold items in case the project executor requests it, compensation for unrealized business developments profits, or distribution of excess profits until the end of the consortium's project settlement period. In addition, in accordance with this business agreement, in January 2024, the construction members of the consortium entered into a construction subcontract agreement with the project executor.



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**22. Share Capital and Share Premium**

(1) Details of share capital as of December 31, 2023 and 2022 are as follows:

	<b>2023</b>	<b>2022</b>
Authorized shares	200,000,000 shares	200,000,000 shares
Par value per share	₩ 5,000	₩ 5,000
Outstanding shares	85,581,490 shares	85,581,490 shares
Share capital	₩ 427,907 million	₩ 427,907 million

(2) Details of share premium as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Gain on disposal of treasury stock	₩ 2,384	₩ 2,384
Additional paid-in capital	921,432	921,432
Gain on business combination	15,002	15,002
Other share premium	3,166	3,881
	<u>₩ 941,984</u>	<u>₩ 942,699</u>

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

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Treasury stock <sup>1</sup>	₩ (36,443)	₩ (36,443)
Others	(365)	(365)
	<u>₩ (36,808)</u>	<u>₩ (36,808)</u>

<sup>1</sup> To stabilize the Group's share price, the Group purchased 692,595 shares of own stock and recognized the acquisition in other components of equity as of December 31, 2023.

(4) Details of other comprehensive loss as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Gain on valuation of derivative instruments	₩ 17,331	₩ 15,918
Loss on exchange differences on translations of foreign operations	(82,815)	(179,152)
Share of other comprehensive income of associates	505	1,250
	<u>₩ (64,979)</u>	<u>₩ (161,984)</u>

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**23. Retained Earnings**

(1) Retained earnings as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Legal reserves	₩ 179,013	₩ 160,775
Reserve for business stabilization	1,144,653	1,104,653
Other voluntary reserves	2,286,627	2,208,627
Remeasurements of net defined benefit liability	(27,965)	(6,802)
Other consolidated retained earnings	129,512	97,120
Unappropriated retained earnings	(665,486)	95,445
	<u>₩ 3,046,354</u>	<u>₩ 3,659,818</u>

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

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Beginning balance	₩ 3,659,818	₩ 3,405,713
Annual dividends	(110,356)	(110,356)
Profit attributable to equity holders of the Parent Company	(481,945)	339,274
Remeasurements of the net defined benefit liability	(21,163)	25,005
Others	-	182
Ending balance	<u>₩ 3,046,354</u>	<u>₩ 3,659,818</u>

(3) Dividends paid for each of the two years in the period ended December 31, 2023 are as follows:

	<b>2023</b>	<b>2022</b>
Type of shares	Ordinary shares	Ordinary shares
Total number of shares issued	85,581,490 shares	85,581,490 shares
Number of shares	84,888,895 shares	84,888,895 shares
Dividends per share <i>(in Korean won)</i>	₩ 1,300	₩ 1,300
Total dividends <i>(in millions of Korean won)</i>	₩ 110,356	₩ 110,356

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**24. Earnings (loss) per Share**

Basic and diluted earnings (loss) per share of equity holders of the Group for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in Korean won and in shares)</i>	<b>2023</b>	<b>2022</b>
Profit (loss) attributable to equity holders of the parent Company	₩ (481,944,649,533)	₩ 339,273,696,758
Weighted average number of ordinary shares in issue <sup>1</sup>	84,888,895	84,888,895
<b>Basic and Diluted earnings (losses) per share</b>	<b>(5,677)</b>	<b>3,997</b>

<sup>1</sup> Details of calculation of the weighted average number of ordinary shares outstanding for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in shares)</i>	<b>2023</b>		<b>2022</b>	
	<b>Number of shares</b>	<b>Number of shares * number of days</b>	<b>Number of shares</b>	<b>Number of shares * number of days</b>
Beginning	85,581,490	31,237,243,850	85,581,490	31,237,243,850
Treasury stock	(692,595)	(252,797,175)	(692,595)	(252,797,175)
		<u>30,984,446,675</u>		<u>30,984,446,675</u>
Weighted average number of ordinary shares outstanding		<u>84,888,895</u>		<u>84,888,895</u>

**25. Selling and Administrative Expenses**

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

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Salaries	₩ 256,563	₩ 283,782
Pension benefits	20,747	26,431
Employee welfare benefits	41,526	35,292
Taxes and dues	29,496	26,271
Commissions	121,230	148,731
Rents	10,541	9,786
Depreciation	8,760	7,883
Amortization	8,051	39,534
Depreciation of right-of-use assets	24,257	23,217
Advertising	21,818	31,870
Bad debt expense	9,550	23,858

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Development	38,426	23,446
Warranty	19,263	13,506
Insurance premium	12,295	11,673
Travel	9,066	7,333
Others	18,550	19,159
	<u>₩ 650,139</u>	<u>₩ 731,772</u>

**26. Other Operating Income and Expenses**

- (1) Other operating income for each of the two years in the period ended December 31, 2023 is as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Gain on disposal of property, plant and equipment	₩ 293	₩ 732
Gain on disposal of intangible assets	153	153
Reversal of impairment loss on intangible assets	431	-
Gain on disposal of investment property	141	-
Reversal of impairment loss for investment property	-	2,700
Gain on modification of leases	65	4
Gain on foreign currency transactions	111,964	95,600
Gain on foreign currency translation	74,258	228,759
Reversal of allowance for bad debts	43,338	39,450
Gain on valuation of derivatives	18,048	42,738
Gain on derivatives transactions	22,651	6,106
Gain on exchange differences on translations of foreign operations	10,347	3,119
Dividend income	9,435	10,803
Gain on valuation of financial assets at fair value through profit or loss	6,106	3,263
Miscellaneous gain and others	34,711	20,884
	<u>₩ 331,941</u>	<u>₩ 454,311</u>

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- (2) Other operating expenses for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Loss on disposal of property, plant and equipment	₩ 666	₩ 542
Impairment loss on property, plant and equipment	18,160	2,570
Loss on disposal of intangible assets	-	283
Impairment loss on intangible assets	4,912	10,506
Impairment loss on investment properties	5,381	-
Impairment loss on right-of-use assets	-	3,364
Loss on modification of leases	61	4,139
Loss on disposal of other assets	23	55
Loss on foreign currency transactions	68,957	50,735
Loss on foreign currency translation	29,843	70,010
Bad debt expense	47,426	61,939
Loss on valuation of derivatives	20,484	30,469
Loss on derivatives transactions	1,378	4,131
Loss on disposal of trade receivables	197	578
Loss on exchange differences on translations of foreign operations	23,414	2,520
Loss on valuation of financial assets at fair value through profit or loss	9,417	5,781
Loss on disposition of financial assets at fair value through profit or loss	126	-
Miscellaneous loss and others	64,451	16,151
	<u>₩ 294,896</u>	<u>₩ 263,773</u>

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**27. Finance Income and Costs**

(1) Finance income for each of the two years in the period ended December 31, 2023 is as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Interest income	₩ 198,225	₩ 125,311
Gain on foreign currency transactions	32,682	27,554
Gain on foreign currency translation	21,821	29,096
Gain on valuation of financial assets at fair value through profit or loss	93	269
Gain on disposal of financial assets	1	982
Gain on valuation of derivatives	-	434
Gain on derivatives transactions	-	9,494
Gain on disposal of investments in associates	1	1,175
Reversal of financial guarantee liabilities	3,302	2,133
	<u>₩ 256,125</u>	<u>₩ 196,448</u>

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

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Interest expenses	₩ 306,281	₩ 148,465
Financial guarantee expenses	3,084	-
Loss on foreign currency transaction	72,892	55,957
Loss on foreign currency translation	60,907	87,187
Loss on valuation of financial assets at fair value through profit or loss	589	3
Loss on disposal of financial assets	4,738	3,241
Loss on valuations of derivatives	14,150	-
Loss on disposal of investments in associates	-	325
	<u>₩ 462,641</u>	<u>₩ 295,178</u>

**(3) Borrowing Cost**

The amount of borrowing costs capitalized for inventories, which are qualifying assets of the Group for the year ended December 31, 2023 is ₩ 70,843 million (₩ 42,328 million in 2022). The interest rate used for capitalization is between 2.08% and 7.94% (2.61% to 4.60% in 2022) (Refer to Notes 8 and 13).

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**28. Income Tax**

(1) Income tax expenses (benefits) for each of the two years in the period ended December 31, 2023 consist of the following:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Current tax:		
Current tax on profits for the year	₩ 95,846	₩ 210,510
Adjustments in respect of the prior year	(28,930)	(4,651)
Total current tax	66,916	205,859
Deferred tax:		
Origination and reversal of temporary differences	(173,922)	13,736
Total income tax expense (benefit)	₩ (107,006)	₩ 219,595
Income tax charged directly to equity <sup>1</sup>	₩ (9,020)	₩ (4,091)
Income tax expense (benefit)	(97,986)	223,686

<sup>1</sup> Income tax credited (charged) directly to equity as of December 31, 2023 and 2022 is as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>			<b>2022</b>		
	<b>Before tax</b>	<b>Tax (charge) credit</b>	<b>After tax</b>	<b>Before tax</b>	<b>Tax (charge) credit</b>	<b>After tax</b>
Share of other comprehensive income	₩ (744)	₩ -	₩ (744)	₩ 2,175	₩ -	₩ 2,175
Gain (loss) on valuation of derivatives	2,414	999	1,415	14,341	3,049	11,292
Gain (loss) on exchange differences on translations of foreign operations	106,058	(1,857)	107,915	(58,046)	(16,571)	(41,475)
Remeasurements of net defined benefit pension plans	(33,317)	(8,162)	(25,155)	37,852	9,431	28,421
	₩ 74,411	₩ (9,020)	₩ 83,431	₩ (3,678)	₩ (4,091)	₩ 413

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(2) A reconciliation between profit before tax at the statutory tax rate of the Republic of Korea to income tax expense at the effective income tax rate of the Group as of December 31, 2023 and 2022 is as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Profit before tax	₩ (517,487)	₩ 664,898
<b>Tax calculated at domestic tax rates applicable to profits in the respective countries</b>	<b>(142,309)</b>	<b>182,847</b>
<b>Tax effects of:</b>		
Income not subject to tax	(13,777)	2,571
Expenses not deductible for tax purposes	5,309	554
Foreign income tax expense	2,940	12,686
Others	49,851	25,028
Adjustment in respect of prior years	44,323	40,839
Income tax expense	₩ (97,986)	₩ 223,686

(3) The gross balances of deferred tax assets and liabilities as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
<b>Deferred tax assets</b>		
Deferred tax asset to be recovered after more than 12 months	₩ 960,261	₩ 874,218
Deferred tax asset to be recovered within 12 months	483,125	370,790
	<u>1,443,386</u>	<u>1,245,008</u>
<b>Deferred tax liabilities</b>		
Deferred tax liability to be recovered after more than 12 months	334,444	357,173
Deferred tax liability to be recovered within 12 months	136,358	89,173
	<u>470,802</u>	<u>446,346</u>
Deferred tax assets, net	₩ <u>972,584</u>	₩ <u>798,662</u>



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(4) Movements in deferred tax assets and liabilities for each of the two years in the period ended December 31, 2023, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

(in millions of Korean won)

	2023				
	Beginning balance	Profit or loss	Equity	Change in consolidation	Ending balance
Deferred tax liabilities					
Reserve for revaluation	₩ 43,721	₩ (1,045)	₩ -	₩ -	₩ 42,676
Deposits for severance benefits	133,149	10,098	(6,076)	-	137,171
Gain or loss on valuation of derivatives	17,418	(5,689)	522	-	12,251
Accrued interest on loans	15,885	6,584	-	-	22,469
Inventory construction interest	6,276	(531)	-	-	5,745
Others	229,897	21,527	(934)	-	250,490
	<u>446,346</u>	<u>30,944</u>	<u>(6,488)</u>	<u>-</u>	<u>470,802</u>
Deferred tax assets					
Reversal of allowance for bad debts	252,261	(16,183)	-	-	236,078
Gain or loss on valuation of derivatives	7,306	3,355	(477)	-	10,184
Provisions	252,619	167,200	-	-	419,819
Allowance for pension benefits	107,795	7,884	2,086	-	117,765
Share of profit (loss) of associates and joint ventures	31,581	(755)	-	-	30,826
Loss on asset obsolescence	107,948	2,754	-	-	110,702
Others	485,498	31,591	923	-	518,012
	<u>1,245,008</u>	<u>195,846</u>	<u>2,532</u>	<u>-</u>	<u>1,443,386</u>
Deferred tax assets (liabilities), net	₩ 798,662	₩ 164,902	₩ 9,020	₩ -	₩ 972,584

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	<b>2022</b>				
	<b>Beginning balance</b>	<b>Profit or loss</b>	<b>Equity</b>	<b>Change in consolidation</b>	<b>Ending balance</b>
Deferred tax liabilities					
Reserve for revaluation	₩ 44,436	₩ (715)	₩ -	₩ -	₩ 43,721
Deposits for severance benefits	113,539	2,858	7,594	9,158	133,149
Gain or loss on valuation of derivatives	15,290	3,051	(923)	-	17,418
Accrued interest on loans	12,286	3,599	-	-	15,885
Inventory construction interest	8,220	(1,944)	-	-	6,276
Others	210,355	3,549	4,645	11,348	229,897
	<u>404,126</u>	<u>10,398</u>	<u>11,316</u>	<u>20,506</u>	<u>446,346</u>
Deferred tax assets					
Reversal of allowance for bad debts	262,777	(10,516)	-	-	252,261
Gain or loss on valuation of derivatives	11,278	-	(3,972)	-	7,306
Provisions	235,699	15,900	-	1,020	252,619
Allowance for pension benefits	109,270	(9,513)	(1,837)	9,875	107,795
Share of profit (loss) of associates and joint ventures	30,875	706	-	-	31,581
Loss on asset obsolescence	105,587	2,361	-	-	107,948
Others	461,038	(427)	21,216	3,671	485,498
	<u>1,216,524</u>	<u>(1,489)</u>	<u>15,407</u>	<u>14,566</u>	<u>1,245,008</u>
Deferred tax assets (liabilities), net	<u>₩ 812,398</u>	<u>₩ (11,887)</u>	<u>₩ 4,091</u>	<u>₩ (5,940)</u>	<u>₩ 798,662</u>

(5) Details of unrecognized deductible (taxable) temporary differences as deferred tax assets (liabilities) as of December 31, 2023 are follows:

(in millions of Korean won)

	<b>2023</b>	
	<b>Deductible temporary differences and others</b>	<b>Reason</b>
Tax expense incurring overseas	₩ 11,760	Uncertainty of future taxable income and others

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**29. Expenses Classified by Nature**

Expenses classified by nature for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Labor cost	₩ 1,177,981	₩ 1,230,905
Materials	3,271,827	2,525,381
Outsourcing	6,101,495	5,531,360
Employee welfare benefits	171,127	142,245
Advertising	42,452	52,857
Bad debt expense	9,550	23,858
Rents	84,048	67,087
Depreciation and amortization	93,210	128,427
Taxes and dues	195,113	168,835
Service fees	1,185,144	872,170
Others	1,605,964	1,024,179
Changes in inventories and others	(113,282)	(22,943)
	<u>₩ 13,824,629</u>	<u>₩ 11,744,361</u>

The total amounts include cost of sales and selling and administrative expenses.

# GS Engineering & Construction Corporation and Subsidiaries

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#### 30. Related Party Transactions

(1) The Group's related parties are as follows:

Relationship	Related parties
Associates <sup>1</sup>	GS KOCREF New Stay REIT Co., Ltd., FGS East Asia Technical Resource Management, Inc., Parkcity Co., Ltd. (formerly, SoBaek Co., Ltd.), Beopwon Industry Urban Development Corp., Yeouido MBC Site MXD PFV. Inc., PT. CORE RESOURCE, BKT Co., Ltd., Cheongju Hi Tech Valley, Gwacheon Sangsang PFV. Inc, Zero Tech Co., Ltd., Camp Stanton Co., Ltd., Cheonan Techno Park Inc., ORIGIN LATPHRAO CO., LTD., RENEW SOLAR ENERGY (JHARKHAND THREE) PRIVATE LIMITED, PARK PILLAR R4 CO., LTD., GYEONGGIPYEONGTAEK GLOBAL CO., LTD., GS Collective Fund I LLC, EPOCH PFV Co., LTD., CHEMICO ADVANCED MATERIALS CO., LTD., Jerotaekmuan Co., LTD., Bucheon Visual Culture Industrial Complex Development Co., Ltd., PHU MY VINH CONSTRUCTION & INVESTMENT CORPORATION, Incheon New Port Smart Complex Co., Ltd, Acent New Technology Business Investment Association No. 2 <sup>3</sup> , PT. CORE RESOURCE INDONESIA, Alink Co., Ltd, Cadiz San Fernando, A.I.E., Gestion de Participes de Biorreciclaje, Participes de Biorreciclaje S.A., Fisia GS Inima (Al Ghubrah) LLC, Shuweiha R O Desalination Company LLC <sup>3</sup> , Gvesco Opportunity-seeking general private real estate investment trust No.1, PavilionMC ClimateTech No.1 Private Equity Fund <sup>3</sup> , Daejeon High End Development Co., Ltd <sup>3</sup> , MJV4CO.,LTD. <sup>3</sup>
Joint ventures <sup>1</sup>	G&M Estate Co., Ltd., GS Korea for Project Management Company, GS MINH HUNG SIKICO CO., LTD., MAGNA PFV Corp. ,Hialeah Water, LLP, Oasis Residences Real Estate, LLC, PDC INDUSTRIAL CENTER 198 SP. Z O.O, Lignana LLC, Lignana LLP, VESPOLINA SP. Z O.O
Others <sup>2</sup>	GS Holdings, GS Retail Co., Ltd., GS Global Corp., Samyangtongsang Ltd., GS Energy Corporation, GS Power Co., Ltd., Boryeong LNG Terminal Co., Ltd., Incheon Total Energy Co., GS-Caltex Corporation, Inno Polytech Corporation, GS Mbiz Co., Ltd., Sangji Shipping Co., Ltd., GS BIO Co., Ltd., GS EcoMetal Co., Ltd., Fresh Serve CO., Ltd., GS Netvision Co., Ltd., CVS net Co., Ltd., Parnas Hotel Co., Ltd., PNS Co., Ltd., GSNetworks Co., Ltd., GS Teleservices Co., Ltd., TenByTen Inc., GS EPS Co., Ltd., PLS Co., Ltd., GS ENTEC Corp., GS E&R Corp., Donghae green energy Co., Ltd., GS Windpower Co., Ltd., GS Donghae Electric Power Co., Ltd., GS Pocheon Green Energy Corp., Yeongyang Wind Power Corporation-2, Gumi green Energy Co., Ltd., Yeongdeok Windpower Corporation1 Co., Ltd., Samcheok Green Energy Park Co., Ltd., GS Sports Co., Ltd., Oksan Ochang Highway Corporation, Eun Pyeong New Road Corp., GUMIMAKEUNMUL, GS Neotek, Samyang INT'L Co., Ltd., Boheun Development Co., Ltd., Chemtech International Co., Ltd., Oksan Distribution, Seungsan Company Corporation, Gaseung Development Company, IN ARTS PRODUCTION INC., Central Motors Corp., Winasset Co., Ltd., Sam Joung Development Co., Ltd., Procure Co., Ltd., Kyung Won Construction Co., Ltd, K Global No.2 Private Real Estate Investment Limited Liability Company, PANCOTEC LTD., GS Dangjin Solarfarm Co.Ltd., Hanul Love Co., Ltd., Gangnam Metro Co., Ltd., FRESHMEAT, G-Energy

# GS Engineering & Construction Corporation and Subsidiaries

## Notes to the consolidated financial statements

### December 31, 2023 and 2022

#### Relationship

#### Related parties

Corp., Yeongdeok Windpower Corporation 2 Co., Ltd., GS CONNECT INC., Pohang Windpower Corporation Co., Ltd., FIRSF Agricultural co.,Ltd., GS VENTURES CO.,LTD., Hugel Inc., ACROSS CO.,LTD., Art Ventures Co.,Ltd., J WORLD CO.,LTD., Logispro project Y Private Real Estate Investment Company, Seongnam Green Energy Co., Ltd<sup>4</sup>, Sasang Haeundae Expressway Co., Ltd<sup>4</sup>, Blue Core PFV Co., Ltd<sup>4</sup>, With Incheon Energy Co., Ltd<sup>4</sup>, Yeongdong CHPS Co., Ltd<sup>4</sup>, Next Renewables Solution Co., Ltd<sup>4</sup>

<sup>1</sup> Equity ownership information is disclosed in Note 12.

<sup>2</sup> Although the entity is not the related party of the Group in accordance with KIFRS 1024, the entity belongs to a large-scale business group in accordance with the *Monopoly Regulation and Fair Trade Act*. Electronic bills are provided to several entities to guarantee construction performance and others, and this is also included in Commitments and Contingencies (see Note 21).

<sup>3</sup> Newly acquired for the year ended December 31, 2023.

<sup>4</sup> Newly included as other related parties of the Company for the year ended December 31, 2023.

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

(in millions of Korean won)

	2023					
	Sales and others			Purchase and others		
	Sales	Other income	Total	Purchase	Other expenses	Total
<b>Associates</b>						
FGS East Asia Technical Resource Management, Inc.	₩ -	₩ 41	₩ 41	₩ -	₩ -	-
Parkcity Co., Ltd.(formerly, SoBaek Co., Ltd.)	-	411	411	-	-	-
Yeouido MBC Site MXD PFV. Inc	219,467	8,101	227,568	-	-	-
PT. CORE RESOURCE	-	293	293	-	-	-
BKT Co., Ltd.	-	-	-	1,865	-	1,865
Cheongju Hi-Tech Valley Co., Ltd	4,934	-	4,934	-	-	-
Gwacheon Sangsang PFV. Inc	61,499	13,762	75,261	-	-	-
Zero Tech Co., Ltd.	-	20	20	-	-	-
Cheonan Techno Park Inc.	4,230	-	4,230	-	-	-
ORIGIN LATPHRAO CO.,LTD.	-	93	93	-	-	-
RENEW SOLAR ENERGY (JHARKHAND THREE) PRIVATE LIMITED	-	1,226	1,226	-	-	-
GYEONGGIPYEONGTAEK GLOBAL CO., LTD.	20,404	-	20,404	-	-	-
EPOCH PFV Co., LTD.	158,434	-	158,434	-	-	-
Jerotaekmuan Co., LTD.	-	211	211	-	-	-
Bucheon Visual Culture Industrial Complex Development	3,600	-	3,600	-	-	-

# GS Engineering & Construction Corporation and Subsidiaries

## Notes to the consolidated financial statements

### December 31, 2023 and 2022

(in millions of Korean won)

	2023					
	Sales and others			Purchase and others		
	Sales	Other income	Total	Purchase	Other expenses	Total
Co. Ltd						
Cadiz San Fernando, A.I.E.	-	349	349	-	-	-
Fisia GS Inima (Al Ghubrah) LLC	-	-	-	2,262	-	2,262
Shuweihaat R O Desalination Company LLC	53,454	-	53,454	-	-	-
Alink Co., Ltd	-	-	-	27	-	27
<b>Joint ventures</b>						
G&M Estate Co., Ltd.	226	-	226	446	-	446
Lignana LLP	-	29,866	29,866	-	-	-
VESPOLINA SP. Z O.O.	-	1,674	1,674	-	-	-
PDC INDUSTRIAL CENTER 198 SP. Z O.O	-	1,936	1,936	-	-	-
MAGNA PFV Corp.	986	-	986	-	-	-
<b>Others</b>						
GS Holdings <sup>1</sup>	120	-	120	-	19,444	19,444
GS Retail Co., Ltd.	1,302	-	1,302	2,628	82	2,710
GS Global Corp.	157	-	157	-	-	-
Samyangtongsang Ltd	-	-	-	25	-	25
GS Energy Corporation	2,378	-	2,378	46	-	46
GS Power Co., Ltd.	1,590	-	1,590	33	-	33
Boryeong LNG Terminal Co., Ltd.	19,776	-	19,776	5	-	5
Incheon Total Energy Co.	-	-	-	1,285	-	1,285
GS-Caltex Corporation	11,726	-	11,726	7,765	-	7,765
GS Mbiz Co., Ltd.	4	-	4	1,253	-	1,253
GS Net Vision Co., Ltd	1	-	1	-	-	-
Parnas Hotel Co., Ltd.	5,902	-	5,902	43	7	50
GS EPS Co., Ltd.	4,760	-	4,760	19	-	19
GS ENTEC Corp.	2	-	2	-	-	-
GS E&R Corp.	4,130	-	4,130	-	-	-
GS Windpower Co., Ltd.	6	-	6	-	-	-
GS Donghae Electric Power Co., Ltd.	2,066	-	2,066	7	-	7
GS Pocheon Green Energy Corp.	4,054	-	4,054	30	-	30
GS Sports Ltd.	857	-	857	27	4,810	4,837
Oksan Ochang Highway Corporation	2,479	320	2,799	-	-	-
Eun Pyeong New Road Corp.	-	11	11	-	-	-
GUMIMAKEUNMUL Co., Ltd.	5,181	-	5,181	-	-	-
GS Neotek	91	-	91	13,866	272	14,138
Samyang INT'L Co., Ltd.	-	-	-	21,485	-	21,485

# GS Engineering & Construction Corporation and Subsidiaries

## Notes to the consolidated financial statements

### December 31, 2023 and 2022

(in millions of Korean won)

	2023					
	Sales and others			Purchase and others		
	Sales	Other income	Total	Purchase	Other expenses	Total
Seungsan Company Corporation	-	-	-	-	20	20
Seoul Munsan Expressway Co., Ltd <sup>2</sup>	8,656	-	8,656	1,155	328	1,483
GS VENTURES CO.,LTD.	2	-	2	-	-	-
	₩ 602,474	₩ 58,314	₩ 660,788	₩ 54,272	₩ 24,963	₩ 79,235

<sup>1</sup> The amount includes the trademark agreement.

<sup>2</sup> Excluded from the consolidation for the year ended December 31, 2023.

(in millions of Korean won)

	2022					
	Sales and others			Purchase and others		
	Sales	Other income	Total	Purchase	Other expenses	Total
<b>Associates</b>						
Major Development Co., Ltd.	₩ 9	₩ 121	₩ 130	₩ -	₩ -	₩ -
FGS East Asia Technical Resource Management, Inc.	-	51	51	417	-	417
SoBaek Co., Ltd.	-	411	411	-	-	-
Yeouido MBC Site MXD PFV. Inc	219,049	-	219,049	-	-	-
PT. CORE RESOURCE	-	289	289	-	-	-
BKT Co., Ltd.	30	-	30	1,121	-	1,121
Gwacheon Sangsang PFV. Inc	88,530	7,758	96,288	-	-	-
Zero Tech Co., Ltd.	-	21	21	-	-	-
Cheonan Techno Park Inc.	1,032	-	1,032	-	-	-
RENEW SOLAR ENERGY (JHARKHAND THREE) PRIVATE LIMITED	-	1,253	1,253	-	-	-
GYEONGGIPYEONGTAEK GLOBAL CO., LTD.	31,421	-	31,421	-	-	-
EPOCH PFV Co., LTD.	32,731	-	32,731	1,800	-	1,800
Jerotaekmuan Co., LTD	-	122	122	-	-	-
PHU MY VINH CONSTRUCTION & INVESTMENT CORPORATION	142	-	142	-	-	-
Cadiz San Fernando, A.I.E	-	426	426	-	-	-
Fisia GS Inima (Al Ghubrah) LLC	-	-	-	1,405	-	1,405

#### Joint ventures

**GS Engineering & Construction Corporation and Subsidiaries**  
**Notes to the consolidated financial statements**  
**December 31, 2023 and 2022**

(in millions of Korean won)	2022					
	Sales and others			Purchase and others		
	Sales	Other income	Total	Purchase	Other expenses	Total
G&M Estate Co., Ltd.	206	-	206	413	-	413
MAGNA PFV Corp.	1,355	-	1,355	-	-	-
<b>Others</b>						
GS Holdings <sup>1</sup>	100	-	100	14	17,141	17,155
GS Retail Co., Ltd.	1,133	-	1,133	2,361	85	2,446
GS Global Corp.	129	-	129	-	2	2
GS Energy Corporation	355	-	355	-	-	-
GS Power Co., Ltd.	6,860	-	6,860	135	-	135
Boryeong LNG Terminal Co., Ltd.	19,671	-	19,671	-	-	-
GS Park 24Co., Ltd. <sup>2</sup>	342	-	342	10	1	11
Incheon Total Energy Co.	-	-	-	558	-	558
GS-Caltex Corporation	68,597	-	68,597	8,218	-	8,218
GS Mbiz Co., Ltd.	1	-	1	1,772	-	1,772
Parnas Hotel Co., Ltd.	6,223	-	6,223	35	20	55
GS EPS Co., Ltd.	4,442	-	4,442	159	-	159
GS ENTEC Corp.	2	-	2	200	-	200
GS E&R Corp.	3,546	-	3,546	-	-	-
GS Windpower Co.,Ltd.	4	-	4	-	-	-
GS Donghae Electric Power Co., Ltd.	7,478	-	7,478	45	-	45
GS Pocheon Green Energy Corp.	3,568	-	3,568	27	-	27
GS Sports Ltd.	870	-	870	-	5,442	5,442
Oksan Ochang Highway Corporation	2,386	209	2,595	-	-	-
Eun Pyeong New Road Corp.	(1)	11	10	-	-	-
Busan East-West highway Corp <sup>2</sup>	18,433	-	18,433	60	-	60
GUMIMAKEUNMUL Co., Ltd.	8,372	-	8,372	-	-	-
GS Neotek	416	-	416	26,413	310	26,723
Samyang INT'L Co., Ltd.	-	-	-	17,167	-	17,167
Seungsan Group Corporation	-	-	-	-	17	17
Kyung Won Construction Co., Ltd.	1	-	1	-	-	-
Donghae International Resources Terminal Co., Ltd.	6	-	6	-	-	-
Seoul Munsan Expressway Co., Ltd.	10,390	-	10,390	1,443	-	1,443
GS VENTURES CO.,LTD.	2	-	92	-	-	-



**GS Engineering & Construction Corporation and Subsidiaries**  
**Notes to the consolidated financial statements**  
**December 31, 2023 and 2022**

(in millions of Korean won)	2022					
	Sales and others			Purchase and others		
	Sales	Other income	Total	Purchase	Other expenses	Total
	₩ 537,831	₩ 10,672	₩ 548,503	₩ 63,773	₩ 23,018	₩ 86,791

<sup>1</sup> The amount includes the trademark agreement.

<sup>2</sup> Excluded from the consolidation for the year ended December 31, 2022.

(3) Receivables and payables arising from the related party transactions as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)	2023						
	Receivables				Payables		
	Trade receivables and contract assets	Other receivables	Loans	Total	Trade payables	Other payables and contract liabilities	Total
<b>Associates</b>							
FGS East Asia Technical Resource Management, Inc.	₩ -	₩ 78	₩ 1,018	₩ 1,096	₩ -	₩ -	-
Parkcity Co., Ltd. (formerly, SoBaek Co., Ltd.)	-	2,268	6,856	9,124	-	-	-
Beopwon Industry Urban Development Corp.	19,567	-	-	19,567	-	-	-
Yeouido MBC Site MXD PFV. Inc	542,121	-	-	542,121	-	-	-
PT. CORE RESOURCE	-	1,333	3,274	4,607	-	-	-
BKT Co., Ltd.	-	425	-	425	116	-	116
Cheongju Hi-Tech Valley Co., Ltd	4,898	-	-	4,898	-	4,707	4,707
Zero Tech Co., Ltd.	-	89	450	539	-	-	-
Cheonan Techno Park Inc.	3,232	-	-	3,232	-	4,269	4,269
RENEW SOLAR ENERGY (JHARKHAND THREE) PRIVATE LIMITED	-	1,533	-	1,533	-	-	-
GYEONGGIPYEONGTAEK GLOBAL CO., LTD.	826	8,374	-	9,200	-	-	-
EPOCH PFV Co., LTD.	28,059	-	-	28,059	-	-	-
Jerotaekmuan Co., LTD.	-	211	1,463	1,674	-	-	-
Bucheon Visual Culture Industrial Complex Development Co. Ltd	-	-	-	-	-	855	855
Cadiz San Fernando, A.I.E.	117	-	-	117	943	-	943
Participes de Biorreciclaje S.A.	833	-	-	833	3,026	-	3,026
PavilionMC ClimateTech No.1 Private Equity Fund	-	-	-	-	-	1,414	1,414
Alink Co., Ltd	-	33	-	33	-	-	-

# GS Engineering & Construction Corporation and Subsidiaries

## Notes to the consolidated financial statements

### December 31, 2023 and 2022

(in millions of Korean won)

	2023							
	Receivables				Payables			
	Trade receivables and contract assets	Other receivables	Loans	Total	Trade payables	Other payables and contract liabilities	Total	
<b>Joint ventures</b>								
G&M Estate Co., Ltd.	20	43	-	63	-	84	84	
VESPOLINA SP. Z O.O.	-	1,553	22,855	24,408	-	-	-	
PDC INDUSTRIAL CENTER 198 SP. Z O.O	-	3,475	33,771	37,246	-	-	-	
MAGNA PFV Corp.	2,341	-	-	2,341	-	364	364	
<b>Others</b>								
GS Holdings	12	-	-	12	-	2,825	2,825	
GS Retail Co., Ltd.	69	214	-	283	426	5,861	6,287	
GS Global Corp.	17	-	-	17	-	674	674	
Samyangtongsang Ltd	-	-	-	-	5	-	5	
GS Energy Corporation	9	301	-	310	-	1,860	1,860	
GS Power Co., Ltd.	8,333	-	-	8,333	-	350	350	
Boryeong LNG Terminal Co., Ltd.	-	-	-	-	1	15,020	15,021	
GS-Caltex Corporation	3,920	113	-	4,033	1	7,374	7,375	
Parnas Hotel Co., Ltd.	541	-	-	541	4	1,602	1,606	
GS EPS Co., Ltd.	217	-	-	217	-	894	894	
GS E&R Corp.	607	-	-	607	-	-	-	
GS Windpower Co., Ltd.	1	-	-	1	-	-	-	
GS Pocheon Green Energy Corp.	376	-	-	376	-	-	-	
GS Sports Ltd.	36	-	-	36	-	704	704	
Oksan Ochang Highway Corporation	1,175	1,153	8,220	10,548	-	-	-	
Eun Pyeong New Road Corp.	1,949	117	163	2,229	-	-	-	
GUMIMAKEUNMUL Co., Ltd.	397	29	-	426	-	-	-	
GS Neotek	10	-	-	10	964	1,629	2,593	
Samyang INT'L Co., Ltd.	-	-	-	-	2,714	1,147	3,861	
Seungsan Company Corporation	-	3,719	-	3,719	-	303	303	
Kyung Won Construction Co., Ltd	-	-	-	-	-	114	114	
	₩ 619,683	₩ 25,061	₩ 78,070	₩ 722,814	₩ 8,200	₩ 52,050	₩ 60,250	

# GS Engineering & Construction Corporation and Subsidiaries

## Notes to the consolidated financial statements

### December 31, 2023 and 2022

(in millions of Korean won)

	2022									
	Receivables					Payables				
	Trade receivables and contract assets	Other receivables	Loans	Total		Trade payables	Other payables and contract liabilities	Total		
<b>Associates</b>										
GS KOCREF NEW STAY REIT CO.,LTD.	₩	-	₩	-	₩	-	₩	215	₩	215
Major Development Co., Ltd.		-		22,690	22,690	-		-		-
FGS East Asia Technical Resource Management, Inc.		-	37	721	758	-		-		-
SoBaek Co., Ltd.		-	1,856	6,857	8,713	-		-		-
Beopwon Industry Urban Development Corp.	19,566	-		19,566		1		-		1
Yeouido MBC Site MXD PFV. Inc	326,189	-		326,189		-		-		-
PT. CORE RESOURCE	-	1,103	3,218	4,321		-		-		-
Gwacheon Sangsang PFV. Inc	-	7,758		7,758		-	20,886	20,886		
Zero Tech Co., Ltd.	-	70	450	520		-		-		-
Cheonan Techno Park Inc.	1,032	-		1,032		-		-		-
RENEW SOLAR ENERGY (JHARKHAND THREE) PRIVATE LIMITED	-	298		298		-		-		-
GYEONGGIPYEONGTAEK GLOBAL CO., LTD.	9,300	8,374		17,674		-		-		-
EPOCH PFV Co., LTD.	4,094			4,094		-		-		-
Jerotaekmuan Co., LTD.	-	198	1,463	1,661		-		-		-
Bucheon Visual Culture Industrial Complex Development Co., Ltd.	-			-		-	855	855		
Cadiz San Fernando, A.I.E.	142			142		896		896		
Participes de Biorreciclaje S.A.	780			780		2,750		2,750		
<b>Joint ventures</b>										
G&M Estate Co., Ltd.	-	34		34		-	63	63		
PDC INDUSTRIAL CENTER 198 SP. Z O.O	-			-		-	10	10		
MAGNA PFV Corp.	1,355			1,355		-		-		-
<b>Others</b>										
GS Holdings	5			5		-	2,825	2,825		
GS Retail Co., Ltd.	75	192		267		419	5,709	6,128		
GS Global Corp.	12			12		-	674	674		
GS Energy Corporation	7			7		-	3,957	3,957		
GS Power Co., Ltd.	8,666			8,666		-	349	349		
Boryeong LNG Terminal Co., Ltd.	-			-		-	16,990	16,990		

**GS Engineering & Construction Corporation and Subsidiaries**  
**Notes to the consolidated financial statements**  
**December 31, 2023 and 2022**

(in millions of Korean won)

	2022							
	Receivables				Payables			
	Trade receivables and contract assets	Other receivables	Loans	Total	Trade payables	Other payables and contract liabilities	Total	
Incheon Total Energy Co.	-	-	-	-	18	-	18	
GS-Caltex Corporation	1,322	169	-	1,491	-	6,917	6,917	
GS Mbiz Co., Ltd.	-	-	-	-	113	-	113	
Parnas Hotel Co., Ltd.	643	-	-	643	4	1,603	1,607	
GS Teleservices Co., Ltd.	-	-	-	-	-	345	345	
GS EPS Co., Ltd.	-	-	-	-	-	894	894	
GS E&R Corp.	339	-	-	339	-	-	-	
GS Donghae Electric Power Co., Ltd.	376	-	-	376	-	-	-	
GS Pocheon Green Energy Corp.	336	-	-	336	-	-	-	
GS Sports Ltd.	39	-	-	39	-	849	849	
Oksan Ochang Highway Corporation	1,159	298	5,160	6,617	-	-	-	
Eun Pyeong New Road Corp.	1,949	106	163	2,218	-	-	-	
GUMIMAKEUNMUL Co., Ltd.	840	29	-	869	-	-	-	
GS Neotek	12	-	-	12	2,500	1,940	4,440	
Samyang INT'L Co., Ltd.	-	-	-	-	5,183	1,147	6,330	
Seungsan Group Corporation	-	3,150	-	3,150	-	303	303	
Kyung Won Construction Co., Ltd.	-	-	-	-	-	114	114	
Seoul Munsan Expressway Co., Ltd.	1,419	450	-	1,869	400	-	400	
	<u>₩ 379,657</u>	<u>₩ 24,122</u>	<u>₩ 40,722</u>	<u>₩ 444,501</u>	<u>₩ 12,284</u>	<u>₩ 66,645</u>	<u>₩ 78,929</u>	

Allowance for bad debts of receivables from related parties as of December 31, 2023 is ₩ 34,683 million (₩ 37,928 million in 2022), and bad debt expense recognized during the year ended December 31, 2023 is ₩ 19,518 million (₩ 7,528 million in 2022).

# GS Engineering & Construction Corporation and Subsidiaries

## Notes to the consolidated financial statements

### December 31, 2023 and 2022

(4) Changes in loans to the related parties for each of the two years in the period ended December 31, 2023 are as follows:

(in millions of

2023

Korean won)	Annual interest rate (%)	Maturity date	Beginning	Increase	Transfer	Effects of changes in foreign exchange rates	Ending	Interest income	Equity transaction
<b>Associates</b>									
Major Development Co., Ltd.	-	-	₩ 22,690	₩ -	₩ -	₩ (22,690)	₩ -	₩ -	-
FGS East Asia Technical Resource Management, Inc.	4.60	2024.01.17~2024.10.15	721	290	-	7	1,018	41	-
Parkcity Co., Ltd. (formerly, SoBaek Co., Ltd.)	6.00	-	6,856	-	-	-	6,856	411	-
Yeouido MBC Site MXD PFV, Inc	-	-	-	-	-	-	-	8,101	-
PT. CORE RESOURCE	8.00~12.00	2024.12.31	3,218	-	-	56	3,274	293	-
Gwacheon Sangsang PFV, Inc	-	-	-	-	-	-	-	13,762	-
Zero Tech Co., Ltd.	4.60	-	450	-	-	-	450	20	-
ORIGIN LATPHRAO CO., LTD.	-	-	-	-	-	-	-	93	-
RENEW SOLAR ENERGY (JHARKHAND THREE) PRIVATE LIMITED	-	-	-	-	-	-	-	1,226	-
PARK PILLAR R4 CO., LTD.	-	-	-	-	-	-	-	-	60
EPOCH PFV Co., LTD.	-	-	-	-	-	-	-	-	6,612
Jerotaekmuan Co., LTD.	4.60	-	1,463	-	-	-	1,463	211	-
Gvesco Opportunity-seeking general private real estate investment trust No.1	-	-	-	-	-	-	-	-	6,548
Cadiz San Fernando, A.I.E.	-	-	-	-	-	-	-	349	-
Incheon New Port Smart Complex Co., Ltd	-	-	-	-	-	-	-	-	10
Daejeon High End Development Co., Ltd	-	-	-	-	-	-	-	-	950
MJV4CO.,LTD.	-	-	-	-	-	-	-	-	87
PavilionMC ClimateTech No.1 Private Equity Fund	-	-	-	-	-	-	-	-	1,169
HI-ASCENT Fund no.2	-	-	-	-	-	-	-	-	3,000
<b>Joint ventures</b>									
Lignana LLP	-	-	-	-	-	-	-	29,866	(51,823)
VESPOLINA SP. Z O.O.	7.00	2032.02.05	-	22,022	-	833	22,855	1,674	-
PDC INDUSTRIAL CENTER 198 SP. Z O.O	7.00	2023.02.26	-	26,508	-	7,263	33,771	1,936	-
<b>Others</b>									

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(in millions of

2023

<i>Korean won)</i>	Annual interest rate (%)	Maturity date	Beginning	Increase	Transfer	Effects of changes in foreign exchange rates	Ending	Interest income	Equity transaction
Oksan Ochang Highway Corporation	4.60	2047.12.31	5,160	3,060	-	-	8,220	320	-
Eun Pyeong New Road Corp.	6.90	-	163	-	-	-	163	11	-
			<u>₩ 40,721</u>	<u>₩ 51,880</u>	<u>₩ -</u>	<u>₩ (14,531)</u>	<u>₩ 78,070</u>	<u>₩ 58,314</u>	<u>₩ (33,387)</u>

(in millions of

2022

<i>Korean won)</i>	Annual interest rate (%)	Maturity date	Beginning	Increase	Transfer	Effects of changes in foreign exchange rates	Ending	Interest income	Equity transaction
<b>Associates</b>									
Major Development Co., Ltd.	4.50	2022.06.30	₩ 23,100	₩ -	₩ 410	₩ -	₩ 22,690	₩ -	-
FGS East Asia Technical Resource Management, Inc.	4.60	2023.01.17~ 2023.01.27	704	299	348	66	721	51	-
SoBaek Co., Ltd.	6.00	-	6,856	-	-	-	6,856	411	-
PT. CORE RESOURCE	8.00~12. 00	2023.12.31	3,010	-	-	208	3,218	289	-
Gwacheon Sangsang PFV. Inc	-	-	-	-	-	-	-	7,758	-
Zero Tech Co., Ltd.	4.60	-	450	-	-	-	450	21	-
ORIGIN LATPHRAO CO., LTD.	-	-	-	-	-	-	-	-	2,393
RENEW SOLAR ENERGY (JHARKHAND THREE) PRIVATE LIMITED	-	-	-	-	-	-	-	1,253	-
GS Collective Fund I LLC	-	-	-	-	-	-	-	-	3,301
CHEMICO ADVANCED MATERIALS CO.,LTD.	-	-	-	-	-	-	-	-	1,300
Jerotaekmuan Co., LTD.	4.60	-	1,463	-	-	-	1,463	122	-
Gvesco Opportunity- seeking general private real estate investment trust No.1	-	-	-	-	-	-	-	-	128

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(in millions of

2022

<i>Korean won)</i>	Annual interest rate (%)	Maturity date	Beginning	Increase	Transfer	Effects of changes in foreign exchange rates	Ending	Interest income	Equity transaction
GS Inima (Barka), LLC	-	-	-	-	-	-	-	22	-
Incheon New Port Smart Complex Co., Ltd	-	-	-	-	-	-	-	-	5
<b>Joint ventures</b>									
Oasis Residences Real Estate, LLC	-	-	-	-	-	-	-	-	10,180
Lignana LLP	-	-	-	-	-	-	-	-	11,002
VESPOLINA SP. Z O.O.	-	-	-	-	-	-	-	-	2
PDC INDUSTRIAL CENTER 198 SP.	-	-	-	-	-	-	-	-	366
MAGNA PFV Corp.	-	-	-	-	-	-	-	-	37,000
<b>Others</b>									
Oksan Ochang Highway Corporation	4.60	2047.12.31	2,040	3,120	-	-	5,160	209	-
Eun Pyeong New Road Corp.	6.90	-	163	-	-	-	163	11	-
			<u>₩ 37,786</u>	<u>₩ 3,419</u>	<u>₩ 758</u>	<u>₩ 274</u>	<u>₩ 40,721</u>	<u>₩ 10,147</u>	<u>₩ 65,677</u>

#### (5) Guarantees between related parties

Details of payment guarantees that the Group provides to the related parties as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won and in thousands of foreign currencies)

	Type	Beneficiary	Period	2023		2022	
Associates							
Parkcity Co., Ltd. (formerly, SoBaek Co., Ltd.)	Payment guarantee	KB Securities	2022.08~2024.08	KRW	43,400	KRW	48,400
			2022.08~2024.08	KRW	105,000	KRW	100,000
		Daishin Securities	2023.08~2024.08	KRW	20,000	KRW	-
			2023.08~2024.08	KRW	20,000	KRW	-
		SC Bank	2021.04~2024.12	KRW	145,000	KRW	145,000
Bucheon Visual Culture Industrial Complex Development Co. Ltd.	Payment guarantee	ACPG Bucheon Development Limited	2021.06~2024.06	USD	30,000	USD	30,000
EPOCH PFV Co., LTD.	Conditional debt acquisition	INDUSTRIAL BANK OF KOREA and others	2022.03~2024.09	KRW	238,100	KRW	96,600
		Pavilion Asset	2022.03~2024.09	KRW	50	KRW	50

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	Type	Beneficiary	Period	2023		2022	
Cheonan Techno Park Inc.	Conditional debt acquisition	Management Co., Ltd. INDUSTRIAL BANK OF KOREA and others	2022.04~2026.04	KRW	125,800	KRW	210,000
Cheongju Hi Tech Valley	Conditional debt acquisition	Korea Investment & Securities Co., Ltd. and others	2022.04~2026.04	KRW	105,600	KRW	130,000
<b>Others</b>							
Oksan Ochang Highway Corporation	Payment guarantee	Meritz Fire & Marine Insurance CO., Ltd. and others	2015.10~2045.12	KRW	1,980	KRW	5,040
Seoul Munsan Expressway Co., Ltd. <sup>1</sup>	Payment guarantee	HANWHA GENERAL INSURANCE CO., LTD.	-	KRW	-	KRW	22,750

<sup>1</sup> Excluded from the consolidation for the year ended December 31, 2023.

The Group provides payment guarantees of USD 337,133,000 (from December, 2023 to May, 2026) for the contract performance guarantees provided to its associate Shuweiha RO Desalination Company L.L.C

(6) Details of the assets pledged as collaterals for the related parties as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)	Type	Beneficiary	2023	2022
<b>Associates</b>				
RENEW SOLAR ENERGY (JHARKHAND THREE) PRIVATE LIMITED	Equity securities	COOPERATIEVE RABOBANK U.A., HONG KONG BRANCH and others	₩ 16,252	₩ 16,053
GYEONGGIPYEONGTAEK GLOBAL CO., LTD.	Equity securities	KDB and others	4,000	4,000
<b>Others</b>				
Oksan Ochang Highway Corporation	Equity securities	Meritz Fire & Marine Insurance Co., Ltd. and others	29,940	29,940
	Electronic bill	Meritz Fire & Marine Insurance Co., Ltd. and others	17,000	17,000
GUMIMAKEUNMUL Co., Ltd.	Equity securities	Mirae Asset green infrastructure special asset investment trust 2	584	584
Seoul Munsan Expressway Co., Ltd. <sup>1</sup>	Equity securities	HANWHA GENERAL INSURANCE CO., LTD. and others	-	48,339

<sup>1</sup> Excluded from other related parties of the Company for the year ended December 31, 2023.

(7) Compensation for key management personnel of the Company as of December 31, 2023 and 2022, consists of the following:

(in millions of Korean won)	2023	2022
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**GS Engineering & Construction Corporation and Subsidiaries**  
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Salaries	₩	35,267	₩	35,808
Severance benefits		3,741		4,312
	₩	<u>39,008</u>	₩	<u>40,120</u>

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**31. Cash Flows**

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

<i>(in millions of Korean won)</i>	<b>2023</b>		<b>2022</b>	
<b>Profit (loss) for the year</b>	₩	(419,501)	₩	441,212
<b>Adjustments for:</b>				
Income tax expenses (benefits)	₩	(97,986)	₩	223,686
Interest expenses		306,281		148,465
Interest income		(198,225)		(125,311)
Dividend income		(9,435)		(10,803)
Depreciation		67,071		72,714
Amortization		26,139		55,713
Depreciation of investment property		20,105		21,247
Depreciation of right-of-use assets		80,088		64,610
Bad debt expense		169,919		96,927
Reversal of allowance for bad debt		(156,281)		(50,580)
Provision for severance benefits		54,512		66,697
Loss on disposal of trade receivables		197		578
Gain on foreign currency translation		(5,329)		(100,658)
Loss (gain) on disposal of property, plant and equipment		373		(190)
Impairment loss on property, plant and equipment		18,160		2,570
Loss (gain) on disposal of intangible assets		(153)		130
Impairment loss on intangible assets		4,912		10,506
Reversal of impairment loss on intangible asset		(431)		-
Gain on disposal of investment property		(141)		-
Impairment loss on investment property		5,381		-
Reversal of impairment loss on investment property		-		(2,700)
Impairment loss on right-of-use assets		-		3,364
Loss (gain) on valuation of derivatives		16,586		(12,703)
Gain on derivatives transactions		(21,273)		(11,469)
Financial guarantee expenses		3,084		-
Reversal of financial guarantee liabilities		(3,302)		(2,133)
Construction warranty expenses		109,560		84,178
Reversal of provision for construction warranties		(6,613)		(4,237)
Provision for construction losses		681,328		161,441
Reversal of provision for construction losses		(248,122)		(45,406)
Provision for others		307,088		14,924
Reversal of provision for others		(3,006)		(3,301)
Loss on disposal of other assets		23		55

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<i>(in millions of Korean won)</i>	<b>2023</b>		<b>2022</b>	
Loss on valuation of financial assets at fair value through profit or loss		3,807		2,252
Loss on disposal of financial assets at fair value through profit or loss		126		-
Loss on disposal of financial assets		4,737		2,259
Loss on overseas operations translation		23,414		2,520
Gain on overseas operations translation		(10,347)		(3,119)
Gain on disposal of investments in associates		(1)		(850)
Share of profits of associates and joint ventures		(39,931)		(18,254)
Loss on changes in leases		(4)		4,135
Others		352		871
	₩	1,102,663	₩	648,128
<b>Changes in operating assets and liabilities</b>				
Trade receivables	₩	(287,616)	₩	(94,167)
Other receivables		20,256		58,093
Contract assets		366,642		(501,925)
Inventories		314,492		203,234
Settlement of derivatives transactions		41,576		(9,391)
Other current assets		37,493		(61,972)
Other non-current assets		3,838		(4,694)
Trade payables		(95,607)		101,060
Other payables		8,602		(293,067)
Contract liabilities		(158,817)		(121,028)
Other current liabilities		(20,268)		53,016
Other current provision		(31,033)		(5,403)
Non-current provision		(107,340)		(73,790)
Other non-current liabilities		10,955		19,377
Payment of severance benefits		(71,741)		(79,063)
Others		(3,960)		26,453
	₩	27,472	₩	(783,267)
	₩	710,634	₩	306,073

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

<i>(in millions of Korean won)</i>	<b>2023</b>		<b>2022</b>	
Reclassification to current portion of borrowings	₩	477,724	₩	569,478
Reclassification of long-term and short-term loans		213,018		255,576

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<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Reclassification to current portion of debentures	211,219	474,631
Reclassification of investment property to inventories	172,377	161,583
Reclassification of deposits for business to loans	138,195	269,721
Changes in lease liabilities	79,893	63,795
Write-off of other receivables and others	69,141	78,570
Reclassification to current portion of leasehold deposits received	35,599	71,360
Reclassification of plan assets to net defined benefit assets	14,939	40,801
Reclassification of inventories to tangible assets	10,488	-
Reclassification to current portion of derivative assets	367	10,228
Reclassification of other assets to property, plant and equipment	-	22,406

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

(in millions of Korean won)

	2023							
	Cash flows from financing activities		Impact on non-cash transactions					
	Beginning		Additional expenses	Current portion	Transfer	Exchange differences	Ending	
Short-term borrowings	₩ 879,143	₩ 77,600	₩ 12,966	₩ 36,585	₩ 315,250	₩ (35,331)	₩ 1,286,213	
Current portion of debentures	488,676	(487,717)	820	211,219	-	1,188	214,186	
Current portion of long-term borrowing	783,794	(113,689)	5,030	441,139	(315,250)	36,242	837,266	
Current financial guarantee liabilities	6,662	-	26	2,859	(1,114)	(1)	8,432	
Current lease liabilities	111,123	(113,878)	-	70,208	27,176	91	94,720	
Current portion of leasehold deposits received	68,312	-	-	(35,599)	-	-	32,713	
Other current liabilities	180,296	(3,554)	-	(2,390)	-	1	174,353	
Debentures	386,086	257,709	309	(211,219)	-	10,227	443,112	
Long-term borrowings	1,847,894	1,063,905	9,338	(477,724)	-	23,917	2,467,330	
Financial guarantee liabilities	80,454	4,338	118	(2,859)	(30,216)	-	51,835	
Leasehold deposits received	48,400	(57,856)	-	35,599	(7,913)	(2)	18,228	
Non-current lease liabilities	371,676	(3,467)	-	(70,208)	55,449	56	353,506	
Other non-current liabilities	31,117	8,265	-	2,390	-	-	41,772	
	₩ 5,283,633	₩ 631,656	₩ 28,607	₩ -	₩ 43,382	₩ 36,388	₩ 6,023,666	

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(in millions of Korean won)	2022															
	Beginning		Cash flows from financing activities		Impact on non-cash transactions							Ending				
Additional expenses					Current portion		Transfer		Change in consolidation		Exchange differences					
Short-term borrowings	₩	269,308	₩	486,451	₩	136	₩	4,274	₩	120,827	₩	-	₩	(1,853)	₩	879,143
Current portion of debentures		368,617		(365,524)		543		474,554		125		-		10,361		488,676
Current portion of long-term borrowing		332,485		(10,065)		-		565,204		(131,742)		-		27,912		783,794
Current financial guarantee liabilities		4,970		-		-		2,188		(496)		-		-		6,662
Current lease liabilities		96,613		(14,717)		193		19,907		6,060		2,090		977		111,123
Current portion of leasehold deposits received		140,700		(1,027)		-		(71,360)		-		-		(1)		68,312
Other current liabilities		176,165		(1,965)		-		6,096		-		-		-		180,296
Debentures		672,531		72,060		897		(474,554)		(125)		99,899		15,378		386,086
Long-term borrowings		1,722,107		636,718		-		(569,478)		(2,910)		-		61,457		1,847,894
Financial guarantee liabilities		85,752		-		(2,133)		(2,188)		(977)		-		-		80,454
Leasehold deposits received		47,380		(70,351)		-		71,360		-		-		11		48,400
Non-current lease liabilities		420,874		(91,373)		(16)		(19,907)		64,061		85		(2,048)		371,676
Other non-current liabilities		34,351		2,862		-		(6,096)		-		-		-		31,117
	₩	4,371,853	₩	643,069	₩	(380)	₩	-	₩	54,823	₩	102,074	₩	112,194	₩	5,283,633

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**32. Financial Risk Management**

The Group's activities are exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group supports to generate stable and continuous business performance and simultaneously focuses on improvement of cost competitiveness by improving financial structure and reducing financial cost.

The Group's overall risk management program focuses to minimize potential adverse effects on the Group's financial risk by monitoring periodical financial risk and rearranging the financial risk management policy.

(1) Financial risk

(a) Market risk

i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The Group's principal monetary assets and liabilities denominated in currencies other than its functional currency as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won and in thousands of foreign currencies)	2023			
	Financial assets		Financial liabilities	
	Foreign currency	Korean won equivalent	Foreign currency	Korean won equivalent
USD	583,632 ₩	752,536	1,289,817 ₩	1,663,090
EUR	17,076	24,360	378,035	539,301
KWD	419	1,759	8,893	37,307
JPY	-	-	260	2
AUD	11,940	10,508	-	-

(in millions of Korean won and in thousands of foreign currencies)	2022			
	Financial assets		Financial liabilities	
	Foreign currency	Korean won equivalent	Foreign currency	Korean won equivalent
USD	652,354 ₩	826,727	1,297,666 ₩	1,449,743
EUR	12,514	16,879	465,296	628,676
KWD	409	1,695	2	10
JPY	-	-	58,021	553
AUD	8,058	6,917		

As of December 31, 2023 and 2022, if the Group's functional currency had weakened/ strengthened by 5% against foreign currencies with all other variables held constant, profit before income tax would have been affected as follows:

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(in millions of Korean won)	2023		2022	
	Weakened (5%)	Strengthened (5%)	Weakened (5%)	Strengthened (5%)
USD	₩ (45,528)	₩ 45,528	₩ (31,151)	₩ 31,151
EUR	(25,747)	25,747	(30,590)	30,590
KWD	(1,777)	1,777	84	(84)
JPY	-	-	(28)	28
AUD	525	(525)	346	(346)

ii) Interest rate risk

The Group's interest rate risk arises from variable-rate borrowings, and related interest expense is exposed to interest rate risk. As of December 31, 2023, the financial liabilities that are exposed to interest rate risk are the variable-rate borrowings issued at variable rates amounting to ₩ 3,911,348 million (₩ 3,256,055 million in 2022).

As of December 31, 2023, and 2022, if interest rates had been fluctuated by 100bp with all other variables held constant, interest expenses would have been affected as follows:

(in millions of Korean won)	2023		2022	
	100bp increase	100bp decrease	100bp increase	100bp decrease
Interest expenses	₩ 29,364	₩ (29,364)	₩ 23,819	₩ (23,819)

(b) Credit risk

Credit risk occurs in the ordinary course of business and investment activities of the Group when the customers or counterparties could not comply with the obligations of the contract. To manage the credit risk, the Group evaluates the credit of customers periodically, considering past experience and other factors and sets individual credit limit considering the credit quality of customer.

Credit risk arises from cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit risk to primary customers, including outstanding receivables and firm committed transactions.

The Group's credit risk is managed in accordance with the Group's credit policy with the purpose of minimizing possible loss through efficient credit risk management, support for rapid decision making and implementation of safety measures on the Group's accounts receivable. The Group appropriately evaluates and reflects the risks to the statement of financial position when a default is expected, as of December 31, 2023, for receivables with any signs of impairment or those for which recovery date has passed.

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The provision matrix for trade receivables based on collective assessment as of December 31, 2023 is as follows:

<i>(in millions of Korean won)</i>	<b>Expected credit losses ratio (%)</b>	<b>Book value</b>		<b>Expected credit losses</b>	
Receivable not past due	1.26	₩	732,257	₩	9,225
Less than 3 months	1.57		350,299		5,492
Between 4 ~ 12 months	5.81		523,445		30,415
Between 13 ~ 24 months	27.24		17,432		4,748
Between 25 ~ 36 months	54.59		5,092		2,779
Over 36 months	68.77		2,290		1,576
		₩	1,630,815	₩	54,235

In addition, the Group has recognized for doubtful account on trade receivables of ₩ 135,108 million by individual basis assessment as of December 31, 2023.

Details of maximum exposure to credit risk as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	<b>2023</b>	<b>2022</b>
Cash equivalents (excluding cash on hands)	₩ 2,244,032	₩ 2,021,342
Trade and other receivables	3,529,003	3,251,679
Contract assets	1,267,066	1,555,865
Short-term financial assets	586,665	582,067
Long-term financial assets	784,575	713,678
Long-term trade and other receivables	1,374,648	1,204,451
Financial guarantee contracts	8,567,879	8,855,020

In addition to the above-mentioned financial guarantee contracts, the Group also has provided an intermediate payment loan guarantee agreement, a housing guarantee agreement, and a loan agreement. The maximum exposure to credit risk is the amount provided in the agreements (see Note 21).



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#### (c) Liquidity risk

The Group's liquidity risk arises when it does not have sufficient cash to fulfill payment obligations from financial liabilities or to meet operational needs.

The Group manages possible liquidity risk in advance through monitoring forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

Major commitments related to the credit limit of financial institutions as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)	Financial institutions	2023		2022	
		Limited amount	Used amount	Limited amount	Used amount
Short-term and long-term financial liabilities <sup>1</sup>	Korea Exim bank and others	₩ 10,921,062	₩ 7,024,489	₩ 8,972,045	₩ 6,339,120

<sup>1</sup> Include amounts related to comprehensive trading limit (letter of credit and foreign bond) and the Group's borrowings and exclude lease liabilities.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

(in millions of Korean won)	2023					
	Book value	Cash flow on contract	Residual maturity			
			Less than 1 year	Between 1 year and 2 years	Between 2 years and 3 years	Over 3 years
Trade and other payables	₩ 1,814,648	₩ 1,814,648	₩ 1,810,904	₩ 3,744	₩ -	₩ -
Short-term and long-term financial liabilities <sup>1</sup>	5,763,731	6,295,084	2,762,337	1,393,340	988,648	1,150,759
Financial guarantee liabilities <sup>2</sup>	60,268	8,567,879	8,567,879	-	-	-
	<u>₩ 7,638,647</u>	<u>₩ 16,677,611</u>	<u>₩ 13,141,120</u>	<u>₩ 1,397,084</u>	<u>₩ 988,648</u>	<u>₩ 1,150,759</u>

<sup>1</sup> Includes interest expense.

<sup>2</sup> The cash flows on contract are the principal amount and commitment limits from the PF, redevelopment projects, SOC, overseas operations and others that are recognized as financial guarantee liabilities. In addition to the above-mentioned financial guarantee contracts, the Group also has provided an intermediate payment loan guarantee agreement and a housing guarantee agreement. The maximum exposure to liquidity risk is the amount provided in the agreements (Note 21).

**GS Engineering & Construction Corporation and Subsidiaries**  
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(in millions of  
Korean won)

	2022					
	Book value	Cash flow on contract	Residual maturity			
			Less than 1 year	Between 1 year and 2 years	Between 2 years and 3 years	Over 3 years
Trade and other payables	₩ 1,874,115	₩ 1,874,115	₩ 1,874,115	₩ -	₩ -	₩ -
Short-term and long-term financial liabilities <sup>1</sup>	4,987,663	5,376,548	2,444,632	924,715	530,724	1,476,477
Financial guarantee liabilities <sup>2</sup>	87,115	8,855,020	8,855,020	-	-	-
	<u>₩ 6,948,893</u>	<u>₩ 16,105,683</u>	<u>₩ 13,173,767</u>	<u>₩ 924,715</u>	<u>₩ 530,724</u>	<u>₩ 1,476,477</u>

<sup>1</sup> Includes interest expense.

<sup>2</sup> The cash flows on contract are the principal amount and commitment limits from the PF, redevelopment projects, SOC, overseas operations and others that are recognized as financial guarantee liabilities. In addition to the above-mentioned financial guarantee contracts, the Group also has provided an intermediate payment loan guarantee agreement and a housing guarantee agreement. The maximum exposure to liquidity risk related to these agreements is the amount provided in the agreements (see Note 21).

(2) Capital risk management

The Group's capital management objectives are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Gearing ratios as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

	2023	2022
Total liabilities (A)	₩ 12,822,139	₩ 11,590,414
Total equity (B)	4,885,160	5,356,203
Deposits (C)	2,244,032	2,021,340
Borrowings (D)	5,248,105	4,385,592
Debt-to-equity ratio (A/B)	262%	216%
Net borrowings ratio ((D-C)/B)	61%	44%

**GS Engineering & Construction Corporation and Subsidiaries**  
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**33. Fair Value**

For the year ended December 31, 2023, there are no significant changes in the business environment and economic environment that affect the fair value of financial assets and financial liabilities of the Group.

(1) Fair value of financial instruments by category

Carrying amounts and fair values of financial instruments by category as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

	<b>2023</b>		<b>2022</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
<b>Financial assets</b>				
Cash and cash equivalents	₩ 2,244,925	₩ 2,244,925	₩ 2,023,701	₩ 2,023,701
Trade and other receivables	3,529,003	3,529,003	3,251,679	3,251,679
Short-term financial assets	592,972	592,972	582,066	582,066
Long-term trade and other receivables	1,374,648	1,374,648	1,204,451	1,204,451
Long-term financial assets	784,575	784,575	713,678	713,678
Financial assets at fair value through profit or loss	263,978	263,978	273,951	273,951
	<u>₩ 8,790,101</u>	<u>₩ 8,790,101</u>	<u>₩ 8,049,526</u>	<u>₩ 8,049,526</u>
<b>Financial liabilities</b>				
Trade and other payables	₩ 1,810,904	₩ 1,810,904	₩ 1,874,115	₩ 1,874,115
Short-term financial liabilities	2,481,711	2,480,353	2,339,439	2,338,452
Other current liabilities	606,190	606,190	556,307	556,307
Long-term trade and other payables	3,744	3,744	-	-
Long-term financial liabilities	3,342,288	3,345,882	2,735,340	2,726,847
Other non-current liabilities	111,689	111,689	85,454	85,454
	<u>₩ 8,356,526</u>	<u>₩ 8,358,762</u>	<u>₩ 7,590,655</u>	<u>₩ 7,581,175</u>

# GS Engineering & Construction Corporation and Subsidiaries

## Notes to the consolidated financial statements

### December 31, 2023 and 2022

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#### (2) Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Valuation methods used to measure the fair value of financial instruments include the following:

- disclosed market price of similar product or dealer price;
- fair value of derivatives is measured by discounting to present value using forward exchange rate as of December 31, 2023 and 2022; and
- cash flow discount method is used for others.

#### (3) Fair value hierarchy classifications of the financial assets and financial liabilities that are measured at fair value

Fair value hierarchy classifications of the financial assets and financial liabilities that are measured at fair value or of which fair values are disclosed as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

	2023			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Short-term financial assets	₩ -	₩ 36,307	₩ -	₩ 36,307
Derivative assets	-	8,327	-	8,327
Financial assets at fair value through profit or loss	565	-	263,413	263,978
<b>Financial liabilities</b>				
Derivative liabilities	-	16,459	-	16,459

**GS Engineering & Construction Corporation and Subsidiaries**  
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(in millions of Korean won)

	2022			
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Derivative assets	₩ -	₩ 32,187	₩ -	₩ 32,187
Financial assets at fair value through profit or loss	661	-	273,290	273,951
<b>Financial liabilities</b>				
Derivative liabilities	-	2,560	-	2,560

(4) Transfers between the levels of each fair value hierarchy

There are no transfers between the levels of each fair value hierarchy for the year ended December 31, 2023.

(5) Valuation techniques and inputs used in the fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy as of December 31, 2023 are as follows:

(in millions of Korean won)

(in millions of Korean won)		2023				
	Fair value	Level	Valuation techniques	Inputs	Range of inputs (weighted average)	
Financial assets at fair value through profit or loss						
Gyongbuk Green Energy	₩ 1,623	3	Discounted cash flow model	Discount rate	17.48%	
Ulsan green Co., Ltd.	2,987	3	Dividend discount model	Discount rate	13.02%	
Wonju Green Co., Ltd.	459	3	Discounted cash flow model	Discount rate	12.00%	
Public Development Co., Ltd.	4,666	3	Discounted cash flow model	Discount rate	9.94%	
Angelswing Co., Ltd.	1,587	3	Binomial model	Discount rate	22.56%	
				Risk-free rate of return	3.96%	
CHEMICO ADVANCED MATERIALS CO., LTD.	3,006	3	Binomial model	Discount rate	21.68%	
				Risk-free rate of return	3.99%	
Gaya Railway Co., Ltd.	145	3	Shareholders' discounted cash flow model	Discount rate	7.40%	
Gumi Green Water Co., Ltd.	1,572	3	Discounted cash flow model	Discount rate	7.15%	
Masan Drain Co., Ltd.	302	3	Dividend discount model	Discount rate	6.87%	
Seoul Northern Highway Co., Ltd.	2,430	3	Dividend discount model	Discount rate	11.69%	
Oksan Ochang Highway	2,048	3	Dividend discount	Discount rate	12.18%	

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Corporation			model		
West Seoul Urban Expressway Inc.	53,865	3	SPA compliance assessment	-	-
Seoul Tunnel Co., Ltd.	8,410	3	SPA compliance assessment	-	-
Seoul-Munsan Highway Co., Ltd.	16,851	3	SPA compliance assessment	-	-
Pyeongtaek EOS	2,118	3	Discounted cash flow model	Discount rate	17.48%
Hwaseong Gwangju Highway	14,652	3	Discounted cash flow model	Discount rate	11.69%
Gunsan Green Energy Center Co., Ltd.	530	3	Dividend discount model	Discount rate	14.97%
Other equity securities	146,162	3	Precedent transactions analysis	-	-
<b>Derivative assets</b>					
Currency forward	7,201	2	Present value method	CD rate	3.52% ~ 3.84%
Interest rate swap	1,126	2	Present value method	-	-
<b>Derivative liabilities</b>					
Currency forward	2,276	2	Present value method	CD rate	3.52% ~ 3.84%
Currency swap	13,694	2	Present value method	CD rate	3.52% ~ 3.84%
Interest rate swap	489	2	Present value method	-	-

(6) Valuation processes for fair value measurements categorized as Level 3

The Group performs the fair value measurements, including Level 3 fair values, for major equity securities by using the estimate of external independent valuer who holds a certified professional qualification and performing internal review.

**GS Engineering & Construction Corporation and Subsidiaries**  
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**34. Service Concession Arrangements**

GS Inima Environment S.A., a subsidiary of GLOBAL WATER SOLUTION CO., LTD., has constructed, operated and maintained Service Concession Arrangements through its subsidiaries and details of significant business information are as follows:

<i>(in millions of Korean won)</i>	<b>Principal business activity</b>	<b>Countries</b>	<b>Start date</b>	<b>Expiry date</b>	<b>Amount</b>	<b>Classification</b>
Aguas de Ensenada, S.A. de C.V.	Seawater desalinating plant and others/ DBOOT (design, construction, operation, possession and transfer at the end of project period)	Mexico	2018.06	2036.05	₩ 75,521	Financial assets
Ambient Servicos Ambientais de Ribeirao Preto, S.A.	Sewage purifying plant and others, DBOOT (design, construction, operation, possession and transfer at the end of project period)	Brazil	1995.09	2033.09	71,957	Financial assets
Samar Solucoes Ambientais de Aracatuba S.A.	Water and sewage processing plan and others / BOT (construction, operation and transfer at the end of the project period)	Brazil	2012.09	2042.01	75,992	Intangible assets
Shariket Miyeh Ras Djinet, Spa	Seawater desalinating plant and others/ DBOOT (design, construction, operation, possession and transfer at the end of project period)	Algeria	2012.02	2037.09	74,469	Financial assets
GS Inima Industrial Triunfo, S.A.(formerly, Distribuidora de Aguas Triunfo S.A.)	Industrial waterworks in chemical complex and others / AOO (Operation through acquisition of shares)	Brazil	2014.03	2054.02	117,392	Intangible assets
GS Inima Barka 5 Desalination Company, S.A.O.C.	Seawater desalinating plant and others/ DBOOT (design, construction, operation, possession and transfer at the end of project period)	Oman	2024.06	2044.06	153,886	Financial assets

# **GS Engineering & Construction Corporation and Subsidiaries**

## **Notes to the consolidated financial statements**

### **December 31, 2023 and 2022**

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#### **35. Events after the Reporting Period**

The Group entered into a facility loan agreement with the Korea Development Bank (KDB) in April 2023, totaling ₩ 120,000 million, of which ₩ 36,000 million is to be drawn down in January 2024 to fund the construction of a lithium-ion battery recycling plant. As part of the agreement, the Group added KDB as a co-insurer for assembly insurance (provided by KB Insurance) for the construction project. KDB also established a pledge over the insured amount (up to ₩ 100,800 million). In connection with the loan agreement, the Group provided KDB with a transfer of collateral rights over assets under construction (up to ₩ 80,400 million).



### **Audit opinion on internal control over financial reporting**

The accompanying independent auditor's report on internal control over financial reporting is attached as a result of auditing the internal control over financial reporting of GS Engineering & Construction Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group") and the consolidated financial statements of the Group for the year ended December 31, 2023 in accordance with the Article 8 of the *Act on External Audit of Stock Companies*.

Attachments:

1. Independent auditor's report on internal control over financial reporting
2. ICFR operating status report

## **Independent auditor's report on internal control over financial reporting** (English Translation of a Report Originally Issued in Korean)

### **GS Engineering & Construction Corporation The Shareholders and Board of Directors**

#### **Opinion on internal control over financial reporting**

We have audited the internal control over financial reporting ("ICFR") of GS Engineering & Construction Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group") based on the Conceptual Framework for Design and Operation of ICFR established by the Operating Committee of ICFR in Korea (the "ICFR Committee") as of December 31, 2023.

In our opinion, the Group's ICFR has been designed and is operating effectively, in all material respects, as of December 31, 2023 in accordance with the Conceptual Framework for Design and Operation of ICFR.

We also have audited, in accordance with Korean Standards on Auditing ("KSA"), the consolidated statement of financial position as of December 31, 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including material accounting policy information, of the Group, and our report dated March 21, 2024 expressed an unqualified opinion thereon.

#### **Basis for opinion on ICFR**

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

#### **Responsibilities of management and those charged with governance for ICFR**

Management is responsible for designing, implementing and maintaining an effective ICFR, and for assessing the effectiveness of the ICFR included in the accompanying ICFR operating status report.

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

#### **Auditor's responsibilities for the audit of ICFR**

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

An audit of the ICFR involves performing procedures to obtain audit evidence as to whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit also includes testing and evaluating the design and operation of ICFR based on obtaining an understanding of ICFR and the assessed risk.

#### **ICFR definition and inherent limitations**

A group's ICFR is implemented by those charged with governance, management, and other employees and is a

process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (“KIFRS”). A group's ICFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company and its subsidiaries; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the consolidated financial statements in accordance with KIFRS, and that receipts and expenditures of the Company and its subsidiaries are being made only in accordance with authorizations of management and directors of the Company and its subsidiaries; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the assets of the Company and its subsidiaries that could have a material effect on the consolidated financial statements.

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

The engagement partner on the audit resulting in this independent auditor's report is *Tae Gon Lee*.

*Ernst & Young Han Young*

March 21, 2024

This audit report is effective as of March 21, 2024 the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the Group's ICFR and may result in modifications to this report.

## ICFR Operating Status Report

(English Translation of a Report Originally Issued in Korean)

### To the Shareholders, Board of Directors, and Audit Committee of GS Engineering & Construction Corporation

We, as the President and the Internal Accounting Manager of GS Engineering & Construction Corporation ("the Company"), assessed operating status of the Company's Internal Control over Financial Reporting for Consolidation Purposes ("ICFRCP") for the year ending December 31, 2023.

Design and operation of ICFRCP is the responsibility of the Company's management, including the President and the Internal Accounting Manager (collectively, "We", "Our" or "Us").

We evaluated whether the Company effectively designed and operated its ICFRCP to prevent and detect errors or frauds which may cause a misstatement in consolidated financial statements to ensure preparation and disclosure of reliable consolidated financial information.

We used the 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting' established by the Operating Committee of Internal Control over Financial Reporting in Korea (the "ICFR Committee") as the criteria for design and operation of the Company's ICFRCP. And we conducted an evaluation of ICFRCP based on the 'Management Guideline for Evaluating and Reporting Effectiveness of Internal Control over Financial Reporting' established by the ICFR Committee.

Based on our assessment, we concluded that the Company's ICFRCP is designed and operated effectively as of December 31, 2023, in all material respects, in accordance with the 'Conceptual Framework for Designing and Operating Internal Control over Financial Reporting'.

We certify that this report does not contain any untrue statement of a fact, or omit to state a fact necessary to be presented herein. We also certify that this report does not contain or present any statements which might cause material misunderstandings of the readers, and we have reviewed and verified this report with sufficient care.

February 29, 2024



Chae, Hun-geun  
Internal Accounting Manager



Lim, Byeong-yong  
President