

PRICING SUPPLEMENT

23 October 2024

KOREA WATER RESOURCES CORPORATION
Issue of US\$110,000,000 Floating Rate Green Notes Due 2026
under the US\$2,000,000,000
Euro-Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 11 April 2022. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Offering Circular. Full information regarding the Company and the offer of the Notes is only available on the basis of the combination of the Pricing Supplement and the Offering Circular.

The Notes may not be offered, delivered, or sold directly or indirectly in Korea or to any resident of Korea (as defined in the Foreign Exchange Transaction Act of Korea and the rules and regulations promulgated thereunder) or to others for re-offering or resale directly or indirectly in Korea or to any resident of Korea except as otherwise permitted under applicable Korean laws and regulations.

Company:	Korea Water Resources Corporation
(a) Series Number:	10
(b) Tranche Number:	1
Specified Currency or Currencies:	US\$
Aggregate Nominal Amount:	
(a) Series:	US\$110,000,000
(b) Tranche:	US\$110,000,000
(a) Issue Price	100% of the Aggregate Nominal Amount
(b) Net Proceeds:	US\$109,945,000
(c) Use of Proceeds:	The net proceeds from the offering of the Notes will be used to finance and/or refinance new and/or existing eligible projects in accordance with Korea Water Resources Corporation's Green Financing Framework 2022
(d) Specified Denominations:	US\$200,000

(e) Calculation Amount:	US\$200,000
(f) Issue Date:	24 October 2024
(g) Interest Commencement Date:	Issue Date
Maturity Date:	Interest Payment Date falling in or nearest to October 2026
Interest Basis:	Compound Daily SOFR + 0.70% Floating Rate (further particulars specified below)
Redemption/Payment Basis:	Redemption at par
Change of Interest Basis or Redemption/ Payment Basis:	Not Applicable
Put/Call Options:	Not Applicable
Listing:	Singapore Exchange Securities Trading Limited
(a) Status of the Notes:	Senior
(b) Date of Board approval for issuance of Notes obtained:	None required
Method of distribution:	Non-syndicated
PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE	
Fixed Rate Note Provisions	Not Applicable
Floating Rate Note Provisions	Applicable
(a) Specified Period(s)/Specified Interest Payment Dates:	Quarterly, payable each 24 October, 24 January, 24 April and 24 July of each year commencing on 24 January 2025, up to and including the Maturity Date.
(b) Business Day Convention:	Adjusted Modified Following Business Day Convention
(c) Additional Business Centre(s):	London, New York and Seoul
(d) Manner in which the Rate of Interest and Interest Amount is to be determined:	Screen Rate Determination
(e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Fiscal Agent):	Not Applicable
(f) Screen Rate Determination:	
Reference Rate:	SOFR Benchmark
Interest Determination Date(s):	Five U.S. Government Securities Business

	Days before each Interest Payment.
Relevant Screen Page:	SOFR Administrator's Website
SOFR Benchmark:	Compounded Daily SOFR
Compounded Daily SOFR:	SOFR Lag
Lookback Days:	Five U.S. Government Securities Business Days
SOFR Observation Shift Days:	Not Applicable
SOFR Index _{Start} :	Not Applicable
SOFR Index _{End} :	Not Applicable
(g) ISDA Determination:	Not Applicable
(h) Margin(s):	+0.70% per annum
(i) Minimum Rate of Interest:	Not Applicable
(j) Maximum Rate of Interest:	Not Applicable
(k) Day Count Fraction:	Actual/360
(l) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	Not Applicable
Zero Coupon Note Provisions	Not Applicable
Index Linked Interest Note Provisions	Not Applicable
Dual Currency Interest Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

Company Call:	Not Applicable
Investor Put:	Not Applicable
Final Redemption Amount:	US\$200,000 per Calculation Amount
Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 8.5):	US\$200,000 per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

Form of Notes:	Bearer Notes: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event
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Additional Financial Centre(s) or other special provisions relating to Payment Days:	London, New York and Seoul
Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	No
Details relating to Partly Paid Notes amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Company to forfeit the Notes and interest due on late payment:	Not Applicable
Details relating to Instalment Notes:	
(a) Instalment Amount(s):	Not Applicable
(b) Instalment Date(s):	Not Applicable
Redenomination applicable:	Redenomination not applicable
Other terms:	Not Applicable
Additional U.S. federal income tax considerations:	Not Applicable
Private Bank Rebate/Commission:	Not Applicable
DISTRIBUTION	
(a) If syndicated, names of Managers:	Not Applicable
(b) Stabilising Manager(s) (if any):	Not Applicable
If non-syndicated, name of relevant Dealer:	Crédit Agricole Corporate and Investment Bank
U.S. Selling Restrictions:	Reg. S Category 2; TEFRA D
Additional selling restrictions:	Not Applicable
Prohibition of Sales to EEA Retail Investors:	Not Applicable
Prohibition of Sales to UK Retail Investors:	Not Applicable
Operational Information	
Any clearing system(s) other than Euroclear and Clearstream and the relevant identification number(s):	Not Applicable
Delivery:	Delivery against payment
Additional Paying Agent(s) (if any):	None
ISIN:	XS2925902376
Common Code:	292590237


LISTING APPLICATION

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the US\$2,000,000,000 Euro-Medium Term Note Programme of Korea Water Resources Corporation.

The Singapore Exchange Securities Trading Limited (the “SGX-ST”) assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Pricing Supplement. Approval in-principle from, admission to the Official List of, and the listing and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the Company, the Programme or the Notes.

RESPONSIBILITY

The Company accepts responsibility for the information contained in this Pricing Supplement. Signed on behalf of the Company:

대전광역시 대덕구 신탄진로 200
By: 한국수자원공사
Duly authorised 사장 윤 석 대 

KOREA WATER RESOURCES CORPORATION and Subsidiaries

Consolidated Financial Statements
December 31, 2023 and 2022

KOREA WATER RESOURCES CORPORATION and Subsidiaries

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December 31, 2023 and 2022

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Independent Auditor's Report

(English Translation of a Report Originally Issued in Korean)

To the Shareholders and Board of Directors of
KOREA WATER RESOURCES CORPORATION

Opinion

We have audited the accompanying consolidated financial statements of KOREA WATER RESOURCES CORPORATION and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of KOREA WATER RESOURCES CORPORATION as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Accounting Rules for Public Corporations and Quasi-governmental Institutions in the Republic of Korea.

Basis for Opinion

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

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2 to these consolidated financial statements. As discussed in Note 2, the consolidated financial statements were prepared in accordance with Accounting Rules and Standards for Public Corporations and Quasi-governmental Institutions in the Republic of Korea. International Financial Reporting Standards as adopted by the Republic of Korea ("Korean IFRS") were applied for matters not stipulated in the same regulations and standards in accordance with Article 2, Paragraph 5.

Other Matters

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Accounting Rules for Public Corporations and Quasi-governmental Institutions in the Republic of Korea, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Samuel PricewaterhouseCoopers

February 27, 2024

Seoul, Korea

This report is effective as of February 27, 2024, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

KOREA WATER RESOURCES CORPORATION and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2023 and 2022

<i>(in thousands of Korean won)</i>	Notes			2023			2022
Assets							
Current assets							
Cash and cash equivalents	5,7,39,40	₩		267,195,736	₩		690,113,424
Current financial assets	6,7,8,11,39,40			82,639,314			174,279,908
Trade and other receivables, net	9,17,39,40			610,754,227			613,642,993
Inventories	12			7,990,086,692			7,791,040,392
Current tax assets				5,064,285			3,675,586
Other non-financial assets	13			112,351,843			203,258,182
				<u>9,068,092,097</u>			<u>9,476,010,485</u>
Non-current assets							
Financial assets at fair value through profit or loss	8,10,11,39,40			136,128,280			117,777,803
Financial assets at fair value through other	8,10,11,39,40			24,796,441			24,906,786
Long-term loans	8,10,11,39,40			30,217,525			30,341,913
Non-current derivative assets	8,10,11,39,40			54,161,350			35,515,807
Long-term financial instruments	8,10,11,39,40			67,711			-
Long-term trade and other receivables, net	9,40,41			681,209,403			730,288,944
Property, plant and equipment	15,21,24			1,765,656,547			1,730,884,481
Intangible assets other than goodwill	16,24,25			11,094,144,210			11,024,854,189
Investments in associates and joint ventures	14			82,359,897			46,877,487
Other non-financial assets	13			4,193,858			6,554,008
Deferred tax assets	37			55,817,118			1,640,686
				<u>13,928,752,340</u>			<u>13,749,642,104</u>
Total assets		₩		<u>22,996,844,437</u>	₩		<u>23,225,652,589</u>
Liabilities							
Current liabilities							
Trade and other payables	18,21,39,40	₩		458,109,537	₩		383,910,676
Short-term borrowings	19,20,39,40			360,000,000			220,000,000
Current portion of long-term borrowings	19,20,39,40			105,438,922			35,320,502
Current portion of debentures, net	19,20,39,40			1,070,000,000			1,544,764,000
Current tax liabilities	37			4,802,413			48,276,756
Other non-financial liabilities	26			2,116,602,063			2,569,659,548
Current provisions	23			151,872,085			146,420,989
				<u>4,266,825,020</u>			<u>4,948,352,471</u>
Non-current liabilities							
Trade and other payables	21,39,40			7,859,465			9,303,932
Long-term borrowings, net	8,19,20,21,39,40			178,865,876			267,808,634
Debentures, net	8,19,20,21,39,40			6,719,709,981			6,894,923,208
Non-current derivative liabilities	8,19,20,21,39,40			16,528,834			19,320,059
Other non-financial liabilities	26			124,199,830			97,796,195
Net defined benefit liabilities	22			265,315,785			201,951,739
Deferred tax liabilities	37			58,149			79,834
Non-current provisions	23,44			4,432,535			4,048,252
				<u>7,316,970,455</u>			<u>7,495,231,853</u>
Total liabilities				<u>11,583,795,475</u>			<u>12,443,584,324</u>
Equity							
Equity attributable to owners of the Parent Company							
Issued capital	1,27			10,621,888,201			10,238,622,309
Retained earnings	28,29			929,553,445			679,292,982
Other components of equity	30			(167,426,191)			(158,758,522)
				<u>11,384,015,455</u>			<u>10,759,156,769</u>
Non-controlling interests				<u>29,033,508</u>			<u>22,911,496</u>
Total equity				<u>11,413,048,963</u>			<u>10,782,068,265</u>
Total liabilities and equity		₩		<u>22,996,844,438</u>	₩		<u>23,225,652,589</u>

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

KOREA WATER RESOURCES CORPORATION and Subsidiaries
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2023 and 2022

<i>(in thousands of Korean won)</i>	Notes	2023		2022	
Revenue	4,31,41	₩	4,570,971,977	₩	4,759,317,102
Cost of sales	38,41		<u>4,012,344,204</u>		<u>3,934,941,069</u>
Gross profit			558,627,773		824,376,033
Selling, general and administrative expenses	4,9,15,16,23,33,38,43		<u>245,699,175</u>		<u>237,288,225</u>
Operating profit	4		312,928,598		587,087,808
Other income	23,33		59,921,331		305,735,946
Other expenses	9,33		30,332,871		46,739,072
Other gain, net	15,34		37,878,813		(201,536,631)
Finance income	8,35,39		202,036,656		219,657,887
Finance costs	36,39		269,478,436		332,594,026
Impairment loss on investments in associates	14		<u>(2,511,102)</u>		<u>(54,914,484)</u>
Profit before income tax expense			310,442,989		476,697,428
Income tax expense (income)	37		<u>(48,891,798)</u>		<u>69,286,214</u>
Profit for the year		₩	359,334,787	₩	407,411,214
Profit attributable to:					
Owners of the Parent		₩	351,855,793	₩	428,854,111
Non-controlling interests			<u>7,478,995</u>		<u>(21,442,899)</u>
		₩	<u>359,334,788</u>	₩	<u>407,411,212</u>
Other comprehensive income (loss)					
<i>Items that will not be reclassified to profit or loss</i>					
Remeasurements of net defined benefit liabilities	22,28		(35,859,308)		70,307,269
Financial assets at fair value through other comprehensive income	10,30		(188,884)		1,585,543
<i>Items that may be subsequently reclassified to profit or loss</i>					
Effective portion of unrealized change in fair values of cash flow hedges	8		1,980,718		(38,831,595)
Foreign currency translation differences for foreign operations			(13,530,049)		1,667,964
Increase (decrease) on equity of equity method investment	14		<u>1,071,850</u>		<u>(1,032,723)</u>
Other comprehensive income for the year, net of income tax			<u>(46,525,673)</u>		<u>33,696,458</u>
Total comprehensive income for the year		₩	<u>312,809,114</u>	₩	<u>441,107,672</u>
Total comprehensive income attributable to:					
Owners of the Parent		₩	307,889,305	₩	464,343,551
Non-controlling interests			<u>4,919,809</u>		<u>(23,235,880)</u>
		₩	<u>312,809,114</u>	₩	<u>441,107,671</u>

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

KOREA WATER RESOURCES CORPORATION and Subsidiaries

Consolidated Statements of Changes in Equity

Years Ended December 31, 2023 and 2022

(in thousands of Korean won)	Equity attributable to owners of the Group					
	Issued capital	Retained earnings (accumulated deficits)	Other components of equity	Total	Non-controlling Interests	Total equity
Balance at January 1, 2022	₩ 9,788,959,405	₩ 180,131,568	₩ (123,797,320)	₩ 9,845,293,653	₩ 44,490,262	₩ 9,889,783,915
Total comprehensive income						
Profit for the year	-	428,854,111	-	428,854,111	(21,442,899)	407,411,212
Other comprehensive income						
Remeasurements of net defined benefit liabilities	-	70,307,303	-	70,307,303	(34)	70,307,269
Financial assets at fair value through other comprehensive income	-	-	1,585,543	1,585,543	-	1,585,543
Effective portion of unrealized change in fair values of cash flow hedges	-	-	(38,831,595)	(38,831,595)	-	(38,831,595)
Foreign currency translation differences for foreign operations	-	-	3,460,911	3,460,911	(1,792,947)	1,667,964
Decrease in equity of equity method investment	-	-	(1,032,723)	(1,032,723)	-	(1,032,723)
	-	70,307,303	(34,817,864)	35,489,439	(1,792,981)	33,696,458
Total comprehensive income for the year	-	499,161,414	(34,817,864)	464,343,550	(23,235,880)	441,107,670
Transactions with owners						
Proceed from issuance of shares	449,662,904	-	-	449,662,904	1,517,828	451,180,732
Payment of dividends	-	-	-	-	(4,053)	(4,053)
Transactions within the Group	-	-	(143,339)	(143,339)	143,339	-
Total transactions with owners	449,662,904	-	(143,339)	449,519,565	1,657,114	451,176,679
Balance at December 31, 2022	₩ 10,238,622,309	₩ 679,292,982	₩ (158,758,523)	₩ 10,759,156,768	₩ 22,911,496	₩ 10,782,068,264

KOREA WATER RESOURCES CORPORATION and Subsidiaries

Consolidated Statements of Changes in Equity

Years Ended December 31, 2023 and 2022

Balance at January 1, 2023	₩ 10,238,622,309	₩ 679,292,982	₩ (158,758,523)	₩ 10,759,156,768	₩ 22,911,496	₩ 10,782,068,264
Total comprehensive income						
Profit for the year	-	351,855,793	-	351,855,793	7,478,994	359,334,787
Other comprehensive income						
Remeasurements of net defined benefit liabilities	-	(35,832,628)	-	(35,832,628)	(26,680)	(35,859,308)
Financial assets at fair value through other comprehensive income	-	-	(188,884)	(188,884)	-	(188,884)
Effective portion of unrealized change in fair values of cash flow hedges	-	-	1,980,718	1,980,718	-	1,980,718
Foreign currency translation differences for foreign operations	-	-	(10,997,544)	(10,997,544)	(2,532,505)	(13,530,049)
Increase in equity of equity method investment	-	-	1,071,850	1,071,850	-	1,071,850
	-	(35,832,628)	(8,133,860)	(43,966,488)	(2,559,185)	(46,525,673)
Total comprehensive income for the year	-	316,023,165	(8,133,860)	307,889,305	4,919,809	312,809,114
Transactions with owners						
Proceed from issuance of shares	383,265,892	-	-	383,265,892	668,650	383,934,542
Payment of dividends	-	(65,764,477)	-	(65,764,477)	-	(65,764,477)
Transactions within the Group	-	-	(533,809)	(533,809)	535,329	1,520
Total transactions with owners	383,265,892	(65,764,477)	(533,809)	316,967,606	1,203,979	318,171,585
Balance at December 31, 2023	₩ 10,621,888,201	₩ 929,551,670	₩ (167,426,192)	₩ 11,384,013,679	₩ 29,035,284	₩ 11,413,048,963

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

KOREA WATER RESOURCES CORPORATION and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

<i>(in thousands of Korean won)</i>	Notes	2023		2022	
Cash flows from operating activities					
Profit for the year		₩	359,334,787	₩	407,411,213
Adjustments for:					
Loss on valuation of inventories			24,258,878		1,763,294
Post-employment benefits	22		51,822,780		51,037,851
Depreciation	4,15		132,073,758		115,092,917
Amortization	16		594,394,814		660,878,871
Reversal of bad debt allowance	9		(3,652,652)		(302,606)
Bad debt expenses	9		125,146		9,596,836
Reversal of other bad debt allowance	9		(8,810,885)		-
Other bad debt expenses	9		1,666,136		17,366,583
Reversal of provisions	23		(5,277,367)		(9,058,521)
Recognition of provisions	23		12,474,590		10,761,848
Construction charge revenue			(2,357,606)		(2,357,606)
Government grants revenue			(1,819,713)		(1,628,949)
Gain on disposal of property, plant and equipment			(10,852,579)		(3,177,208)
Loss on disposal of property, plant and equipment			2,756,553		384,779
Gain on disposal of intangible assets			(31,120,367)		(6,606,150)
Impairment loss on property, plant and equipment			943,369		210,971,907
Interest income			(43,001,624)		(54,253,316)
Gain on valuation of financial assets at fair value through profit or loss			(162,807)		(177,608)
Gain on disposal of financial assets at fair value through profit or loss			(3,074,643)		-
Dividend income			(375,354)		(438,976)
Gain on valuation of derivative instruments			(116,789,119)		(115,849,290)
Gain on transactions of derivative instruments			(36,880,000)		(43,924,673)
Gain on repayment of financial liability			-		(279,662)
Gain on foreign currency translation			(595,233)		(4,730,314)
Income tax expense			150,236,623		148,841,417
Loss on valuation of financial assets at fair value through profit or loss			566,618		613,011
Loss on repayment of financial liability			-		408,112
Loss on foreign currency translation			81,933,713		139,696,486
Loss on valuation of investments in subsidiaries	14		28,831		-
Loss on valuation of investments in associates	14		4,848,785		4,604,391
Gain on valuation of investments in associates	14		(2,366,514)		-
Impairment loss on investments in associates	14		-		50,310,093
Income tax expense (income)	37		(48,891,798)		69,286,214
Others			(586,235)		(2,391,756)
			<u>741,516,098</u>		<u>1,246,437,975</u>
Changes in assets and liabilities due to operating activities:					
Inventories			(223,302,591)		73,280,020
Trade receivables			57,851,559		(136,792,300)
Long-term trade receivables			28,189,033		72,415,640
Due from customers			12,351,502		17,033,522
Other operating assets			194,257,977		120,555,516
Trade payables			6,792,830		2,374,591
Advances received			(190,542,721)		183,453,964
Other operating liabilities			(201,644,179)		(60,745,104)
Provisions	23		(584,862)		(27,568,921)
Assets for defined benefit plan	22		(18,397,279)		(28,559,424)
Defined benefit obligations	22		(18,753,746)		(14,407,649)
			<u>(353,782,477)</u>		<u>201,039,855</u>
Dividends received			542,051		515,831
Interest received			19,508,794		27,102,310
Interest paid			(152,722,436)		(156,689,766)
Income taxes paid			(38,323,389)		(18,202,410)
Net cash inflow from operating activities		₩	<u>576,073,428</u>	₩	<u>1,707,615,008</u>

KOREA WATER RESOURCES CORPORATION and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

<i>(in thousands of Korean won)</i>	Notes	2023	2022
Cash flows from investing activities			
Acquisition of investments in associates and joint ventures	₩	(33,300,000)	₩ (28,000,000)
Cash outflow due to changes in scope of consolidation		(1,043)	-
Acquisition of current financial assets at fair value through profit or loss		2,492,592	404,531,050
Acquisition of short-term financial instruments		-	(18,137,360)
Acquisition of long-term financial instruments		(67,711)	-
Acquisition of non-current financial assets at fair value through profit or loss		(300,987)	(3,279,570)
Disposal of non-current financial assets at fair value through profit or loss		4,634,958	-
Acquisition of financial assets at fair value through other comprehensive Income		(136,792)	(33,917)
Disposal of financial assets at fair value through other comprehensive Income		-	1,014,483
Increase in loans		(6,310,537)	(12,682,754)
Decrease in loans		3,230,672	9,305,331
Increase in deposits		(124,365,992)	(92,968,251)
Decrease in deposits		101,606,613	52,738,720
Acquisition of property, plant and equipment		(127,675,575)	(134,570,783)
Disposal of property, plant and equipment		14,838,865	5,382,609
Acquisition of intangible assets		(799,622,081)	(771,102,722)
Disposal of intangible assets		31,601,930	102,371,656
Government grants received		35,751,310	12,399,094
Collection of construction charge		-	2,941,791
Net cash outflow from investing activities		(897,623,778)	(470,090,623)
Cash flows from financing activities			
Repayment of lease liabilities		(7,038,350)	(5,024,148)
Repayment of current portion of long-term borrowings		(41,361,304)	(1,492,800)
Cash outflows related to derivative contracts		(4,544,371)	(41,404,470)
Cash inflows related to derivative contracts		158,364,970	122,308,694
Repayment of debentures		(1,544,764,000)	(1,453,603,451)
Proceeds from debentures		868,850,355	628,511,392
Repayment of short-term borrowings		-	(280,000,000)
Proceeds from short-term borrowings		140,000,000	-
Repayment of long-term borrowings		-	(311,536,155)
Proceeds from long-term borrowings		11,480,000	-
Cash contribution of government and local government		383,265,892	449,662,903
Payment of dividends		(65,828,834)	(80,908)
Increase in non-controlling interests (Increase in paid-up capital of subsidiaries)		550,246	1,517,828
Net cash outflow from financing activities		(101,025,396)	(891,141,115)
Net increase (decrease) in cash and cash equivalents		(422,575,746)	346,383,270
Cash and cash equivalents at the beginning of the year		690,113,424	340,425,825
Changes in cash and cash equivalents due to foreign currency translation		(341,946)	3,304,325
Cash and cash equivalents at the end of the year	₩	267,195,732	₩ 690,113,420

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

KOREA WATER RESOURCES CORPORATION and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

1. Reporting Entity

1.1 The Company

Korea Water Resources Development Corporation (“KWRDC”) was incorporated in 1967 100% invested by Korean government in accordance with the Korea Water Resources Development Corporation Act of the Republic of Korea.

KWRDC was reorganized as Industrial Sites & Water Resources Development Corporation on December 24, 1973, pursuant to the Act for Promotion of Industrial Site Development and had been reorganized again as Korea Water Resources Corporation (the “Parent Company”), pursuant to the Korea Water Resources Corporation Act (the “K-water Act”) on July 1, 1988.

The Parent Company is engaged in the business of promoting public interests by developing and managing water resources, facilitating water supply and improving the quality of water. In addition, the Group is involved in development projects for industrial complexes and special-purpose areas in accordance with the K-water Act.

As at December 31, 2023, share capital of the Group amounts to ₩ 10,641 billion, and details of ownership in the Group is as follows:

<i>(in thousands of Korean won)</i>	Share capital	Percentage of ownership
Government of the Republic of Korea	₩ 10,032,630,916	94.30%
Korea Development Bank	601,390,088	5.60%
Local government	7,026,278	0.10%
	₩ 10,641,047,283	100.00%

KOREA WATER RESOURCES CORPORATION and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

1.2 Subsidiaries of the Company

Details of the consolidated subsidiaries as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	Issued capital	Percentage of ownership		Location
		2023	2022	
KDS Hydro Pte. Ltd. ¹	₩ 129,551,757	80.00%	80.00%	Singapore
Korea Water & Environmental- Industry Corporation ²	-	-	100.00%	Korea
K-Water Thailand Co., Ltd. ³	-	-	99.99%	Thailand
JSC Nenskra Hydro ⁴	251,907,001	92.86%	92.67%	Georgia
Tina Hydro Power Limited ⁵	12,207,859	80.00%	80.00%	Solomon Island
K-Water operation management ²	500,000	100.00%	100.00%	Korea
Patrind O&M	462,505	99.99%	99.99%	Pakistan
Hasang O&M	831,083	94.99%	94.99%	Indonesia
PT Karian Water Services	10,101,885	70.00%	70.00%	Indonesia
K-water Tech Corporation	17,000,000	100.00%	100.00%	Korea
Yanggu Floating Photovoltaic Power Plant Inc. ¹	3,116,200	71.00%	71.00%	Korea
Imha Floating Photovoltaic Power Plant Inc.	7,466,400	100.00%	100.00%	Korea

¹ The Group pledged 91,014,979 shares of KDS Hydro Power Ltd. (carrying amount: ₩ 94,992,576 thousand) and 442,500 shares of Yanggu Floating Photovoltaic Power Plant Inc. (carrying amount: ₩ 2,212,500 thousand) as collateral for payment guarantee on borrowings of related parties as at December 31, 2023. Meanwhile, KDS Hydro Pte. Ltd. owns 100% of the shares of Star Hydro Power Limited (location: Pakistan).

² During the year ended December 31, 2023, K-Water Operations Management (surviving company) merged with Korea Water & Environmental-Industry Corporation (merged company).

³ During the year ended December 31, 2023, the subsidiary was liquidated.

⁴ During the year ended December 31, 2023, the ownership changed due to additional investment amounting to ₩ 7,605,824 thousand and the deficits to recoverable amount of a subsidiary, is recognized as impairment loss during the year ended December 31, 2022.

⁵ ₩ 2,674,600 thousand was additionally acquired during the year ended December 31, 2023.

KOREA WATER RESOURCES CORPORATION and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Details of financial information for the consolidated subsidiaries as at and for the years ended December 31, 2023 and 2022, are as follows:

Unless otherwise noted, summarized financial information is based on the separate financial statements of each subsidiary before reflecting the adjustment of differences in accounting policies of the Parent Company and inter-company eliminations.

<i>(in thousands of Korean won)</i>	2023			
	Assets	Liabilities	Revenue	Profit (loss) for the year
KDS Hydro Pte. Ltd. ¹	₩ 401,071,282	₩ 286,952,829	₩ 25,082,102	₩ 42,915,610
Korea Water & Environmental-Industry Corporation	-	-	11,922,810	(367,695)
JSC Nenskra Hydro	5,522,555	469,724	-	(9,503,196)
Tina Hydro Power Limited	34,688,230	20,938,653	4,315,300	242,665
K-Water operation management	19,040,226	11,389,557	45,974,904	1,997,180
Patrind O&M	13,402,844	8,855,223	5,605,156	1,339,647
Hasang O&M	1,665,391	56,452	2,245,851	350,481
PT Karian Water Services	8,998,438	1,460,008	-	(1,140,717)
K-water Tech Corporation	48,434,092	11,416,207	96,261,488	16,694,326
Yanggu Floating Photovoltaic Power Plant Inc.	17,091,647	14,470,092	135,164	(494,645)
Imha Floating Photovoltaic Power Plant Inc.	7,480,330	70,271	-	(56,337)
<i>(in thousands of Korean won)</i>	2022			
	Assets	Liabilities	Revenue	Profit (loss) for the year
KDS Hydro Pte. Ltd. ¹	₩ 393,281,194	₩ 308,747,983	₩ 16,644,169	₩ (25,549,168)
Korea Water & Environmental-Industry Corporation	5,209,441	1,590,482	11,776,046	(579,805)
K-Water Thailand Co., Ltd.	1,043	477	-	-
JSC Nenskra Hydro	13,877,438	7,026,143	-	(219,458,894)
Tina Hydro Power Limited	30,113,240	20,003,158	4,948,575	169,937
K-Water operation management	7,620,374	5,218,149	39,010,884	646,982
Patrind O&M	11,907,575	7,945,082	8,487,383	3,826,788
Hasang O&M	1,399,990	76,775	1,954,963	113,091
PT Karian Water Services	10,080,300	1,708,509	-	(941,838)
K-water Tech Corporation	26,406,427	6,082,869	21,293,298	3,323,559
Yanggu Floating Photovoltaic Power Plant Inc.	3,116,200	-	-	-
Imha Floating Photovoltaic Power Plant Inc.	7,466,396	-	-	(4)

¹ The amounts are based on consolidated financial information.

KOREA WATER RESOURCES CORPORATION and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

Changes in consolidated subsidiaries for the years ended December 31, 2023 and 2022, are as follows:

Name of subsidiary	2023	
	Changes	Reasons
Korea Water & Environmental-Industry Corporation	Excluded from consolidation	Merger
K-Water Thailand Co., Ltd.	Excluded from consolidation	Liquidation

Name of subsidiary	2022	
	Changes	Reasons
K-water Tech Corporation	Newly consolidated	Establishment of subsidiary
Yanggu Floating Photovoltaic Power Plant Inc.	Newly consolidated	Establishment of subsidiary
Imha Floating Photovoltaic Power Plant Inc.	Newly consolidated	Establishment of subsidiary

2. Basis of Preparation and Significant Accounting Policies

2.1 Basis of Preparation

The Group maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with Korean government-owned and Quasi-government Accounting Regulations and Standards and Accounting Rules for Public Corporations and Quasi-governmental Institutions in the Republic of Korea. International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS) were applied, except for the matters stipulated below.

The accompanying consolidated financial statements have been condensed, restructured and translated into English from the Korean language financial statements. Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Group's financial position, financial performance or cash flows, is not presented in the accompanying consolidated financial statements.

KOREA WATER RESOURCES CORPORATION and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

2.1.1 Accounting Standards for Public Corporations and Quasi-governmental Institutions, which differ from Korean IFRS, that the Group applied are as follows:

(a) Presentation of financial statements (Article 2)

The consolidated financial statements, the accompanying notes, and accounts are presented and classified in accordance with guidelines set by the Minister of Strategy and Finance.

(b) Government grants (Article 44)

Government grants used for the acquisition of certain assets are recognized as deferred revenue and it is recognized in profit or loss during the useful lives of the assets. Government grants received for consignment management service provided by the Group, Water Facilities Act, the Korea Water Resources Corporation Act, Act on Construction and Management of Dams and Assistance to Their Environs, etc. are recognized as operating revenue.

(c) Remaining government grants (Article 44-2 (Treatment of Remaining government grants and others))

The Group recognizes government grants that are not executed in the current period or are not recognized as expenses in the current period due to a balance occurring after execution, as deferred revenue in accordance with Article 44-2 of Accounting Rules and Standards for Public Corporations and Quasi-governmental Institutions in the Republic of Korea.

(d) Recognition of consignment business costs (Article 48 (Recognition of consignment business costs))

The Group recognizes business costs received in relation to business consigned or performed as an agency by the government or local governments as revenue from the consignment business in correspondence with the costs incurred at the time of execution, and they are not offset. Consignment business costs that are not executed in the current period or are not recognized as current expenses, such as remaining consignment business costs, are presented as deferred revenue.

(e) Contribution to the Employee Welfare Fund (Article 49)

The Group contributes to the employee welfare fund, and contributions are recognized as operating expenses in accordance with Employee Welfare Fund Act.

(f) Provision for bad debt expense (Article 11 of Accounting Rules (Reserve for bad debt expense))

When the Group estimates bad debt, the Group excludes the receivables of the debtor who is the head of a local government, the receivables for the land developed for housing complex and other receivables with certainty of recovery.

KOREA WATER RESOURCES CORPORATION and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

2.2 New or amended standards issued, but 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.

- Amendments to Korean IFRS 1116 Leases – Lease Liability in a Sale and Leaseback

The amendments to Korean IFRS 1116 *Leases* clarify that a seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee when subsequently measuring lease liabilities arising from a sale and leaseback. The amendments should be applied for annual periods beginning on or after January 1, 2024, but will be applied retrospectively to sale and leaseback transactions entered into after the date of the initial application of Korean IFRS 1116. Earlier application is permitted and it shall disclose that fact.

- Amendments to Korean IFRS 1001 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current

The amendments to Korea IFRS 1001 paragraphs 69~76 clarify the following to the classification of liabilities as current as current or non-current.

- Meaning of the right to defer settlement
- The right to defer settlement exists at the end of the reporting period
- Classification of a liabilities as current or non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability
- Classification of a liabilities as current or non-current is unaffected by the terms of the liability only if the embedded derivative of the convertible liabilities itself is an equity instrument.

Additionally, requirements for disclosure of relevant information have been adopted when an entity classifies liabilities arising from borrowing commitments as non-current liabilities and the right to defer settlement depends on compliance with the commitments within 12 months after the reporting period. The amendments should be retrospectively applied for annual periods beginning on or after January 1, 2024.

- Amendments to Korean IFRS 1007 Statement of Cash Flows, Korean IFRS 1107 Financial Instruments: Disclosures – Supplier finance arrangements

Korean IFRS 1007 *Statement of Cash Flows* and Korean IFRS 1107 *Financial Instruments: Disclosures* have been revised to describe the characteristics of supplier finance arrangements and require additional disclosures of such arrangements. The amendments are to enable users of financial statements to understand the effects of supplier finance arrangements on the entity's liabilities and cash flows and on the entity's exposure to liquidity risk. The amendments should be applied for annual periods beginning on or after January 1, 2024. Earlier application is permitted and it shall disclose that fact.

The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

KOREA WATER RESOURCES CORPORATION and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2023 and 2022

2.3 New or amended standards adopted by the Group

The Group has applied the following amendment to standards and interpretation for the fiscal period beginning on January 1, 2023.

- Korean IFRS 1117 Insurance Contract

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

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

This standard does not have a significant impact on the consolidated financial statements.

- Korean IFRS 1008 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates

The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. This standard does not have significant impact on the consolidated financial statements.

- Korean IFRS 1001 Presentation of Financial Statements - Disclosure of Accounting Policies

The amendments provide requirements and guidance that the Group can use as a reference in applying materiality judgments to the disclosure of accounting policies. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. This standard does not have significant impact on the consolidated financial statements.

KOREA WATER RESOURCES CORPORATION and Subsidiaries

Notes to the Consolidated Financial Statements

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- Korean IFRS 1012 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exception under Korean IFRS 1012, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as lease liabilities, decommissioning, restoration and similar liabilities. This standard does not have significant impact on the consolidated financial statements.

- Korean IFRS 1012 Income Taxes – International Tax Reform – Pillar Two Model Rules

The amendments are adopted following the implementation of the OECD's Pillar Two Model Rules for global minimum corporate tax and include the following.

- A temporary mandatory exception to the requirements to not recognize and disclose information about deferred tax assets and liabilities arising in accordance with tax laws established to implement Pillar Two Model Rules
- Disclosure requirements that can help users of information predict the financial effects of implementing Pillar Two Model Rules before the effective date.

Disclosure of the mandatory exception to deferred tax accounting and the application of exception requirements takes effect immediately. The remaining disclosure requirements should be applied for annual periods beginning on or after January 1, 2023, but should not be applied for interim periods ending on or before December 31, 2023. This standard does not have significant impact on the consolidated financial statements as the Group's revenue is less than EUR 750 million and is therefore not within the scope of application of the Pillar 2 best practices.

2.4 Significant accounting policies

Except as described below, the accounting policies applied by the Group for these consolidated financial statements are the same as those applied by the Group for its consolidated financial statements as of and for the year ended December 31, 2023.

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group controlled by the Parent made up to December 31 each year. Control is achieved when the Parent 1) has the power over the investee; 2) is exposed, or has rights, to variable returns from its involvement with the investee and 3) has the ability to use its power to affect its returns.

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

KOREA WATER RESOURCES CORPORATION and Subsidiaries

Notes to the Consolidated Financial Statements

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

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

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

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

(b) Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs recognized in profit or loss as incurred.

The identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date except for the ones mentioned below:

A. Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with Korean IFRS 1012 *Income Taxes* and Korean IFRS 1019 *Employee Benefits*, respectively.

B. Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Korean IFRS 1102 *Share-based Payment*, at the acquisition date.

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Notes to the Consolidated Financial Statements

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C. Assets (or disposal groups) that are classified as held for sale in accordance with Korean IFRS 1105 *Non-current Assets Held for Sale and Discontinued Operations*, are measured in accordance with Korean IFRS 1105.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquire, and the fair value of the Group's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceed the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held interest in the acquire (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

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

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

Measurement period adjustments are recognized when the adjustment results from additional information about facts and circumstances that existed at the acquisition date obtained during the 'measurement period' (which cannot exceed one year from the acquisition date).

The subsequent accounting for changes in fair value of the contingent consideration, which does qualify as measurement period adjustments, depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with Korean IFRS 1039 *Financial Instruments: Recognition and Measurement* or Korean IFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

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(c) Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. The existence of significant influence by an entity is usually evidenced in one or more of the following ways:

- (a) representation on the board of directors or equivalent governing body of the investee;
- (b) participation in policy-making processes, including participation in decisions about dividends or other distributions;
- (c) material transactions between the entity and its investee;
- (d) interchange of managerial personnel; or
- (e) provision of essential technical information.

The results of operations and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with Korean IFRS 1105. Under the equity method, an investment in an associate or a joint venture is recognized initially in the consolidated statements of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of Korean IFRS 1028 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Korean IFRS 1036 as a single asset by comparing its recoverable amount (higher of value-in-use and fair value, less costs of disposal) with its carrying

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amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with Korean IFRS 1036 to the extent that the recoverable amount of the investment subsequently increases.

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

(d) Investments in joint ventures

A joint agreement is a contractual agreement between the Group and another party to carry out economic activities subject to joint control. Joint control means that the consent of all participants is required for decision-making on important financial and business policies of the joint agreement.

When the Group engages in direct economic activities under a joint arrangement, the Group's investments in the joint venture and among the liabilities jointly accrued with other participants are recognized in the financial statements of the related company and classified according to their nature. Liabilities and expenses directly incurred in relation to investments in joint ventures are accounted for on an accrual basis. Among the outputs of the joint venture, the revenue generated from the sale or use of the Group's share and the amount of the Group's share of the expenses incurred by the joint venture are likely to result in an inflow or outflow of economic benefits related to the transaction, and the amount is recognized when it be measured reliably.

Investments in joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with Korean IFRS 1105 *Non-current Assets Held for Sale and Discontinued Operations*.

Goodwill arising from the acquisition of the Group's shares in joint ventures is treated in accordance with the Group's accounting policies for goodwill arising from business combination.

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

(e) Revenue recognition

According to Korean IFRS 1115, the Group recognizes revenue from waterworks based on 5 steps revenue recognition model (① Identifying contracts ② Identifying performance obligations ③ Determining the transaction price ④ Allocating the transaction price to performance obligations ⑤ recognize revenue when obligations are fulfilled). Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and

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excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a product or service to a customer.

(f) Lease

The lessor classifies the lease contract as either an operating lease or a finance lease depending on the substance of the transaction, and the accounting treatment is different depending on the classification.

Lessee apply a single model for recognizing assets and liabilities under all leases in the financial statements, unless the short-term lease and the exemption for low-value assets apply.

Lessee and lessor account for each lease component of the contract as a lease separately from the non-lease component ('non-lease component'), in a lease agreement or contract containing a lease. However, by applying the practical expedient method in accounting as a lessee, the non-lease component is not separated from the lease component, and each lease component and the related non-lease component are accounted for as a single lease component.

· The Group as lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. In case of finance lease, assets held under a finance lease in the statements of financial position is recognized and presented as a receivable at an amount equal to the net investment in the lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

· The Group as lessee

The lessee applies a single recognition and measurement method to all leases for which the lease term is longer than 12 months and the underlying assets are not low-value. Accordingly, the lessee recognizes a right-of-use asset representing a right to use the underlying asset and a lease liability representing an obligation to pay lease payments.

(i) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is

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reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

(ii) 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 a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The incremental borrowing rate varies depending on the lease term, currency and the commencement of the lease, and is determined based on inputs, including:

- Risk-free interest rate based on national treasury rate
- Company-specific risk adjustment
- Credit risk adjustment based on bond yield
- Firm-specific adjustment made if risk attribute of the entity concluding lease contract is different from the Group and the lease does not receive benefits from guarantee of the Group

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 in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

(iii) 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 equipment. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of 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.

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The carrying amount of right-of-use assets and lease liabilities, and changes during the year ended December 31, 2023, are described in Note 21.

(g) Foreign currencies

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Korean won using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

(h) Borrowing cost

In accordance with Paragraph 5 of Article 49 (accounting for property, plant and equipment and intangible assets under construction), borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

(i) Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants relating to assets and income are recognized as deferred income and they are credited to profit or loss in 'government grants revenue' over the useful life of the related assets and the period necessary to match them with the costs that they are intended to compensate, respectively.

(j) Retirement benefit costs and termination benefits

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

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each annual reporting period. 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

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to the terms of the related obligation. However, if there is no deep market in such high-quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency shall be used. Remeasurements comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognized immediately in the statement of financial position with a charge or credit to the statement of comprehensive income in the period in which they occur. Remeasurements recognized in the statement of comprehensive income are not reclassified. Past service cost is recognized immediately up to the amount of the benefits that have already vested, otherwise it is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

(k) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

- Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statement of profit or loss and comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

- Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit(tax loss) nor the accounting profit.

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Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent it is probable that there will be sufficient taxable profits against which the benefits of the temporary differences can be utilized and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if, and only if the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

- Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(l) Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment is directly attributable to their purchase or construction, which includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. It also includes the initial estimate of the costs of dismantling and removing the item and restoring

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the site on which it is located.

Subsequent costs are recognized in carrying amount of an asset or as a consolidated asset if it is probable that future economic benefits associated with the assets will flow into the Group and the cost of an asset can be measured reliably. Routine maintenance and repairs are expensed as incurred.

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

	Estimated useful lives (years)	Depreciation method
Buildings	20~30	Straight-line
Structures	30	Straight-line
Machinery	20	Straight-line
Ships	10	Straight-line
Vehicles	5	Straight-line
Fixtures	5	Straight-line
Tools	5	Straight-line
Right-of-use assets	1~5	Straight-line

If each part of an item of property, plant and equipment has a cost that is significant in relation to the total cost of the item, it is depreciated separately.

The Group reviews the depreciation method, the estimated useful lives and residual values of property, plant and equipment at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

(m) Intangible assets

- Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost, less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

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- Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

Expenditure arising from development (or from the development phase of an internal project) is recognized as an intangible asset if, only if, the development project is designed to produce new or substantially improved products, and the Group can demonstrate the technical and economical feasibility and measure reliably the resources attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

- Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from its use. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

- Estimated useful life

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

	Estimated useful lives (years)	Amortization method
Computer software	5	Straight-line
Industrial rights	5	Straight-line
Usable and profitable donation assets	Period assigned by the government	Straight-line
Dam facility usage right	2~6, 50	Straight-line
Water facility	2~6, 20	Straight-line
Waterfront business right	-	Proportional revenue method

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

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of a cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell or value-in-use. If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount and the reduced amount is recognized in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the cash generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(o) Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories, except for those in-transit, are measured under the weighted-average method and consist of the purchase price, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price for inventories, less all estimated costs of completion and the costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognized as an expense (cost of sales) in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories is recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

(p) 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 the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material). The discount rate used is a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage is recognized in profit or loss as a borrowing cost.

At the end of each reporting period, the remaining provision balance is reviewed and assessed to determine if the current best estimate is being recognized. If the existence of an obligation to transfer economic benefit is no longer probable, the related provision is reversed during the period.

- Provisions of incentive for employees

Ministry of Economy and Finance Provisions evaluates the Group's performance each year, the Group pays incentive for employees based on the evaluation results. The Group estimates amount of incentive reasonably according to Korean IFRS 1037 and presents the amount as provisions of incentive for employees.

- Greenhouse gas obligation

In accordance with the implementation of the greenhouse gas emission trading system, if greenhouse gases are emitted in excess of the annual emission allowances allocated by the Ministry of Environment at the Group's business sites, the Group purchase emission rights for the excess by the following year. The cost of purchasing emission permits for greenhouse gas is reasonably estimated and presented as greenhouse gas obligation

- Provisions for legal proceedings

As at December 31, 2023, the Parent Company predicts the outcome of lawsuits against monetary claims during litigation, measures the amount reasonably, and presents them as provisions for legal proceedings.

(q) *Financial assets*

- Classification

The Group classifies financial assets as follows:

- Financial assets measured at fair value through profit and loss ("FVTPL")
- Financial assets measured at fair value through other comprehensive income ("FVOCI")
- Financial assets measured at amortized cost ("AC")

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

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

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

- Measurement

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

A. Debt Instruments

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

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'finance income' using the effective interest rate method.
- **Fair value through other comprehensive income:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'finance income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'finance income or cost' and impairment losses are presented in 'finance cost'.

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

B. Equity Instruments

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

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

- Impairment

Unlike Korean IFRS 1039, Korean IFRS 1109 requires the Group measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition at each reporting date. Accordingly, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Korean IFRS 1109 provides a simplified approach of measuring loss allowance for trade receivables, contract assets, and lease receivables at an amount equal to their lifetime expected credit losses in certain situations.

The Group applies simplified approach for trade receivables. The Group always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables.

- Derecognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. If the Group has retained control, it shall continue to recognize the financial asset to the extent of its continuing involvement in the financial asset

If the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received.

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Financial liabilities and equity instruments

- Classification between Liabilities and equity

A debt instrument and an equity instrument are classified as financial liability or equity in accordance with the substance of the contractual arrangement

-Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The Group initially recognizes its newly issued equity instruments at the consideration received, net of direct issuance costs. If the Group reacquires its equity instrument, it is directly reduced from the Group's equity. Gain or loss from the Group's purchase, sale, issuance, reduction of its equity instrument are not recognized in profit or loss.

- Financial liabilities

The Group classifies its financial liabilities as 'Financial liabilities at fair value through profit or loss' or 'Other financial liabilities'.

- financial liabilities at fair value through profit or loss

The Group recognizes amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability in other comprehensive income, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch in profit or loss.

Change in fair value that is attributable to changes in the credit risk of that liability is presented in other comprehensive income and are not subsequently reclassified as profit or loss until it is reclassified to retained earnings at derecognition of the financial liability.

- Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, and interest expenses are calculated by using the effective interest method.

Other financial liabilities are initially measured at fair value, net of transaction costs.

The effective interest method is a method that is used in the calculation of the amortized cost of a financial liability and in the allocation and recognition of the interest income or interest expense in profit or loss over the relevant period. Effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortized cost of a financial liability.

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- Derecognition

Financial liabilities are removed from the statement of financial position when it is extinguished; for example, when the obligation specified in the contract is discharged or cancelled or expired. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid is recognized in profit or loss.

(r) Derivative financial instruments

The Group entered into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest and currency swaps. Derivatives are initially recognized at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

The resulting gain or loss is recognized in profit or loss immediately, unless the derivative is designated and effective as a hedging instrument, in which case, the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset and a derivative with a negative fair value is recognized as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

- Embedded derivatives

If a hybrid contract contains a host that is not a financial liability or an asset within the scope of Korean IFRS 1109, an embedded derivative shall be separated from the host and accounted for as a derivative only if (a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host; (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and (c) the hybrid contract is not measured at fair value with changes in fair value recognized in profit or loss.

- Hedge accounting

The new general hedge accounting model maintains three types of hedge accounting. However, the Group introduces more flexibility in the types of transactions that qualify for hedge accounting and is increasing the types of hedging instruments and risk factors for non-financial items that qualify for hedge accounting. In addition, the related provisions on hedge effectiveness assessment were generally amended to replace the hedged item with the "economic relationship" principle between the hedging instrument and the hedged item. A retrospective assessment of hedge effectiveness is no longer required.

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- Fair value hedges

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

The Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria. When the hedge is discontinued, the cumulative carrying amount of the hedged item is amortized to profit or loss starting from the date when hedge accounting is discontinued.

- Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss related to the ineffective portion is recognized immediately in profit or loss and is included in the 'Finance income' and 'Financial expenses' line item.

Hedge accounting is discontinued when the Group revokes the hedging relationship; when the hedging instrument expires or is sold, terminated or exercised; or it no longer qualifies for hedge accounting. When the Group discontinues hedge accounting for a cash flow hedge and the hedged future cash flows are still expected to occur, that amount shall remain in the accumulated cash flow hedge reserve until the future cash flows occur or until that amount is a loss and an entity expects that all or a portion of that loss will not be recovered in one or more future periods. However, if the hedged future cash flows are no longer expected to occur, that amount shall be immediately reclassified from the accumulated cash flow hedge reserve to profit or loss.

- Hedges of net investments in foreign operations

Hedges of a net investment in a foreign operation shall be accounted for similarly to cash flow hedges: (a) the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized in other comprehensive income; and (b) the ineffective portion shall be recognized in profit or loss. The cumulative gain or loss on the hedging instrument relating to the effective portion of the hedge that has been accumulated in the foreign currency translation reserve shall be reclassified from equity to profit or loss as a reclassification adjustment in accordance with Korean IFRS 1021 The Effects of Changes in Foreign Exchange Rates on the disposal or partial disposal of the foreign operation.

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(s) Non-current assets held for sale

Non-current assets or disposal group are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continued use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets, or disposal groups, classified as held for sale are measured at the lower of their previous carrying amount and the fair value, less costs to sell and they are no longer depreciated or amortized.

(t) Approval of financial statements

The consolidated financial statements were authorized for issue by the Board of Directors on February 27, 2024.

(v) Reclassification of financial statements for the comparative year

In order to facilitate comparison with the current period, some accounts are reclassified according to the category of accounts in the current financial statements. This reclassification does not affect the net profit or loss or net asset value reported in the previous year.

3. Critical Accounting Estimates and Assumptions

The Group makes estimates and assumptions concerning the future. The estimates and assumptions are continuously assessed, considering historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

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(a) Income taxes

The Group recognizes assets and liabilities for anticipated tax audit issues based on the best estimates of whether additional taxes will be due. Where the final tax outcome of these matters is 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.

(b) Fair value of financial instruments

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

(c) Provisions

The Group makes payment of incentives every year based on business performance according to management evaluation conducted by Ministry of Economy and Finance. The payment of incentives are recorded as provisions.

(d) Net defined benefit liabilities

The present value of the defined benefit liability depends on various factors that are determined on an actuarial basis. The assumptions used in determining the net cost (income) for pensions include the discount rate, which is the interest rate that is used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit liability. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for defined liability are based on current market conditions. Additional matters are described in Note 22.

(e) Asset Impairment

The Group performs impairment test on the asset at the end of every reporting period in accordance with Korean IFRS 1036. The recoverable amount of assets with indication of impairment is determined based on value-in-use calculations (Note 15).

(f) Inventory allowance

Inventories are stated at the lower of cost and net realizable value by estimating net realizable value (Note 12).

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4. Segment Information

(1) The Group identified six(6) reportable operating segments based on goods and services provided. Each segment maintains its financial information for internal use. Six(6) Reportable operating segments are as follows:

Business segment	Main goods and services
Multiregional waterworks	Operational management of multiregional waterworks
Multipurpose dams operation	Operational management of multipurpose dams business
Site development	Sales and rent of land
Construction	Construction of tangible assets (waterworks, dams, etc.)
Local waterworks and sewage treatment	Operation and management of local waterworks and sewage treatment
Others	Foreign business, Kyung-in canal operation business, Four River Restoration operation business and renewable energy business, other consignment business and others

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(2) The following table provides information of operations for each operating segment for the years ended December 31, 2023 and 2022:

<i>(in thousands of Korean won)</i>	2023				
	Total revenue	Inter-segment revenue	Revenue from external customers	Operating profit (loss)	Depreciation and amortization
Multiregional waterworks	₩ 1,424,256,251	₩ (196,693,053)	₩ 1,227,563,198	₩ (24,947,802)	₩ 411,132,664
Multipurpose dams operation	709,094,329	-	709,094,329	225,990,339	139,228,398
Site development	817,827,525	-	817,827,525	103,601,235	97,584,728
Construction	560,792,523	-	560,792,523	10,391,296	147,408
Local waterworks and sewage treatment	198,800,250	(1,800,104)	197,000,147	(16,246,838)	3,756,065
Others	1,231,610,421	(172,916,166)	1,058,694,255	14,140,367	74,619,309
	<u>₩ 4,942,381,299</u>	<u>₩ (371,409,322)</u>	<u>₩ 4,570,971,977</u>	<u>₩ 312,928,597</u>	<u>₩ 726,468,572</u>

<i>(in thousands of Korean won)</i>	2022				
	Total revenue	Inter-business unit revenue	External revenue	Operating profit (loss)	Depreciation and amortization
Multiregional waterworks	₩ 1,417,828,428	₩ (205,186,355)	₩ 1,212,642,073	₩ 9,058,350	₩ 468,039,421
Multipurpose dams operation	761,536,366	-	761,536,366	279,580,458	139,010,450
Site development	1,151,684,979	-	1,151,684,979	291,078,819	96,493,779
Construction	503,113,469	-	503,113,469	(5,524,401)	1,033,363
Local waterworks and sewage treatment	185,232,938	(1,561,926)	183,671,012	(4,301,474)	3,951,044
Others	1,040,440,252	(93,771,049)	946,669,203	17,196,055	67,443,733
	<u>₩ 5,059,836,432</u>	<u>₩ (300,519,330)</u>	<u>₩ 4,759,317,102</u>	<u>₩ 587,087,808</u>	<u>₩ 775,971,788</u>

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(3) Details of assets and liabilities of segments as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023			
	Reporting assets	Investments in subsidiaries and associates	Acquisition of non-current assets¹	Reporting liabilities
Multiregional waterworks	₩ 6,515,680,842	₩ -	₩ 696,816,803	₩ 656,578,383
Multipurpose dams operation	4,338,184,247	-	60,151,737	682,623,357
Site development	8,140,170,983	-	159,510	3,527,000,129
Construction	124,816,323	-	9,231,131	102,063,298
Local waterworks and sewage treatment	378,414,009	-	2,773,281	65,184,334
Others	3,499,578,034	82,359,897	169,434,072	6,550,345,973
	<u>₩ 22,996,844,438</u>	<u>₩ 82,359,897</u>	<u>₩ 938,566,533</u>	<u>₩ 11,583,795,474</u>

¹ Acquisition of non-current assets exclude financial instruments, trade and other receivables, and deferred tax assets.

<i>(in thousands of Korean won)</i>	2022			
	Reporting assets	Investments in subsidiaries and associates	Acquisition of non-current assets¹	Reporting liabilities
Multiregional waterworks	₩ 6,207,338,423	₩ -	₩ 680,302,441	₩ 622,326,187
Multipurpose dams operation	4,323,627,757	-	67,406,239	719,183,313
Site development	8,044,731,367	-	6,514,247	3,808,547,197
Construction	99,096,745	-	1,709,362	121,081,211
Local waterworks and sewage treatment	389,860,183	-	5,579,119	47,089,660
Others	4,160,998,113	46,877,487	193,243,971	7,125,356,756
	<u>₩ 23,225,652,588</u>	<u>₩ 46,877,487</u>	<u>₩ 954,755,379</u>	<u>₩ 12,443,584,324</u>

¹ Acquisition of non-current assets exclude financial instruments, trade and other receivables, and deferred tax assets.

(4) There are no external customers contributing over 10% of the Group's revenue. Meanwhile, the Group does not separately disclose financial information by region since most of operations are conducted in Korea.

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5. Cash and Cash Equivalents

Details of cash and cash equivalents as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Cash on hand	₩	4,683	₩	3,399
Demand deposit		166,401,053		682,643,725
Cash equivalents classified as short-term investment assets		100,790,000		7,466,300
	₩	<u>267,195,736</u>	₩	<u>690,113,424</u>

6. Short-term financial instruments

Details of short-term financial instruments as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Time deposits	₩	18,560,310	₩	17,858,089
Mutual growth of its partner companies		16,000,000		16,000,000
	₩	<u>34,560,310</u>	₩	<u>33,858,089</u>

7. Restricted Cash and Cash equivalents in Use

Details of cash and cash equivalents that are restricted in use as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>		2023		2022	
	Description				
Cash and Cash equivalents	Restricted in use for designated purpose ¹	₩	111,167,095	₩	62,011,549
Cash and Cash equivalents	Withdrawal restriction ²		-		600,000
Short-term financial instruments	Withdrawal restriction ³		16,000,000		16,000,000
		₩	<u>127,167,095</u>	₩	<u>78,611,549</u>

¹ Government agency contract with Ministry of Environment and others amounting to ₩ 98,715,054 thousand and consignment business for government and local government amounting to ₩ 12,452,040 thousand are used for designated purposes only as at December 31, 2023.

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² The withdrawal of is restricted in relation to pending lawsuit as at December 31, 2022. There are no withdrawal restrictions as at December 31, 2023.

³ As at December 31, 2023, the Group deposited a short-term financial instrument in IBK Industrial Bank for the mutual growth of its partner companies. Withdrawal of the deposit is restricted.

8. Financial Assets at Fair Value Through Profit or Loss

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

<i>(in thousands of Korean won)</i>	2023		2022	
	Current	Non-current	Current	Non-current
Embedded derivative instruments ¹	₩ 46,222,269	₩ 120,758,151	₩ 36,297,438	₩ 97,673,162
Beneficial securities	-	15,370,129	-	20,104,641
	<u>₩ 46,222,269</u>	<u>₩ 136,128,280</u>	<u>₩ 36,297,438</u>	<u>₩ 117,777,803</u>

¹ The electricity purchase contract between KDS Hydro Ltd. and Pakistan Electricity Authority is a hybrid contract that includes not only cash flow of principal and interest payments but also an adjustment clause according to PKR/USD exchange rate fluctuations. Therefore, the adjustment clause is classified as a financial asset at fair value through profit or loss.

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

<i>(in thousands of Korean won)</i>	2023		2022	
	Current	Non-current	Current	Non-current
Financial derivative assets				
Currency swap	₩ -	₩ 35,858,681	₩ 104,124,382	₩ 15,308,775
Interest rate swap (IRS)	1,856,735	18,302,669	-	20,207,032
Embedded derivative instruments ¹	46,222,269	120,758,151	36,297,438	97,673,162
	<u>₩ 48,079,005</u>	<u>₩ 174,919,501</u>	<u>₩ 140,421,819</u>	<u>₩ 133,188,969</u>
Financial derivative liabilities				
Interest rate swap (IRS)	-	16,528,834	-	19,320,059
	<u>₩ -</u>	<u>₩ 16,528,834</u>	<u>₩ -</u>	<u>₩ 19,320,059</u>

¹ Financial asset at fair value through profit or loss

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Purpose

The Group entered into currency swap contracts to hedge cash flow risk associated with changes in foreign exchange rates and interest rates of debentures in foreign currencies.

The Group entered into an interest rate swap contract to hedge cash flow risk associated with changes in interest rate of borrowings at floating rates.

Details of risks and the Group's strategy

- Details of risks: Debentures in foreign currencies are denominated at the U.S. dollars and Swiss Fran, and are exposed to foreign exchange and interest rate fluctuation risk that arise from future debenture principal repayments. In addition, Korean won denominated borrowings at floating rates are exposed to interest rate fluctuation risk that arises from interest payments.
- Strategy: The Group entered into currency swap contracts that receive the debenture principal in foreign currencies and repay in Korean won to fix the principal and interest amount at Korean won, and also entered into interest rate swaps that pay interest at fixed rates and receive interest at floating rates to fix the interest rates of Korean won denominated borrowings at floating rates.

Details of currency swaps (cash flow hedge) as at December 31, 2023, are as follows:

(in thousands of Korean won and in USD, CHF)

Counterparty	Contract period	Notional amount		Interest rate (%)		Contract exchange rate
		Payment	Receipt	Payment	Receipt	
KDB	16.05.20 ~ 31.05.20	₩ 117,250,000	USD 100,000,000	1.84	2.77	1,172.5
Woori Bank	22.04.20 ~ 25.04.27	432,250,000	USD 350,000,000	2.88	3.50	1,235.0
KDB	23.09.18 ~ 25.09.18	369,442,500	CHF 250,000,000	3.73	2.17	1,477.8

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Details of interest rate swaps (cash flow hedge) as at December 31, 2023, are as follows:

(in thousands of Korean won)

Counterparty	Contract period	Notional amount	Interest rate (%)	
			Payment	Receipt
NOMURA ¹	16.01.26 ~ 36.01.26	₩ 30,000,000	2.04	2.91
NOMURA ²	17.11.09 ~ 37.11.09	50,000,000	2.56	2.86
KEB ²	18.06.22 ~ 28.06.22	100,000,000	2.57	CD+0.1
KEB ²	18.06.22 ~ 43.06.22	100,000,000	CD+0.1	2.94
KDB ³	18.09.19 ~ 43.09.19	60,000,000	2.29	2.57
BNP-PARIBAS ²	18.12.18 ~ 43.12.18	30,000,000	1.99	2.37
KEB	19.09.16 ~ 24.09.16	120,000,000	1.41	CD+0.15
Credit Suisse	20.05.28 ~ 40.05.28	50,000,000	1.47	Pegged with KTB Index
KEB	21.04.17 ~ 26.04.17	100,000,000	1.70	CD+0.25
NOMURA ²	21.05.26 ~ 51.05.26	50,000,000	2.11	2.56
KEB	23.06.12 ~ 28.06.12	140,000,000	3.89	CD+0.46

¹ Receivables, which are the underlying assets of the above fixed-to-fixed interest swap, are redeemed at a single interest rate when interest is repaid. The Parent Company entered into fixed (interest received at maturity and early repayment)-to-fixed (interest paid quarterly) swap contract in order to hedge cashflow for receivables with early repayment or pay interest at maturity.

² Receivables, which are the underlying assets of the above fixed-to-fixed interest swap, are redeemed at once with compound interest rate when interest is repaid. The Parent Company entered into fixed (interest received at maturity and early repayment)-to-fixed (interest paid quarterly) swap contract in order to hedge cashflow for receivables with early repayment or pay interest at maturity.

³ The Group entered in a swap contract on a 10-year fixed term followed by a variable rate to eliminate fluctuations in the interest rate payment of fixed rate receivables with early redemption rights.

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Valuation gain (loss) and transaction gain (loss) of derivative instruments for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	Valuation gain (loss)		Transaction gain (loss)		Changes in other comprehensive income	
	2023	2022	2023	2022	2023	2022
	Currency swap and interest rate swap	₩ 22,207,500	₩ 59,105,000	₩ 36,880,000	₩ 43,924,673	₩ 1,980,718
Embedded derivative instruments	94,581,619	56,744,290	-	-	-	-
	<u>₩ 116,789,119</u>	<u>₩ 115,849,290</u>	<u>₩ 36,880,000</u>	<u>₩ 43,924,673</u>	<u>₩ 1,980,718</u>	<u>₩ (38,831,595)</u>

As at December 31, 2023 and 2022, gain (loss) on valuation of derivatives for cash flow hedge in accumulated other comprehensive income is recognized with tax effect subtracted directly from equity.

9. Trade and Other Receivables

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

<i>(in thousands of Korean won)</i>	2023			
	Receivables	Bad debt allowance	Present value discount	Carrying amount
Current assets				
Trade receivables	₩ 324,345,589	₩ (1,536,028)	₩ (308,470)	₩ 322,501,091
Other receivables	165,194,372	(32,001,210)	-	133,193,162
Accrued revenues	46,553,640	-	-	46,553,640
Deposits	5,390,346	-	-	5,390,346
Due from customers	103,115,988	-	-	103,115,988
	<u>644,599,936</u>	<u>(33,537,238)</u>	<u>(308,470)</u>	<u>610,754,227</u>
Non-current assets				
Trade receivables	151,007,230	-	(190,939)	150,816,290
Other receivables	68,991,953	(1,024,368)	-	67,967,585
Deposits	305,635,769	-	(191,527)	305,444,242
Due from customers	156,981,286	-	-	156,981,286
	<u>682,616,238</u>	<u>(1,024,368)</u>	<u>(382,467)</u>	<u>681,209,403</u>
	<u>₩ 1,327,216,174</u>	<u>₩ (34,561,607)</u>	<u>₩ (690,936)</u>	<u>₩ 1,291,963,631</u>

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<i>(in thousands of Korean won)</i>	2022			
	Receivables	Bad debt allowance	Present value discount	Carrying amount
Current assets				
Trade receivables	₩ 347,100,984	₩ (9,899,960)	₩ (821,656)	₩ 336,379,368
Other receivables	163,046,094	(22,261,445)	-	140,784,649
Accrued revenues	36,633,591	-	-	36,633,591
Deposits	963,734	-	-	963,734
Due from customers	98,881,651	-	-	98,881,651
	646,626,054	(32,161,405)	(821,656)	613,642,993
Non-current assets				
Trade receivables	216,268,444	-	(1,587,002)	214,681,442
Other receivables	56,101,780	(1,006,811)	-	55,094,969
Deposits	286,945,407	-	-	286,945,407
Due from customers	173,567,125	-	-	173,567,125
	732,882,756	(1,006,811)	(1,587,002)	730,288,944
	₩ 1,379,508,810	₩ (33,168,216)	₩ (2,408,658)	₩ 1,343,931,937

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(2) Credit risk and allowances

The trade and other receivables above are categorized as financial assets at amortized cost. Trade receivables do not contain interest factor and their ordinary collection period is 30 days.

Details of aging analysis on trade receivables as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Normal receivables	₩ 398,263,334	₩ 535,451,677
Receivables overdue but not impaired	70,495,469	13,593,284
- More than 24 months	4,486,119	11,773,365
- 12 months ~ 24 months	5,362,139	573,054
- 6 months ~ 12 months	60,642,821	207,740
- 3 months ~ 6 months	4,298	1,027,039
- 1 month ~ 3 months	92	12,086
Impaired receivables	6,594,015	14,324,468
- More than 24 months	1,329,986	12,341,970
- 12 months ~ 24 months	602,078	771,169
- 6 months ~ 12 months	3,607,179	604,951
- 3 months ~ 6 months	246,844	587,806
- 1 month ~ 3 months	807,928	18,571
	<u>475,352,819</u>	<u>563,369,428</u>
Less: bad debt allowance	(1,536,028)	(9,899,960)
Less: present value discount	(499,409)	(2,408,658)
	<u>₩ 473,317,381</u>	<u>₩ 551,060,810</u>

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Details of aging analysis on other receivables as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Normal receivables	₩	628,305,062	₩	717,951,906
Receivables overdue but not impaired		177,701,339		71,681,089
- More than 24 months		31,253,590		4,320,363
- 12 months ~ 24 months		17,147,693		9,153,971
- 6 months ~ 12 months		53,458,481		1,825,097
- 3 months ~ 6 months		6,241,116		1,005,396
- 1 month ~ 3 months		69,600,458		55,376,262
Impaired receivables		45,856,955		26,506,387
- More than 24 months		31,843,810		6,550,308
- 12 months ~ 24 months		10,191,697		2,871,251
- 6 months ~ 12 months		1,677,321		8,903,836
- 3 months ~ 6 months		34,111		7,863,488
- 1 month ~ 3 months		2,110,015		317,504
		<u>851,863,355</u>		<u>816,139,382</u>
Less: bad debt allowance		(33,025,579)		(23,268,256)
Less: present value discount		(191,527)		-
	₩	<u>818,646,249</u>	₩	<u>792,871,126</u>

(3) Details of changes in bad debt allowance of trade and other receivables for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Beginning balance	₩ 9,899,960	₩ 23,268,256	₩ 832,153	₩ 12,123,915
Bad debt expenses	125,146	1,666,136	9,596,836	17,366,583
Write-offs and others	<u>(8,489,078)</u>	<u>8,091,186</u>	<u>(529,029)</u>	<u>(6,222,241)</u>
Ending balance	<u>₩ 1,536,028</u>	<u>₩ 33,025,579</u>	<u>₩ 9,899,960</u>	<u>₩ 23,268,256</u>

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10. Financial Assets at Fair Value Through Other Comprehensive Income

Changes in financial assets measured at fair value through other comprehensive income (unlisted stocks) for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023				
	Beginning balance	Acquisitions	Disposals	Valuation	Ending balance
Unlisted equity securities	₩ 24,906,786	₩ 136,792	₩ -	₩ (247,138)	₩ 24,796,441

<i>(in thousands of Korean won)</i>	2022				
	Beginning balance	Acquisitions	Disposals	Valuation	Ending balance
Unlisted equity securities	₩ 23,810,980	₩ 33,917	₩ (1,014,483)	₩ 2,076,371	₩ 24,906,786

Details of unlisted stocks as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	Ownership	Stocks	Acquisition cost	Fair value	Net book value	
					2023	2022
Korea construction management corporation	18.93%	102,473	₩ 1,285,697	₩ 10,247	₩ 10,247	₩ 10,247
Korea foreign infra/urban development resources corp.	4.63%	4,154,400	20,772,301	23,054,251	23,054,251	23,242,942
P-waters Corporation ¹	2.00%	36,144	180,720	180,720	180,720	180,720
Luzon clean water	2.79%	67,499,999	1,468,822	1,468,822	1,468,822	1,468,822
Yeosu Green Hub CO., LTD. ²	7.50%	16,480	82,400	82,400	82,400	4,055
Daeyang Hydro Power CO., LTD.	1.12%	441	88,310	-	-	-
			<u>₩ 23,878,249</u>	<u>₩ 24,796,441</u>	<u>₩ 24,796,441</u>	<u>₩ 24,906,786</u>

¹ 36,144 shares of P-waters Corporation amounting to ₩ 180,720 thousand is pledged as collateral in Nonghyup Bank.

² 16,480 shares of Yeosu Green Hub CO.,LTD amounting to ₩ 82,400 thousand is pledged as collateral in Kookmin Bank.

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11. Loans

Short-term and long-term loans as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
	Current	Non-current	Current	Non-current
Employee loans	₩ -	₩ 4,496,351	₩ -	₩ 5,136,288
Other loans	-	9,729,663	-	11,216,299
Related party loans ¹	-	24,853,046	-	19,189,887
Bad debt allowance ¹	-	(8,861,536)	-	(5,200,561)
	<u>₩ -</u>	<u>₩ 30,217,525</u>	<u>₩ -</u>	<u>₩ 30,341,913</u>

¹ Loans to the Group's associate, Angat Hydropower Co. For the year ended December 31 2023, ₩ 3,660,976 thousand (2022: ₩ 5,200,561 thousand) of bad debt allowance was recognized (Note 14).

12. Inventories

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

<i>(in thousands of Korean won)</i>	2023		
	Acquisition cost	Valuation allowance	Carrying amount
Raw materials	₩ 11,078,039	₩ -	₩ 11,078,039
Finished goods	83,057,475	(11,046,631)	72,010,844
Work-in-process	7,914,499,892	(14,975,541)	7,899,524,351
Store	7,444,056	-	7,444,056
Others	29,402	-	29,402
	<u>₩ 8,016,108,863</u>	<u>₩ (26,022,172)</u>	<u>₩ 7,990,086,692</u>

<i>(in thousands of Korean won)</i>	2022		
	Acquisition cost	Valuation allowance	Carrying amount
Raw materials	₩ 9,301,575	₩ -	₩ 9,301,575
Finished goods	82,846,382	-	82,846,382
Work-in-process	7,693,120,451	(1,763,294)	7,691,357,157
Store	7,444,056	-	7,444,056
Others	91,222	-	91,222
	<u>₩ 7,792,803,686</u>	<u>₩ (1,763,294)</u>	<u>₩ 7,791,040,392</u>

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¹ Cost of inventories recognized as cost of sales amount to ₩ 626,235,070 thousand for the year ended December 31, 2023 (2022: ₩ 769,892,956 thousand).

² Cost of inventories recognized as capitalized borrowing costs amounts to ₩ 88,350,176 thousand for the year ended December 31, 2023 (2022: ₩ 98,442,631 thousand).

13. Non-Financial Assets

Details of non-financial assets as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
	Current	Non-current	Current	Non-current
Prepayment	₩ 99,046,824	₩ -	₩ 191,451,891	₩ -
Accrual assets	13,305,019	-	11,368,967	-
Prepaid value added tax	-	-	437,325	-
Other non-financial assets	-	4,193,858	-	6,554,008
	<u>₩ 112,351,843</u>	<u>₩ 4,193,858</u>	<u>₩ 203,258,182</u>	<u>₩ 6,554,008</u>

14. Investments in Associates and Joint Ventures

Details of associates and joint ventures as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	Companies	Principal activity	Location	Ownership	2023	
					Acquisition cost	Book value
Associates:						
	KWPP Holdings Co. ¹	Angat Dam hydropower project in Philippines	Philippines	38.46%	₩ 268	5,391
	Angat Hydropower Co. ^{1,3}	Angat Dam hydropower project in Philippines	Philippines	40.00%	100,845,106	-
	Water Genesis ²	K-Water R&D company	Korea	19.05%	10,000	60,610
	Pump Care ²	K-Water R&D company	Korea	10.00%	10,380	9,921
	Sejong Tech ²	K-Water R&D company	Korea	12.94%	11,000	14,822
	Surjitech ²	K-Water R&D company	Korea	18.00%	11,010	31,198
	Chungcheong Regional New Deal & Water Venture Fund	Invest in water industry and green new deal innovative startups in Chungcheong	Korea	32.79%	30,000,000	30,048,616
	Dongnam Regional New Deal Venture Fund	Invest in water industry and green new deal innovative startups in Southeastern	Korea	35.34%	20,000,000	19,880,737
	Daegu-jeju-Gwangju Regional Innovation Venture Fund	Invest in water industry and green new deal innovative startups in Daegu, Jeju,	Korea	26.58%	16,000,000	16,198,728

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Companies	Principal activity	Location	Ownership	2023	
				Acquisition cost	Book value
Jeonbuk-Gangwon Regional Innovation Venture Fund ⁴	Gwangju Invest in water industry and green new deal innovative startups in Jeonbuk, Gangwon	Korea	26.77%	5,300,000	5,381,220
Joint ventures:					
Hapcheon Floating Photovoltaic Power Plant Inc. ⁵	Operating and managing business solar project at Hapcheon dam	Korea	51.00%	7,818,000	10,728,654
				<u>₩ 180,005,764</u>	<u>82,359,897</u>

(in thousands of Korean won)

Companies	Principal activity	Location	Ownership	2022	
				Acquisition cost	Book value
Associates:					
KWPP Holdings Co. ¹	Angat Dam hydropower project in Philippines	Philippines	38.46%	₩ 268	₩ 7,005
Angat Hydropower Co. ^{1,3}	Angat Dam hydropower project in Philippines	Philippines	40.00%	100,845,106	-
Water Genesis ²	K-Water R&D company	Korea	19.05%	10,000	75,143
Pump Care ²	K-Water R&D company	Korea	10.00%	10,380	10,248
Sejong Tech ²	K-Water R&D company	Korea	12.94%	11,000	11,499
Surjitech ²	K-Water R&D company	Korea	18.00%	11,010	11,116
Chungcheong Regional New Deal & Water Venture Fund	Invest in water industry and green new deal innovative startups in Chungcheong	Korea	32.79%	20,000,000	19,873,778
Dongnam Regional New Deal Venture Fund	Invest in water industry and green new deal innovative startups in Southeastern	Korea	35.34%	10,000,000	9,976,740
Daegu-jeju-Gwangju Regional Innovation Venture Fund	Invest in water industry and green new deal innovative startups in Daegu, Jeju, Gwangju	Korea	26.58%	8,000,000	8,000,396
Joint ventures:					
Hapcheon Floating Photovoltaic Power Plant Inc. ⁵	Operating and managing business solar project at Hapcheon dam	Korea	51.00%	7,818,000	8,911,561
				<u>₩ 146,705,764</u>	<u>₩ 46,877,487</u>

¹ The Group pledged 20,360,980 shares of Angat Hydropower Co. and 50 shares of KWPP Holdings Co. as collateral for payment guarantee on borrowings of related parties as at December 31, 2023.

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² The Group acquired permission for research-based spin-off company registration in accordance with procedures in Article 9-3 of the Special Act on Promotion of Special R&D Zones. And the investees are classified as associates as the Parent Company has significant influence such because the exclusive license (contribution-in-kind) provided by the Parent Company is fundamental to its operating activities.

³ The Group recognized an impairment loss as the recoverable amount is less than the carrying amount of the Angat Hydropower Co., during the year ended December 31, 2022.

⁴ The investees were newly acquired during the year ended December 31, 2023, and classified as associates since the Group has significant influence.

⁵ It has been determined that joint control exists because a unanimous resolution of the directors appointed by both shareholders is required for major management decisions, according to the shareholders' agreement of the subsidiaries.

Changes in investment in associates for the years ended December 31, 2023 and 2022, are as follows:

	2023					
	Beginning balance	Acquisition	Gain (loss) on equity method	Changes in equity of investee accounted for using equity method	Others	Ending balance
<i>(in millions of Korean won)</i>						
Associates:						
KWPP Holdings Co.	₩ 7,005	₩ -	₩ (1,786)	₩ 173	₩ -	₩ 5,391
Angat Hydropower Co.	-	-	(4,804,279)	1,143,304	3,660,975	-
Water Genesis	75,143	-	(14,533)	-	-	60,610
Pump Care	10,248	-	(327)	-	-	9,921
Sejong Tech	11,499	-	3,252	71	-	14,822
Surjitech	11,116	-	20,082	-	-	31,198
Chungcheong Regional New Deal & Water Venture Fund	19,873,778	10,000,000	246,536	(71,698)	-	30,048,616
Dongnam Regional New Deal Venture Fund3	9,976,740	10,000,000	(27,860)	-	(68,143)	19,880,737
Daegu-jeju-Gwangju Regional Innovation Venture Fund 3	8,000,396	8,000,000	198,332	-	-	16,198,728
Jeonbuk-Gangwon Regional Innovation Venture Fund	-	5,300,000	81,220	-	-	5,381,220
Joint ventures:						
Hapcheon Floating Photovoltaic Power Plant Inc.	8,911,561	-	1,817,093	-	-	10,728,654
	₩ 46,877,487	₩ 33,300,000	₩ (2,482,271)	₩ 1,071,850	₩ 3,592,832	₩ 82,359,897

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	2022						
	Beginning balance	Acquisition	Disposal	Gain (loss) on equity method	Changes in equity of investee accounted for using equity method	Impairment	Ending balance
Associates:							
KWPP Holdings Co.	₩ 8,734	₩ -	₩ -	₩ (1,596)	₩ (133)	₩ -	₩ 7,005
Angat Hydropower Co.	57,507,448	-	-	(6,235,821)	(961,534)	(50,310,093)	-
Water Genesis	34,103	-	-	41,040	-	-	75,143
Pump Care	7,835	-	-	2,483	(70)	-	10,248
Sejong Tech	10,687	-	(382)	1,194	-	-	11,499
Surjitech	3,205	-	-	7,911	-	-	11,116
Chungcheong Regional New Deal & Water Venture Fund	9,997,862	10,000,000	-	(93,798)	(30,286)	-	19,873,778
Dongnam Regional New Deal Venture Fund3	-	10,000,000	-	(23,260)	-	-	9,976,740
Daegu-jeju-Gwangju Regional Innovation Venture Fund 3	-	8,000,000	-	396	-	-	8,000,396
Joint ventures:							
Hapcheon Floating Photovoltaic Power Plant Inc.	7,254,820	-	-	1,697,441	(40,700)	-	8,911,561
	₩ 74,824,694	₩ 28,000,000	₩ (382)	₩ (4,604,009)	₩ (1,032,723)	₩ (50,310,093)	₩ 46,877,487

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Details of financial information in associates as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023			
	Assets	Liabilities	Revenue	Profit (loss) for the year
Associates:				
KWPP Holdings Co.	₩ 487,109	₩ 473,092	₩ 29,183	₩ (4,565)
Angat Hydropower Co.	425,144,536	308,521,728	41,113,874	(11,289,770)
Water Genesis	1,541,257	1,126,450	968,880	(307,843)
Pump Care	570,184	152,835	304,124	54,096
Sejong Tech	470,253	355,722	426,578	28,443
Surjitech	635,453	536,243	348,507	(334)
Chungcheong Regional New Deal & Water Venture Fund	91,888,115	239,837	1,856,651	751,919
Dongnam Regional New Deal Venture Fund3	56,423,094	160,607	944,178	(78,788)
Daegu·jeju·Gwangju Regional Innovation Venture Fund 3	61,087,127	135,362	1,030,271	747,765
Jeonbuk·Gangwon Regional Innovation Venture Fund	20,157,057	53,633	463,515	303,424
Joint ventures:				
Hapcheon Floating Photovoltaic Power Plant Inc.	79,924,760	58,887,377	12,679,150	4,265,635
2022				
<i>(in thousands of Korean won)</i>	Assets	Liabilities	Revenue	Profit (loss) for the year
Associates:				
KWPP Holdings Co.	₩ 478,952	₩ 460,739	₩ 30,428	₩ (4,150)
Angat Hydropower Co.	426,171,719	300,396,473	37,224,392	(15,498,980)
Water Genesis	1,767,937	1,276,833	2,761,499	215,460
Pump Care	336,693	30,917	387,320	43,953
Sejong Tech	517,319	428,462	122,779	5,971
Surjitech	606,526	504,042	297,005	24,831
Chungcheong Regional New Deal & Water Venture Fund	60,758,072	143,048	594,005	(286,082)
Dongnam Regional New Deal Venture Fund3	28,287,184	53,010	202,339	(65,826)
Daegu·jeju·Gwangju Regional Innovation Venture Fund 3	30,103,616	126	1,616	1,490
Joint ventures:				
Hapcheon Floating Photovoltaic Power Plant Inc.	79,035,839	61,561,519	12,972,941	3,328,443

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The Group performed impairment test on associates that are judged to have indication of impairment as at December 31, 2022. The impairment test was performed using estimated cash flows based on business plans approved by management. Key assumptions and impairment recognition are as follows:

- Angat Hydropower Co., a associate

As at December 31, 2022, the Group judged that the economic performance of the business conducted by the associate, such as continuous operating loss and negative operating cash flow, would not meet expectations. Based on this judgment, an impairment test was performed on the associate, and the recoverable amount was estimated based on value-in-use. The major assumptions applied in calculating value-in-use are as follows:

	Unit cost (PHP/kWh)	Discount rate (WACC)
Key assumptions	4.8 ~ 10.6 peso	14.59%

There is no recoverable amount calculated based on the above major assumptions. Of the difference with the carrying amount, ₩ 50,310,093 thousand was recognized as impairment loss on investments in associates, and ₩ 5,200,561 thousand was recognized as other bad debt expenses for loans to subsidiaries.

The recoverable amount is affected by changes in the discount rate (weighted average cost of capital). If the discount rate applied when calculating the value-in-use increases or decreases by 0.5%, the changes in recoverable amount are as follows:

<i>(in thousands of Korean won)</i>	Increase 0.5%	Decrease 0.5%
Amount of change in recoverable amount	₩ (4,314,694) thousand	₩ 5,746,600 thousand

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15. Property, Plant and Equipment

Details of property, plant and equipment as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023			
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Land	₩ 271,962,963	₩ -	₩ (2,334,571)	₩ 269,628,392
Buildings	785,667,290	(318,188,686)	(726,436)	466,752,168
Structures	487,006,153	(222,704,514)	-	264,301,638
Machinery and equipment	1,318,456,544	(775,473,983)	-	542,982,561
Ships	16,794,095	(11,824,706)	-	4,969,388
Vehicles	18,977,304	(13,686,497)	-	5,290,807
Furniture and fixtures	103,511,548	(75,047,354)	(16,514)	28,447,680
Tools	100,497,368	(76,358,269)	(12,723)	24,126,377
Construction in progress	352,906,901	-	(207,465,256)	145,441,646
Right-of-use assets	26,743,733	(13,027,843)	-	13,715,890
	<u>₩ 3,482,523,899</u>	<u>₩ (1,506,311,853)</u>	<u>₩ (210,555,499)</u>	<u>₩ 1,765,656,547</u>

<i>(in thousands of Korean won)</i>	2022			
	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Carrying amount
Land	₩ 267,913,084	₩ -	₩ (2,294,557)	₩ 265,618,527
Buildings	713,033,148	(294,036,538)	(713,985)	418,282,625
Structures	486,460,752	(204,737,737)	-	281,723,015
Machinery and equipment	1,265,037,407	(732,161,125)	-	532,876,282
Ships	15,966,505	(11,360,713)	-	4,605,792
Vehicles	18,536,549	(13,623,539)	-	4,913,010
Furniture and fixtures	100,208,045	(71,503,262)	(16,231)	28,688,552
Tools	94,650,624	(71,438,154)	(12,504)	23,199,966
Construction in progress	360,661,161	-	(203,909,352)	156,751,809
Right-of-use assets	23,756,699	(9,531,794)	-	14,224,905
	<u>₩ 3,346,223,974</u>	<u>₩ (1,408,392,862)</u>	<u>₩ (206,946,629)</u>	<u>₩ 1,726,884,481</u>

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Changes in property, plant and equipment for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023			
	Beginning Balance	Acquisition¹	Disposal²	Depreciation
Land	₩ 265,618,526	₩ 4,503,984	₩ (1,354,358)	₩ -
Buildings	418,282,625	295,302	(4,137,935)	(30,439,532)
Structures	281,723,015	50,140	(1,568,480)	(18,627,235)
Machinery and equipment	532,876,282	13,031,958	(1,405,541)	(50,885,482)
Ships	4,605,792	14,650	(424,244)	(846,229)
Vehicles	4,913,010	2,232,308	(28,690)	(1,811,436)
Furniture and fixtures	28,688,552	10,868,237	(17,254)	(11,099,231)
Tools	23,199,965	2,455,391	(48,353)	(8,101,281)
Construction in progress	156,751,809	93,993,869	-	-
Right-of-use assets	14,224,905	7,233,645	(313,426)	(7,260,354)
	<u>₩ 1,730,884,481</u>	<u>₩ 134,679,485</u>	<u>₩ (9,298,282)</u>	<u>₩ (129,070,781)</u>

<i>(in thousands of Korean won)</i>	2023			
	Impairment loss	Transfer	Others³	Ending Balance
Land	₩ -	₩ -	₩ 860,239	₩ 269,628,392
Buildings	-	61,919,894	20,831,815	466,752,168
Structures	-	1,281,398	1,442,801	264,301,638
Machinery and equipment	-	34,067,770	15,297,575	542,982,561
Ships	-	1,619,419	-	4,969,388
Vehicles	-	-	(14,385)	5,290,807
Furniture and fixtures	-	-	7,376	28,447,680
Tools	-	6,512,542	108,112	24,126,377
Construction in progress	-	(105,401,023)	96,990	145,441,646
Right-of-use assets	-	-	(168,879)	13,715,890
	<u>₩ -</u>	<u>₩ -</u>	<u>₩ 38,461,645</u>	<u>₩ 1,765,656,547</u>

¹ Acquisition/capital expenditure of construction in progress includes ₩ 259,503 thousand of capitalized borrowing costs.

² Transferred to other non-current assets amounting to ₩ 7,568,860 thousand due to disposal for obsolescence.

³ Others include ₩ 38,349,381 thousand transferred from intangible assets and ₩ 112,263 thousand exchange differences on translation of foreign operations

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<i>(in thousands of Korean won)</i>	2022			
	Beginning Balance	Acquisition¹	Disposal²	Depreciation
Land	₩ 267,064,191	₩ 1,691,901	₩ (1,082,193)	₩ -
Buildings	371,960,253	284,544	(2,029,374)	(24,569,256)
Structures	284,914,215	1,095,081	(7,475)	(16,247,914)
Machinery and equipment	516,078,044	406,711	(137,955)	(45,817,838)
Ships	4,366,193	4,432	(7)	(791,354)
Vehicles	3,425,364	3,246,000	(53,771)	(1,691,520)
Furniture and fixtures	26,821,327	12,671,114	(11,007)	(10,829,634)
Tools	23,283,327	719,457	(7,800)	(7,643,572)
Construction in progress	373,102,581	114,777,420	-	-
Right-of-use assets	8,895,720	14,882,031	(1,947,908)	(7,710,373)
	<u>₩ 1,879,911,216</u>	<u>₩ 149,778,689</u>	<u>₩ (5,277,490)</u>	<u>₩ (115,301,461)</u>

<i>(in thousands of Korean won)</i>	2022			
	Impairment loss	Transfer	Others³	Ending Balance
Land	₩ (2,339,188)	₩ -	₩ 283,815	₩ 265,618,526
Buildings	(727,873)	69,193,924	4,170,408	418,282,625
Structures	-	2,109,621	9,859,486	281,723,015
Machinery and equipment	-	60,768,363	1,578,956	532,876,282
Ships	-	1,026,528	-	4,605,792
Vehicles	-	-	(13,062)	4,913,010
Furniture and fixtures	(16,546)	-	53,298	28,688,552
Tools	(12,748)	6,820,259	41,042	23,199,965
Construction in progress	(207,875,552)	(139,918,695)	16,666,056	156,751,809
Right-of-use assets	-	-	105,435	14,224,905
	<u>₩ (210,971,907)</u>	<u>₩ -</u>	<u>₩ 32,745,435</u>	<u>₩ 1,730,884,481</u>

¹ Acquisition/capital expenditure of construction in progress includes ₩ 842,845 thousand of capitalized borrowing costs.

² Transferred to other non-current assets amounting to ₩ 3,216,766 thousand due to disposal for obsolescence.

³ Others include ₩ 15,690,599 thousand transferred from intangible assets, ₩ 123,528 thousand transferred to intangible assets and ₩ 17,178,363 thousand exchange differences on translation of foreign operations

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As at December 31, 2022, considering the progress of negotiations with the Georgian government to change the concession agreement during the year ended December 31, 2022, the Group judged that the economic performance of the related business would not meet the expected level. Based on this judgment, an impairment test was performed on the cash flow generating unit, and the recoverable amount was estimated based on value-in-use. Value-in-use is calculated using estimated cash flows based on business plans approved by management. The major assumptions and impairment recognition applied when calculating the value-in-use are as follows:

	Unit price (USD/kWh)	Total construction cost	Discount rate (WACC)
Key assumptions	7.8 ~ 12.15 Cent	USD 1,045 million	8.88%

There is no recoverable value calculated based on the above key assumptions. Of the difference with the carrying amount, ₩ 210,971,907 thousand was recognized as impairment loss on property, plant and equipment and ₩ 1,889,175 thousand was recognized as other bad debt expenses for long-term other receivables.

The recoverable amount is affected by changes in the discount rate (weighted average cost of capital). If the discount rate applied when calculating the value-in-use increases or decreases by 0.5%, the change in recoverable amount is as follows:

Changes in discount rate	Increase 0.5%	Decrease 0.5%
Amount of change in the recoverable amount	₩ (86,813,804) thousand	₩ 48,406,317 thousand

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Changes in obsolescence for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023					
	Beginning Balance	Transfer	Depreciation	Impairment loss	Disposal	Ending balance
Obsolescence	₩ 4,567,809	₩ 7,584,603	₩ (3,002,977)	₩ (943,369)	₩ (6,270,984)	₩ 1,935,083

The Group replaces property, plant and equipment and intangible assets that are determined to be obsolete as obsolescence (including other non-current assets), and sells and disposes within 6 months from the date of obsolescence.

For the year ended December 31, 2023, property, plant and equipment and intangible assets amounting to ₩ 7.6 billion, respectively, were replaced, and gain on disposal of property, plant and equipment and loss on disposal of property, plant and equipment amounting to ₩ 10.7 billion and ₩ 900 million, respectively and recognized due to obsolescence.

<i>(in thousands of Korean won)</i>	2022			
	Beginning Balance	Transfer	Disposal	Ending balance
Obsolescence	₩ 3,826,069	₩ 3,264,105	₩ (2,522,364)	₩ 4,567,809

The Group replaces property, plant and equipment and intangible assets that are determined to be obsolete as obsolescence (including other non-current assets), and sells and disposes within 6 months from the date of obsolescence.

For the year ended December 31, 2022, property, plant and equipment and intangible assets amounting to ₩ 3.3 billion, respectively, were replaced, and gain on disposal of property, plant and equipment and loss on disposal of property, plant and equipment amounting to ₩ 3.2 billion and ₩ 400 million, respectively and recognized due to obsolescence.

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16. Intangible Assets

Details of intangible assets other than goodwill as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023				
	Acquisition cost	Contributions toward construction	Accumulated amortization	Accumulated impairment	Net book value
Software	₩ 191,020,441	₩ -	₩ (141,721,436)	₩ -	₩ 49,299,006
Industrial proprietary rights	323,241	-	(194,241)	-	129,000
Construction-in-progress of intangible assets	2,208,686,708	-	-	(14,392,273)	2,194,294,435
Concession assets usage rights	19,948,961,946	(2,160,713)	(10,781,275,149)	(1,079,107,395)	8,086,418,689
Other intangible assets	6,366,597,979	-	(241,386,354)	(5,361,208,544)	764,003,081
	<u>₩ 28,715,590,314</u>	<u>₩ (2,160,713)</u>	<u>₩ (11,164,577,179)</u>	<u>₩ (6,454,708,212)</u>	<u>₩ 11,094,144,210</u>
<i>(in thousands of Korean won)</i>	2022				
	Acquisition cost	Contributions toward construction	Accumulated amortization	Accumulated impairment	Net book value
Software	₩ 183,463,367	₩ -	₩ (129,340,209)	₩ -	₩ 54,123,158
Industrial proprietary rights	323,949	-	(206,602)	-	117,348
Construction-in-progress of intangible assets	2,950,233,340	-	-	(1,039,669,422)	1,910,563,919
Concession assets usage rights	18,545,723,927	(2,515,163)	(10,295,955,298)	(53,830,247)	8,193,423,220
Other intangible assets	6,372,380,664	-	(144,545,576)	(5,361,208,544)	866,626,544
	<u>₩ 28,052,125,248</u>	<u>₩ (2,515,163)</u>	<u>₩ (10,570,047,685)</u>	<u>₩ (6,454,708,212)</u>	<u>₩ 11,024,854,189</u>

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Changes in intangible assets other than goodwill for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023			
	Beginning Balance	Additions¹	Disposal²	Amortizations
Software	₩ 54,123,158	₩ 7,747,074	₩ -	₩ (12,572,579)
(Government grants)	-	-	-	-
Industrial proprietary rights	117,348	43,451	(15,742)	(16,057)
Construction-in-progress of intangible assets	1,910,563,919	784,917,001	-	-
Concession assets usage rights	8,193,423,220	208,372	(90,829,633)	(484,965,401)
Other intangible assets	866,626,544	867,600	(905,258)	(96,840,778)
	<u>₩ 11,024,854,189</u>	<u>₩ 793,783,498</u>	<u>₩ (91,750,634)</u>	<u>₩ (594,394,814)</u>

<i>(in thousands of Korean won)</i>	2023		
	Transfer	Others³	Ending Balance
Software	₩ -	₩ 1,353	₩ 49,299,006
(Government grants)	-	-	-
Industrial proprietary rights	-	-	129,000
Construction-in-progress of intangible assets	(468,582,130)	(32,604,355)	2,194,294,435
Concession assets usage rights	468,582,130	-	8,086,418,689
Other intangible assets	-	(5,745,026)	764,003,081
	<u>₩ -</u>	<u>₩ (38,348,029)</u>	<u>₩ 11,094,144,210</u>

¹ Addition/capital expenditure of intangible assets under development includes ₩ 16,452,359 thousand of capitalized borrowing costs.

² Transferred to other non-current assets amounting to ₩ 15,742 thousand due to disposal for obsolescence.

³ Others include ₩ 38,349,381 thousand of the amount transferred to property, plant and equipment and ₩ 1,353 thousand of exchange differences on translation of foreign operations

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<i>(in thousands of Korean won)</i>	2022			
	Beginning Balance	Additions¹	Disposal²	Amortizations
Software	₩ 53,920,852	₩ 13,473,581	₩ (8)	₩ (13,278,211)
Industrial proprietary rights	17,174	115,373	(2,331)	(12,868)
Construction-in-progress of intangible assets	2,599,406,528	743,322,887	-	-
Concession assets usage rights	7,389,096,214	13,955,182	(74,843,850)	(551,383,713)
Other intangible assets	962,830,624	-	-	(96,204,080)
	<u>₩ 11,005,271,392</u>	<u>₩ 770,867,023</u>	<u>₩ (74,846,189)</u>	<u>₩ (660,878,871)</u>

<i>(in thousands of Korean won)</i>	2022		
	Transfer	Others³	Ending Balance
Software	-	₩ 6,944	₩ 54,123,158
Industrial proprietary rights	-	-	117,348
Construction-in-progress of intangible assets	(1,416,474,896)	(15,690,599)	1,910,563,919
Concession assets usage rights	1,416,475,859	123,528	8,193,423,220
Other intangible assets	-	-	866,626,544
	<u>₩ 962</u>	<u>₩ (15,560,128)</u>	<u>₩ 11,024,854,189</u>

¹ Addition/capital expenditure of intangible assets under development includes ₩ 11,311,421 thousand of capitalized borrowing costs.

² Transferred to other non-current assets amounting to ₩ 2,339 thousand due to disposal for obsolescence.

³ Others include ₩ 15,628,015 thousand of the amount transferred to property, plant and equipment, ₩123,528 thousand of the amount transferred from property, plant and equipment, and ₩ 6,944 thousand of exchange differences on translation of foreign operations.

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Details of individually significant intangible assets as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	Description	2023		2022	
Construction-in-progress of intangible assets	Water facilities under construction	₩	2,194,294,435	₩	1,910,563,919
Concession assets usage rights	Management right of water facilities in capital area, usage rights of water dams, usage rights of hydrogen dams, concession asset usage rights and management right of aggregate complex		7,125,855,491		7,137,112,643
	Management right of harbor and marina facility		960,563,198		1,056,310,577
Other intangible assets	Waterfront business rights	₩	758,613,646	₩	855,454,424

Expenditure on R&D activities for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Cost of sales	₩	7,116,658	₩	8,274,337
Selling, general and administrative expenses		61,662,486		56,181,899
	₩	68,779,143	₩	64,456,236

17. Contract Assets and Contract Liabilities

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

<i>(in thousands of Korean won)</i>	2023		2022	
	Current	Non-current	Current	Non-current
Contract asset - Due from customers	₩ 103,115,988	₩ 156,981,286	₩ 98,881,651	₩ 173,567,125
Contract liabilities - Due to customers	3,732,748	-	7,167,124	-

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18. Trade and Other Payables

Details of trade and other payables as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
	Current	Non-current	Current	Non-current
Trade payables	₩ 29,998,825	₩ -	₩ 22,975,482	₩ -
Other payables	284,774,726	-	224,676,069	23,461
Accrued expenses	120,671,788	-	114,025,833	-
Dividend payables	348,379	-	312,406	-
Lease liabilities	5,679,368	7,859,465	5,009,577	8,983,256
Others	16,636,450	-	16,911,308	297,215
	<u>₩ 458,109,537</u>	<u>₩ 7,859,465</u>	<u>₩ 383,910,676</u>	<u>₩ 9,303,932</u>

19. Borrowings and Debentures

Details of borrowings and debentures as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Current:		
Short-term borrowings	₩ 360,000,000	₩ 220,000,000
Current portion of long-term borrowings	105,438,922	35,320,502
Current portion of debentures	1,070,000,000	1,544,764,000
	<u>1,535,438,922</u>	<u>1,800,084,502</u>
Non-current:		
Long-term borrowings	179,079,152	268,184,066
Less: Present value of discount on borrowings	(213,276)	(375,431)
Debentures	6,722,559,000	6,900,285,000
Less: Present value of discount on debentures	(2,849,019)	(5,361,791)
	<u>6,898,575,857</u>	<u>7,162,731,843</u>
	<u>₩ 8,434,014,779</u>	<u>₩ 8,962,816,345</u>

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Repayment schedule of borrowings and debenture are as follows:

<i>(in thousands of Korean won)</i>	2023		
	Borrowings	Debenture	Total
In 1 year	₩ 465,438,922	₩ 1,070,000,000	₩ 1,535,438,922
1~5 years	171,834,152	3,582,995,000	3,754,829,152
After 5 years	7,245,000	3,139,564,000	3,146,809,000
	<u>₩ 644,518,074</u>	<u>₩ 7,792,559,000</u>	<u>₩ 8,437,077,074</u>

<i>(in thousands of Korean won)</i>	2022		
	Borrowings	Debenture	Total
In 1 year	₩ 255,320,502	₩ 1,544,764,000	₩ 1,800,084,502
1~5 years	157,320,365	3,673,555,000	3,830,875,365
After 5 years	110,863,701	3,226,730,000	3,337,593,701
	<u>₩ 523,504,567</u>	<u>₩ 8,445,049,000</u>	<u>₩ 8,968,553,567</u>

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

<i>(in thousands of Korean won)</i>				2023	2022
Financial institutions	Interest rate	Maturity			
Corporate paper in Korean won					
KEB Hana Bank	3MCD+0.15%	2024-01-05	₩	120,000,000	₩ 120,000,000
KEB Hana Bank	3MCD+0.25%	2024-03-11		100,000,000	-
KEBHana Bank	3MCD+0.46%	2024-01-11		140,000,000	100,000,000
Total			<u>₩</u>	<u>360,000,000</u>	<u>₩ 220,000,000</u>

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

(in thousands of Korean won)

Financial institutions	Interest rate	Maturity		2023		2022
Long-term borrowings denominated in Korean won						
Korea Development Bank	3.81%	2025-12-31	₩	2,066,400	₩	3,559,200
Korea Development Bank	5.98%	2041-12-16		11,480,000		-
Long-term borrowings denominated in foreign currencies:						
Islamic Development Bank and others	Libor(6M) + 4.75%	2028-12-12		203,318,989		233,452,233
DBS Bank(Singapore)	1.90%	2024-12-26		55,444,200		54,493,900
Daewoo Engineering	2.41%	2024-12-26		12,208,485		11,999,235
Total				<u>284,518,074</u>		<u>303,504,567</u>
Less: Difference from present value of long-term borrowings				(213,276)		(375,431)
Less: Current portion of long-term borrowings				<u>(105,438,922)</u>		<u>(35,320,502)</u>
Net of non-current borrowings			₩	<u>178,865,876</u>	₩	<u>267,808,634</u>

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

<i>(in thousands of Korean won, CHF and USD)</i>			2023		2022	
Series	Interest rate	Maturity	Foreign currency	Korean won	Foreign currency	Korean won
152 th	4.60%	2026-05-27	-	₩ 40,000,000	-	₩ 40,000,000
161 th	4.24%	2031-09-05	-	120,000,000	-	120,000,000
169 th	4.39%	2026-10-28	-	100,000,000	-	100,000,000
170 th	4.32%	2026-11-15	-	100,000,000	-	100,000,000
171 th	4.24%	2026-11-28	-	200,000,000	-	200,000,000
172 th	4.22%	2026-12-05	-	110,000,000	-	110,000,000
173 th	4.24%	2026-12-22	-	80,000,000	-	80,000,000
176 th	3.92%	2027-06-01	-	100,000,000	-	100,000,000
177 th	3.99%	2032-06-07	-	100,000,000	-	100,000,000
178 th	3.90%	2027-06-18	-	130,000,000	-	130,000,000
179 th	3.27%	2027-07-27	-	150,000,000	-	150,000,000
182 th	3.37%	2027-12-18	-	120,000,000	-	120,000,000
183 th	3.44%	2027-12-27	-	10,000,000	-	10,000,000
184 th	3.19%	2023-02-07	-	-	-	40,000,000
185 th	3.17%	2023-02-21	-	-	-	160,000,000
186 th	2.94%	2023-04-05	-	-	-	50,000,000
188 th	3.32%	2023-06-12	-	-	-	170,000,000
189 th	3.72%	2023-09-10	-	-	-	50,000,000
190 th	3.91%	2023-12-09	-	-	-	120,000,000
191 th	3.82%	2023-12-23	-	-	-	110,000,000
193 th	3.64%	2024-02-20	-	30,000,000	-	30,000,000
196 th	3.67%	2024-04-17	-	100,000,000	-	100,000,000
197 th	3.50%	2024-05-21	-	190,000,000	-	190,000,000
198 th	3.45%	2024-05-29	-	150,000,000	-	150,000,000
199 th	3.17%	2029-07-21	-	30,000,000	-	30,000,000
203 th	2.95%	2029-10-21	-	130,000,000	-	130,000,000
204 th	2.72%	2024-11-26	-	100,000,000	-	100,000,000
205 th	2.91%	2029-12-17	-	120,000,000	-	120,000,000
207 th	2.35%	2025-02-06	-	80,000,000	-	80,000,000
208 th	2.79%	2030-05-22	-	130,000,000	-	130,000,000
209 th	2.91%	2036-01-26	-	30,000,000	-	30,000,000
210 th	2.23%	2036-01-28	-	130,000,000	-	130,000,000
211 th	1.99%	2036-03-22	-	100,000,000	-	100,000,000
212 th	1.82%	2046-06-22	-	180,000,000	-	180,000,000
213 th	1.83%	2046-06-24	-	50,000,000	-	50,000,000
214 th	1.51%	2031-07-21	-	100,000,000	-	100,000,000
215 th	1.47%	2025-08-24	-	120,000,000	-	120,000,000
216 th	1.56%	2035-08-24	-	130,000,000	-	130,000,000
219 th	1.76%	2036-10-18	-	40,000,000	-	40,000,000

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Series	Interest rate	Maturity	2023		2022	
			Foreign currency	Korean won	Foreign currency	Korean won
220 th	2.41%	2046-12-13	-	70,000,000	-	70,000,000
221 th	2.11%	2026-07-03	-	50,000,000	-	50,000,000
222 th	2.10%	2024-01-05	-	50,000,000	-	50,000,000
225 th	2.24%	2027-02-06	-	100,000,000	-	100,000,000
226 th	2.30%	2047-02-09	-	70,000,000	-	70,000,000
228 th	2.20%	2024-03-17	-	70,000,000	-	70,000,000
229 th	2.26%	2027-03-17	-	40,000,000	-	40,000,000
230 th	2.35%	2037-03-17	-	120,000,000	-	120,000,000
232 th	2.39%	2047-03-24	-	30,000,000	-	30,000,000
233 th	2.21%	2027-04-06	-	30,000,000	-	30,000,000
234 th	2.34%	2037-04-06	-	60,000,000	-	60,000,000
235 th	2.86%	2037-11-09	-	50,000,000	-	50,000,000
236 th	2.54%	2047-12-21	-	40,000,000	-	40,000,000
237 th	2.70%	2028-01-17	-	90,000,000	-	90,000,000
238 th	2.72%	2038-01-17	-	100,000,000	-	100,000,000
239 th	2.90%	2038-02-13	-	150,000,000	-	150,000,000
240 th	2.58%	2023-06-22	-	-	-	90,000,000
241 th	2.94%	2043-06-22	-	100,000,000	-	100,000,000
242 th	2.57%	2043-09-19	-	60,000,000	-	60,000,000
243 th	2.39%	2023-09-21	-	-	-	100,000,000
244 th	2.25%	2038-11-23	-	50,000,000	-	50,000,000
245 th	2.37%	2043-12-18	-	30,000,000	-	30,000,000
247 th	1.97%	2048-12-20	-	50,000,000	-	50,000,000
248 th	1.85%	2024-04-05	-	50,000,000	-	50,000,000
249 th	1.74%	2039-06-14	-	90,000,000	-	90,000,000
250 th	1.68%	2049-07-01	-	100,000,000	-	100,000,000
251 th	1.63%	2049-07-16	-	60,000,000	-	60,000,000
252 th	1.62%	2024-10-21	-	80,000,000	-	80,000,000
253 th	1.63%	2049-10-21	-	70,000,000	-	70,000,000
256 th	1.66%	2025-01-10	-	80,000,000	-	80,000,000
257 th	1.71%	2050-01-10	-	120,000,000	-	120,000,000
258 th	1.35%	2025-03-04	-	110,000,000	-	110,000,000
259 th	1.54%	2050-03-13	-	100,000,000	-	100,000,000
260 th	1.34%	2025-05-18	-	160,000,000	-	160,000,000
261 th	3.4%*(3M CD-3M KTB)/ Business day	2040-05-28	-	50,000,000	-	50,000,000
262 th	1.41%	2026-01-20	-	220,000,000	-	220,000,000
263 th	1.21%	2024-03-12	-	50,000,000	-	50,000,000
264 th	2.56%	2051-05-26	-	50,000,000	-	50,000,000
265 th	1.86%	2026-08-04	-	30,000,000	-	30,000,000

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Series	Interest rate	Maturity	Foreign currency	Korean won	Foreign currency	Korean won
266 th	4.85%	2024-04-05	-	200,000,000	-	200,000,000
267 th	3.66%	2026-04-06	-	50,000,000	-	-
268 th	3.97%	2025-06-22	-	100,000,000	-	-
269 th	3.98%	2026-06-22	-	50,000,000	-	-
270 th	3.63%	2025-12-15	-	150,000,000	-	-
271 th	3.63%	2028-12-22	-	150,000,000	-	-
Yanggu Floating Photovoltaic Corporation 1st registered unsecured bonds	10.00%	2043-12-15	-	624,000	-	-
Euro-USD bonds 7 th	2.77%	2031-05-20	USD 100,000	128,940,000	USD 100,000	126,730,000
Euro-USD bonds 9 th	3.88%	2023-05-15	USD -	-	USD 300,000	380,190,000
CHF bonds	0.15%	2023-09-20	CHF -	-	CHF 200,000	274,574,000
Euro-USD bonds 11 th	3.50%	2025-04-27	USD 350,000	451,290,000	USD 350,000	443,555,000
CHF bonds 2 nd	2.17%	2025-09-18	CHF 250,000	381,705,000	-	-
				<u>7,792,559,000</u>		<u>8,445,049,000</u>
Less: Present value discount				(2,849,019)		(5,361,791)
Less: Current portion				<u>(1,070,000,000)</u>		<u>(1,544,764,000)</u>
				<u>₩ 6,719,709,981</u>		<u>₩ 6,894,923,209</u>

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20. Other Financial Liabilities

Details of other financial liabilities as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023				2022			
	Current		Non-current		Current		Non-current	
Derivatives	₩	-	₩	16,528,834	₩	-	₩	19,320,059

21. Lease

Right-of-use assets by class of underlying asset as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023					
	Acquisition cost		Accumulated depreciation		Net book value	
Right-of-use assets, office buildings	₩	15,544,159	₩	(6,549,267)	₩	8,994,892
Right-of-use assets, vehicles		11,199,575		(6,478,576)		4,720,998
	₩	26,743,733	₩	(13,027,843)	₩	13,715,890

<i>(in thousands of Korean won)</i>	2022					
	Acquisition cost		Accumulated depreciation		Net book value	
Right-of-use assets, office buildings	₩	14,296,034	₩	(4,177,847)	₩	10,118,187
Right-of-use assets, vehicles		9,460,665		(5,353,947)		4,106,718
	₩	23,756,699	₩	(9,531,794)	₩	14,224,905

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Movements in right-of-use assets by class of underlying asset for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023			
	Beginning balance	Acquisitions	Depreciation	Ending balance
Right-of-use assets, office buildings	₩ 10,118,187	₩ 2,518,736	₩ (3,642,031)	₩ 8,994,892
Right-of-use assets, vehicles	4,106,718	4,232,604	(3,618,323)	4,720,998
	<u>₩ 14,224,905</u>	<u>₩ 6,751,340</u>	<u>₩ (7,260,354)</u>	<u>₩ 13,715,890</u>

<i>(in thousands of Korean won)</i>	2022			
	Beginning balance	Acquisitions	Depreciation	Ending balance
Right-of-use assets, office buildings	₩ 4,386,255	₩ 9,188,697	₩ (3,456,765)	₩ 10,118,187
Right-of-use assets, vehicles	4,509,464	3,850,862	(4,253,608)	4,106,718
	<u>₩ 8,895,720</u>	<u>₩ 13,039,558</u>	<u>₩ (7,710,373)</u>	<u>₩ 14,224,905</u>

Details of lease liabilities as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Less than and equal to 1 year	₩	6,578,921	₩	5,455,675
Less than 1 year and more than and equal to 5 years		8,220,382		9,799,700
Over 5 years		40,114		89,405
Total undiscounted lease payments		<u>14,839,416</u>		<u>15,344,780</u>
Discounts on present value		(1,300,583)		(1,351,946)
Present value of the lease payments	₩	<u>13,538,833</u>	₩	<u>13,992,833</u>

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Current and non-current portions of lease liabilities as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Current	₩	5,679,368	₩	5,009,577
Non-current		7,859,465		8,983,256
	₩	<u>13,538,833</u>	₩	<u>13,992,833</u>

Movements in lease liabilities in relation to lease agreement for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023				
	Beginning balance	Addition	Interest	Repayment	Ending balance
Lease liabilities	₩ 13,992,833	₩ 6,584,349	₩ 406,632	₩ (7,444,981)	₩ 13,538,833

<i>(in thousands of Korean won)</i>	2022				
	Beginning balance	Addition	Interest	Repayment	Ending balance
Lease liabilities	₩ 8,208,925	₩ 11,134,762	₩ 326,735	₩ (5,677,589)	₩ 13,992,833

Profit or loss recognized as a lessee for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Depreciation of right-of-use assets				
Right-of-use assets, buildings	₩	3,642,031	₩	3,456,765
Right-of-use assets, vehicles		3,618,323		4,253,608
Payments of interest (finance costs)		406,632		326,735
Payments for short-term lease applied with exemption for recognition		147,584		239,250
	₩	<u>7,814,570</u>	₩	<u>8,276,358</u>

The Group as a lessee recognized ₩ 7,592,565 thousand and ₩ 5,582,151 thousand as total cash outflow for the years ended December 31, 2023 and 2022, respectively.

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22. Employee Benefits

(1) Defined contribution retirement plan

The Group sponsors defined contribution plan for certain qualified employees. The plan assets are managed independently from the Group's assets by the plan administrator. If employees leave before they meet the requirements to be qualified for the defined contribution plan, the Group's contribution payable is reduced by the amount of the contribution lost.

Profit or loss recognized by defined contribution retirement plan for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Cost of sales	₩	13,223,201	₩	14,522,923
Selling and administrative expenses (Retirement benefit)		2,329,270		2,367,224
Other		130,260		180,242
	₩	<u>15,682,731</u>	₩	<u>17,070,389</u>

(2) Defined benefit retirement plan

Actuarial assumptions as at December 31, 2023 and 2022, are as follows:

	2023		2022	
Discount rate		4.45%		5.21%
Expected rate on plan assets		4.76%		4.85%

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Details of expenses recognized in profit or loss for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Current service costs	₩	40,622,774	₩	42,381,856
Transfer in		522,720		532,454
Interest on obligation		14,353,023		10,030,552
Interest on plan assets		<u>(3,675,737)</u>		<u>(1,904,681)</u>
	₩	<u>51,822,780</u>	₩	<u>51,040,180</u>

The amounts recognized in employee expenses in the accompanying consolidated statements of comprehensive income for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Cost of sales	₩	42,174,170	₩	41,258,278
Selling, general and administrative expenses		9,110,513		9,406,759
Others (construction in progress)		<u>538,097</u>		<u>375,143</u>
	₩	<u>51,822,780</u>	₩	<u>51,040,180</u>

Present value of defined benefit obligations and fair value of plan assets as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Present value of defined benefit obligations	₩	360,989,499	₩	278,587,672
Fair value of plan assets		<u>(97,681,107)</u>		<u>(76,635,932)</u>
Recognized as defined benefit liabilities	₩	<u>263,308,391</u>	₩	<u>201,951,740</u>

Movements in present value of defined benefit obligations for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Beginning balance	₩	278,587,672	₩	331,027,910
Current service costs		41,145,494		42,914,310
Interest on obligation		14,353,023		10,030,552
Remeasurements		45,676,082		(91,141,191)
Benefits paid		(18,753,746)		(14,243,910)
Others		<u>(19,026)</u>		<u>-</u>
Ending balance	₩	<u>360,989,499</u>	₩	<u>278,587,672</u>

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Movements in plan assets for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Beginning balance	₩	76,635,932	₩	45,773,844
Operating commissions		(104,415)		(70,865)
Interest on plan assets		3,780,152		1,904,681
Remeasurements		(1,027,840)		329,724
Contributions by employer directly to plan assets		23,632,546		32,302,264
Benefit paid by the plan		(5,235,267)		(3,603,716)
Ending balance	₩	<u>97,681,107</u>	₩	<u>76,635,932</u>

Main categories of the plan assets as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Deposits and others	₩	97,681,107	₩	76,635,932

For the year ended December 31, 2023, the actual return on the plan asset is ₩ 2,752,312 thousand.

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

<i>(in thousands of Korean won)</i>		Impact on defined benefit obligation		
		Changes in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	₩ (41,730,380)	₩	50,568,129
Future salary growth rate	1%	51,349,909		(43,018,803)

There is no expected contributions to post-employment benefit plans for the year ending December 31, 2024.

The expected maturity analysis of undiscounted pension benefits as at December 31, 2023, is as follows:

<i>(in thousands of Korean won)</i>	Less than 1 year	Between 1-2 years	Between 2-5 years	Between 5-10 years	Over 1 years	Total
Pension benefits	₩ 4,300,148	₩ 14,246,987	₩ 63,143,997	₩ 83,412,076	₩ 512,211,638	₩ 677,314,846

The weighted average duration of the defined benefit obligation is 14.131 years.

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23. Provisions

Provisions as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
	Current	Non-current	Current	Non-current
Provision for employment	₩ 120,668,111	₩ -	₩ 113,002,427	₩ -
Provision for lawsuit	20,375,149	-	20,171,148	-
Provision for greenhouse gas	2,218,975	-	3,707,745	-
Provision for restoration	-	4,432,535	-	4,048,252
Other current provision	8,609,849	-	9,539,668	-
	<u>₩ 151,872,085</u>	<u>₩ 4,432,535</u>	<u>₩ 146,420,989</u>	<u>₩ 4,048,252</u>

Changes in provisions for the years of December 31, 2023 and 2022 are as follows:

<i>(in thousands of Korean won)</i>	2023				
	Beginning balance	Transfer¹	Use	Reversal	Ending balance
Provision for employment	₩ 113,002,427	₩ 128,248,457	₩ (120,582,773)	₩ -	₩ 120,668,111
Provision for lawsuit	20,171,148	11,339,547	(5,949,082)	(5,186,465)	20,375,149
Provision for greenhouse gas	3,707,745	1,578,115	(2,381,962)	(684,923)	2,218,975
Provision for restoration	4,048,252	384,283	-	-	4,432,535
Other current provision	9,539,668	48,958,198	(49,797,115)	(90,901)	8,609,849
	<u>₩ 150,469,240</u>	<u>₩ 190,508,600</u>	<u>₩ (178,710,931)</u>	<u>₩ (5,962,290)</u>	<u>₩ 156,304,620</u>

¹It is recognized in cost of sales of ₩ 151.4 billion, selling, general and administrative expenses of ₩ 27.4 billion of and other expenses of ₩ 11.3 billion.

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	2022				
	Beginning balance	Transfer¹	Use	Reversal	Ending balance
Current provision for employment	₩ 111,162,566	₩ 104,141,005	₩ (102,301,144)	₩ -	₩ 113,002,427
Provision for lawsuit	20,145,093	10,364,837	(8,002,246)	(2,336,535)	20,171,148
Provision for greenhouse gas	3,394,151	3,318,069	(3,004,475)	-	3,707,745
Provision for restoration	3,637,697	410,554	-	-	4,048,252
Other current provision	37,585,466	37,251,570	(58,575,382)	(6,721,986)	9,539,668
	<u>₩ 175,924,973</u>	<u>₩ 155,486,035</u>	<u>₩ (171,883,247)</u>	<u>₩ (9,058,521)</u>	<u>₩ 150,469,240</u>

¹It is recognized in cost of sales of ₩ 151.4 billion, selling, general and administrative expenses of ₩ 27.4 billion of and other expenses of ₩ 11.3 billion.

24. Government Grants

The Group presents government grants as liabilities in accordance with Article 44 of the Accounting standards for Public Corporations and Quasi-governmental Institutions in the Republic of Korea. The related account is deferred government grants revenue.

Details of government grants presented liabilities as at December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023	2022
Short-term deferred government grants revenue	₩ 2,707,549	₩ 2,562,255
Long-term deferred government grants revenue	64,112,454	42,759,683
	<u>₩ 66,820,003</u>	<u>₩ 45,321,937</u>

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Details of government grants related to liabilities as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	Description	2023		2022	
Inventories	Short-term deferred government grants revenue	₩	503,576	₩	503,576
Buildings	Short-term deferred government grants revenue		372,426		297,000
Vehicles	Short-term deferred government grants revenue		69,868		-
Software	Short-term deferred government grants revenue		416,556		416,556
Intangible assets under development	Short-term deferred government grants revenue		1,125,854		1,125,854
Concession assets usage rights	Short-term deferred government grants revenue		219,269		219,269
Buildings	Long-term deferred government grants revenue		4,104,326		3,860,953
Vehicles	Long-term deferred government grants revenue		262,938		-
Construction in progress	Long-term deferred government grants revenue		-		180,860
Software	Long-term deferred government grants revenue		1,006,678		1,423,234
Intangible assets under development	Long-term deferred government grants revenue		49,284,342		26,495,342
Concession assets usage rights	Long-term deferred government grants revenue		9,454,170		10,799,293
		₩	66,820,003	₩	45,321,937

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Movements of government grants related to liabilities for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023					
	Beginning balance	Receipt	Acquisition	Revenue recognition of depreciation	Others	Ending balance
Cash and cash equivalents	₩ -	₩ 23,196,450	₩ (23,196,450)	₩ -	₩ -	₩ -
Inventories	503,576	-	-	-	-	503,576
Buildings	4,157,953	-	-	(41,499)	360,298	4,476,752
Vehicles	-	-	349,340	(16,534)	-	332,806
Construction in progress	180,860	-	58,110	-	(238,970)	-
Software	1,839,790	-	-	(416,556)	-	1,423,234
Intangible assets under development	27,621,196	-	22,789,000	-	-	50,410,196
Concession assets usage rights	11,018,562	-	-	(1,345,123)	-	9,673,439
	<u>₩ 45,321,937</u>	<u>₩ 23,196,450</u>	<u>₩ -</u>	<u>₩ (1,819,713)</u>	<u>₩ 121,328</u>	<u>₩ 66,820,003</u>

(in thousands of Korean won)

	2022					
	Beginning balance	Receipt	Acquisition	Revenue recognition of depreciation	Others	Ending balance
Cash and cash equivalents	₩ -	₩ 12,953,954	₩ (12,953,954)	₩ -	₩ -	₩ -
Inventories	864,022	-	-	-	(360,446)	503,576
Buildings	4,401,168	-	6,164	(249,380)	-	4,157,953
Construction in progress	-	-	180,860	-	-	180,860
Software	1,683,688	-	399,094	(242,991)	-	1,839,790
Intangible assets under development	15,247,196	-	12,374,000	-	-	27,621,196
Concession assets usage rights	12,363,685	-	-	(1,345,123)	-	11,018,562
	<u>₩ 34,559,760</u>	<u>₩ 12,953,954</u>	<u>₩ 6,164</u>	<u>₩ (1,837,494)</u>	<u>₩ (360,446)</u>	<u>₩ 45,321,937</u>

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Government grant for specific business

Details of subsidy and changes in subsidy as at and for the year ended December 31, 2023, are as follows:

(in thousands of Korean won)

Department	Business	Details	Period ¹	Budget ²
Ministry of Environment	Supplying industrial water for Daesan complex (Building desalination facilities)	1 Desalination Plant 1 water-intake facility 1 pipe conduit	'19 ~ '24	₩ 22,789,000

(in thousands of Korean won)

Department	Carry forward from prior year(A)	Increase (B)			
		Subsidy		Interest income	
		Amount to be borne by the Group	Government	Amount to be borne by the Group	Government
Ministry of Environment	₩ -	₩ 79,818,363	₩ 22,789,000	₩ -	₩ -

(in thousands of Korean won)

Department	Decrease(C)				Carry forward to the next year (D=A+B-C)
	Execution		Return		
	Amount to be borne by the Group	Government	Amount to be borne by the Group	Government	
Ministry of Environment	₩ 79,818,363	₩ 22,789,000	₩ -	₩ -	₩ -

¹ Total project period

² Budget amount of government subsidy for the current year

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Details of subsidy and changes in subsidy as at and for the year ended December 31, 2022, are as follows:

(in thousands of Korean won)

Department	Business	Details	Period ¹	Budget ²
Ministry of Environment	Supplying industrial water for Daesan complex (Building desalination facilities)	1 Desalination Plant 1 water-intake facility 1 pipe conduit	'19 ~ '23	₩ 12,374,000

(in thousands of Korean won)

Department	Carry forward from prior year(A)	Increase (B)			
		Subsidy		Interest income	
		Amount to be borne by the Group	Government	Amount to be borne by the Group	Government
Ministry of Environment	₩ -	₩ 65,769,562	₩ 12,374,000	₩ -	₩ -

(in thousands of Korean won)

Department	Decrease(C)				Carry forward to the next year (D=A+B-C)
	Execution		Return		
	Amount to be borne by the Group	Government	Amount to be borne by the Group	Government	
Ministry of Environment	₩ 65,769,562	₩ 12,374,000	₩ -	₩ -	₩ -

¹ Total project period

² Budget amount of government subsidy for the current year

25. Consignment Business

(1) Details of consignment business

The Parent Company, as a specialized institution for the construction and operational management of comprehensive development of water resources and the development and maintenance of water facilities, carries out various projects consigned by the government and local governments in accordance with Water Facilities Act, Korea Water Resource Corporation Act, and the Act on Dam Construction and Management of Surrounding areas, etc. This business is a consignment business under Article 48 of Accounting Standards for Public Corporations and Quasi-governmental Institutions.

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(2) Accounting treatment for unexecuted and scheduled to be returned consignment business funds and consignment assets

When carrying out consignment business, the Parent Company recognizes consignment business revenue corresponding to the costs incurred at the time of execution, and recognizes them in total amounts without offsetting. In addition, unexecuted or scheduled to be returned consignment business funds are presented as liabilities in accordance with Article 44 of the same Standard.

Details of liabilities related to consignment business as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Short-term deferred consignment business revenue	₩ 1,129,695,823	₩ 1,386,910,455

Changes in liabilities related to consignment business and consignment assets for the years ended December 31, 2023 and 2022, are as follows:

(in thousands of Korean won)

		2023					
		Beginning balance	Receipt	Execution	Return	Others	Ending balance
Government	₩ 82,399,606	₩ 287,613,997	₩ (295,941,723)	₩ (15,669,536)	₩ 1,674,074	₩ 60,076,416	
Local	1,047,869,992	507,463,193	(796,473,986)	(12,435,180)	44,561,059	790,985,080	
Other institutions	256,640,857	224,669,714	(159,390,108)	(44,331,402)	1,045,266	278,634,327	
	<u>₩ 1,386,910,455</u>	<u>₩ 1,019,746,904</u>	<u>₩ (1,251,805,817)</u>	<u>₩ (72,436,118)</u>	<u>₩ 47,280,399</u>	<u>₩ 1,129,695,823</u>	

(in thousands of Korean won)

		2022					
		Beginning balance	Receipt	Execution	Return	Others	Ending balance
Government	₩ 67,659,531	₩ 309,586,429	₩ (271,505,233)	₩ (27,930,532)	₩ 4,589,410	₩ 82,399,606	
Local	881,370,523	842,442,742	(667,946,994)	(13,242,692)	5,246,413	1,047,869,992	
Other institutions	219,407,815	192,937,999	(128,168,873)	(35,336,499)	7,800,415	256,640,857	
	<u>₩ 1,168,437,869</u>	<u>₩ 1,344,967,171</u>	<u>₩ (1,067,621,100)</u>	<u>₩ (76,509,722)</u>	<u>₩ 17,636,238</u>	<u>₩ 1,386,910,455</u>	

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Details of consignment business revenue and expenses as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
	Consignment business revenue	Consignment business expenses	Consignment business revenue	Consignment business expenses
Local waterworks efficiency project	₩ 166,360,655	₩ 175,718,457	₩ 157,133,834	₩ 156,626,544
Construction of sewage	4,921,805	4,921,805	7,916,200	12,177,092
Operation of sewage	30,639,492	37,480,539	26,537,177	31,295,648
Water resources development project	184,649,699	167,825,880	148,490,748	143,518,539
Four major rivers management project	35,115,722	44,596,946	33,051,848	37,747,193
Kyung-in canal operation business	17,516,751	19,851,568	15,827,995	18,475,190
Operational management dams business	51,020,103	80,140,521	50,828,882	78,181,899
Modernization project	398,787,899	419,407,987	344,696,062	363,663,996
Other consignment business	362,793,691	361,517,092	283,138,353	293,345,345
	<u>₩ 1,251,805,817</u>	<u>₩ 1,311,460,794</u>	<u>₩ 1,067,621,100</u>	<u>₩ 1,135,031,446</u>

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26. Construction Charges

Changes in construction charge revenue for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Offset with deferred construction charge revenue	₩	2,357,606	₩	2,357,606
Construction charge setoff with amortization		354,450		431,096
	₩	<u>2,712,056</u>	₩	<u>2,788,701</u>

Changes in deferred revenue relating to construction charge for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Beginning	₩	56,942,462	₩	55,506,017
Increase ¹		7,408,470		3,794,051
Offset		<u>(2,357,606)</u>		<u>(2,357,606)</u>
Ending	₩	<u>61,993,326</u>	₩	<u>56,942,462</u>
Short-term deferred government grants revenue	₩	1,905,950	₩	1,905,950
Long-term deferred government grants revenue		60,087,376		55,036,512

¹ Exchange differences on translation of foreign operations are included.

Changes in construction charge recognized as subtraction of assets for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Beginning	₩	2,515,163	₩	2,946,258
Offset		<u>(354,450)</u>		<u>(431,096)</u>
Ending	₩	<u>2,160,713</u>	₩	<u>2,515,163</u>

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27. Non-financial Liabilities

Details of non-financial liabilities as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
	Current	Non-current	Current	Non-current
Advance payment	₩ 948,544,758	₩ -	₩ 1,139,139,028	₩ -
Accrued revenue	956,043	-	718,085	-
Withholdings	29,059,193	-	31,256,651	-
Deferred consignment business revenue	1,129,695,823		1,386,910,455	
Deferred construction charge revenue	1,905,950	60,087,376	1,905,950	55,036,512
Deferred government grants revenue	2,707,549	64,112,454	2,562,255	42,759,683
Over-billed construction	3,732,748	-	7,167,124	-
	<u>₩ 2,116,602,063</u>	<u>₩ 124,199,830</u>	<u>₩ 2,569,659,548</u>	<u>₩ 97,796,195</u>

28. Issued Capital

Details of issued capital as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		
	Government	Others	Total
Share capital	₩ 10,032,630,916	₩ 608,416,367	₩ 10,641,047,283

<i>(in thousands of Korean won)</i>	2022		
	Government	Others	Total
Share capital	₩ 9,647,555,916	₩ 608,416,367	₩ 10,255,972,283

Details of discounts on stock issuance as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Discounts on share issuance	₩ (19,159,082)	₩ (17,349,974)

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29. Retained Earnings and Dividends

Details of the retained earnings as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Legal appropriated retained earnings ¹	₩	134,232,361	₩	50,933,467
Other legal reserves ¹		267,431,098		-
Unappropriated retained earnings		<u>344,004,984</u>		<u>494,999,542</u>
	₩	<u>745,668,442</u>	₩	<u>545,933,009</u>

¹In accordance with the Article 12 of Korea Water Resource Corporation Act, an amount equal to at least 20% of profit in each fiscal year is required to be appropriated as a legal reserve, until the reserve equals 50% of share capital. The legal reserve may not be utilized for cash dividends, but may only be used to offset a deficit, if any, or be transferred to share capital.

Changes in retained earnings (deficit) for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Beginning balance	₩	545,933,009	₩	59,130,598
Profit for the period		301,317,927		416,494,469
Payment of dividends		(65,764,477)		-
Actuarial gain		<u>(35,818,017)</u>		<u>70,307,943</u>
Ending balance	₩	<u>745,668,442</u>	₩	<u>545,933,009</u>

Dividends paid for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
	Capital	Dividend	Capital	Dividend
Capital	₩ 10,641,047,283	65,764,477	₩ 10,255,972,283	-

Changes in actuarial gain (loss) for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Beginning balance	₩	37,577,625	₩	(32,730,317)
Changes for the year		(46,703,922)		91,470,915
Tax effect		<u>10,885,905</u>		<u>(21,162,972)</u>
Ending balance	₩	<u>1,759,608</u>	₩	<u>37,577,625</u>

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30. Statements of Appropriation of Retained Earning of the Parent Company

The appropriation of retained earnings for the year ended December 31, 2023, is expected to be appropriated on March 29, 2024. The appropriation date for the year ended December 31, 2022, was March 31, 2023.

Statements of appropriation of retained earning of the Parent Company for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
I. Unappropriated retained earnings		
Unappropriated retained earnings carried over from prior year	₩ 78,505,074	₩ 8,197,131
Profit for the year	301,317,927	416,494,469
Actuarial gain	(35,818,017)	70,307,943
	<u>344,004,984</u>	<u>494,999,542</u>
II. Appropriated amount		
Legal reserves	(60,263,585)	(83,298,894)
Reserves for business expansion	(193,174,923)	(267,431,098)
Dividends	(47,879,419)	(65,764,477)
III. Unappropriated retained earnings carried	<u>₩ 42,687,056</u>	<u>₩ 78,505,074</u>

31. Other Components of Equity

Details of other components of equity as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Other capital surplus	₩ (510,497)	₩ 23,311
Accumulated other comprehensive income	(168,014,695)	(158,781,834)
	<u>₩ (168,525,192)</u>	<u>₩ (158,758,522)</u>

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Changes of other capital surplus for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Beginning balance	₩	23,311	₩	166,650
Changes in equity of subsidiaries		(533,809)		(143,339)
Ending balance	₩	(510,497)	₩	23,311

Changes in accumulated other comprehensive income for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023				
	Gain (loss) on other comprehensive income	Gain (loss) on derivatives evaluation	Changes in equity of investee accounted for using equity method	Gain (loss) on foreign operation translation	Total
Beginning balance	₩ 894,973	₩ (4,674,716)	₩ (7,880,042)	₩ (147,122,048)	₩ (158,781,834)
Changes	(247,138)	2,583,621	(27,825)	(10,996,870)	(8,688,212)
Tax effect	58,254	(602,903)	-	-	(544,649)
Ending balance	₩ 706,089	₩ (2,693,998)	₩ (7,907,867)	₩ (158,118,919)	₩ (168,014,695)

<i>(in thousands of Korean won)</i>	2022				
	Gain (loss) on other comprehensive income	Gain (loss) on derivatives evaluation	Changes in equity of investee accounted for using equity method	Loss on foreign operation translation	Total
Beginning balance	₩ (690,570)	₩ 34,156,879	₩ (6,847,320)	₩ (150,582,960)	₩ (123,963,970)
Changes	2,076,371	(51,148,715)	(1,032,723)	3,460,911	(46,644,156)
Tax effect	(490,829)	12,317,120	-	-	11,826,292
Ending balance	₩ 894,973	₩ (4,674,716)	₩ (7,880,042)	₩ (147,122,048)	₩ (158,781,834)

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32. Revenue

Details of revenue of the Group from its continued operation except for other income, other gains and finance income for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Revenue from selling product:		
Sales of land revenue	₩ 817,827,525	₩ 1,151,684,979
Water supply business revenue	1,227,563,198	1,212,642,073
Multipurpose dams business revenue	305,964,382	308,765,314
Power generation revenue	352,109,844	401,942,170
Renewable energy revenue	128,287,705	142,672,828
Certified emission reduction	929,797	475,500
	<u>2,832,682,450</u>	<u>3,218,182,864</u>
Revenue from providing service:		
Ara waterway operation business revenue (port operation)	14,562,537	21,364,188
Other revenues services	2,700,808	627,655
	<u>17,263,345</u>	<u>21,991,844</u>
Revenue from construction contract:		
Private investment construction revenue (waterworks)	346,242,568	307,943,124
Private investment construction revenue (multipurpose dams)	20,663,151	33,814,822
Other construction revenue	4,499,827	4,956,405
	<u>371,405,546</u>	<u>346,714,352</u>
Revenue from consignment business:		
Sewage treatment business revenue	4,921,805	7,916,200
Water resource revenue	184,649,699	148,490,748
Dam management revenue	51,020,103	50,828,882
Local waterworks business revenue	166,360,655	157,133,834
Sewage treatment business revenue	30,639,492	26,537,177
Four River management business revenue	35,115,722	33,051,848
Ara waterway operation business revenue	17,516,751	15,827,995
Modernization project revenue	398,787,899	344,696,062
Other consignment business revenue	362,793,691	283,138,353
	<u>1,251,805,817</u>	<u>1,067,621,100</u>
Other revenue:		
Foreign business revenue	13,611,922	3,889,118
Incidental business revenue	84,202,896	100,917,826
	<u>97,814,817</u>	<u>104,806,943</u>
	<u>₩ 4,570,971,977</u>	<u>₩ 4,759,317,102</u>

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33. Selling and Administrative Expenses

Details of selling and administrative expenses of the Group for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Contribution on employment benefit fund	₩	10,243,000	₩	9,466,505
Salary		68,363,755		62,960,480
Retirement benefit		8,164,167		8,882,419
Employment benefit expenses		10,099,260		10,026,674
Insurance		4,094,404		3,246,596
Depreciation		4,795,010		2,665,612
Amortization		477,840		432,708
Bad debt expenses		125,146		9,596,836
Reversal of bad debt expenses		(3,652,652)		(302,606)
Service fees		22,554,904		16,424,558
Advertisement expenses		10,157,669		9,889,237
Education and training expenses		8,117,627		6,663,269
Vehicle management expenses		766,312		534,546
Publication expenses		590,652		617,900
Business expenses		202,630		148,309
Rental expenses		1,894,187		1,903,507
Communication expenses		2,745,567		2,643,642
Taxes and duties		4,020,608		6,473,677
Supplies expenses		724,095		1,155,949
Sewage expenses		3,061,846		2,486,256
Repair expenses		14,949,288		14,948,937
Development expenses		61,662,486		56,181,899
Transportation expenses		2,177,325		2,258,662
Clothing expenses		520,402		853,809
Investigation expenses		206,777		293,462
Promotion expenses		1,085,651		1,044,727
Sales commission		1,244,575		1,780,759
Other selling and administrative expenses				
- Reward expenses		388,057		375,438
- Cooperation expenses		38,918		21,300
- Miscellaneous expenses		5,879,672,176		3,623,161
	₩	<u>245,699,175</u>	₩	<u>237,288,225</u>

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34. Other Income and Expenses

Details of other Income for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Gains on government grants	₩	1,819,713	₩	1,945,437
Reversal of other provisions		5,277,367		9,058,521
Reversal of other bad debt allowance		8,810,885		-
Construction charge revenue		2,357,606		2,357,606
Rental revenue		2,001,616		2,331,935
Miscellaneous revenue				
- Cost gain		18		-
- Compensation revenue		19,025,012		14,212,750
- Miscellaneous income ¹		20,629,115		275,829,697
	₩	59,921,331	₩	305,735,946

¹ ₩ 236.4 billion and ₩ 13.1 billion in winnings related to the four major rivers bidding rigging and Ara Waterway litigation were reflected as miscellaneous income for the years ended December 31, 2022.

Details of other expenses for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Addition to other provision	₩	11,339,547	₩	10,761,848
Other bad debt expenses		1,666,136		17,366,583
Contribution expenses		5,207,039		4,938,706
Miscellaneous expenses				
- Cost loss		17,117		482,393
- Miscellaneous loss		7,083,882		7,942,815
- Sale cancellation loss		1,417,154		0
- Sale return loss		3,600,749		2,755,881
- Compensation and reward expenses		1,246		2,490,846
	₩	30,332,871	₩	46,739,072

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35. Other Gain and Loss

Details of other gain and loss for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Gain on disposal of tangible assets	₩	10,852,579	₩	3,177,208
Loss on disposal of tangible assets		(2,756,553)		(384,779)
Loss on impairment of tangible assets		(943,369)		(210,971,907)
Gain on disposal of intangible assets		31,120,367		6,606,150
Loss on disposal of intangible assets		(382,903)		-
Gain on transaction of foreign currencies (related to operating activities)		29,194		130,744
Loss on transaction of foreign currencies (related to operating activities)		(21,519)		-
Miscellaneous gain				
- Gain on disposal of inventories		10,003		11,441
Miscellaneous loss				
- Loss on scrap of inventories		(28,986)		(105,487)
	₩	<u>37,878,813</u>	₩	<u>(201,536,631)</u>

36. Finance Income

Details of finance income for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Interest income	₩	43,001,624	₩	54,253,316
Dividend income		375,354		438,976
Gain on disposal of financial assets at fair value through profit or loss		3,074,643		-
Gain on valuation of financial assets at fair value through profit or loss		162,807		177,608
Gain on valuation of derivatives		116,789,119		115,849,290
Gain on transaction of derivatives		36,880,000		43,924,673
Gain on repayment of financial liability		-		279,662
Gain on translation of foreign currencies		595,233		4,730,314
Gain on transaction of foreign currencies		1,157,876		4,047
	₩	<u>202,036,656</u>	₩	<u>219,657,887</u>

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Details of interest income for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Cash and cash equivalent	₩	34,823,533	₩	22,891,890
Trade and other receivables		8,178,091		31,361,425
	₩	<u>43,001,624</u>	₩	<u>54,253,316</u>

37. Finance Costs

Details of finance costs for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Interest expenses	₩	150,079,570	₩	148,841,417
Loss on valuation of financial assets at fair value through profit or loss		566,618		613,011
Loss on repayment of financial liability		-		408,112
Loss on translation of foreign currencies		81,933,713		139,696,486
Loss on transaction of foreign currencies		36,898,535		43,035,000
	₩	<u>269,478,436</u>	₩	<u>332,594,026</u>

Details of interest expenses for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Trade and other payables	₩	1,826,139	₩	918,929
Borrowings		32,776,105		28,081,479
Debenture		220,539,365		230,437,906
		255,141,608		259,438,314
Less: capitalization of interest cost ¹		(105,062,039)		(110,596,897)
	₩	<u>150,079,570</u>	₩	<u>148,841,417</u>

¹ Weighted-average capitalized borrowing cost rates are 2.71% and 2.53% for the years ended December 31, 2023 and 2022, respectively.

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38. Income Tax Expense

Details of income tax expense for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Current tax expense	₩ 5,896,038	₩ 56,559,333
Adjustment for prior years	(10,930,975)	(1,099,414)
Income taxes directly charged to equity	10,341,256	(9,336,680)
Origination and reversal of temporary differences	(54,198,117)	23,162,975
Total Income tax expense (income)	<u>₩ (48,891,798)</u>	<u>₩ 69,286,214</u>

Reconciliation of effective tax rate for the years ended December 31, 2023 and 2022, is as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Profit before income tax expense	₩ 310,442,989	₩ 483,392,368
Income tax using the Group's statutory tax rate	71,712,330	115,980,861
Adjustments:		
Current adjustments for prior periods	(10,930,975)	(1,099,414)
Non-taxable income	(21,010,614)	(17,415)
Non-deductible expenses	191,439	181,852
Effect of deferred income tax and loss carried forward	(90,011,825)	(48,380,081)
Others	1,157,847	232,096
Income tax expense (income)	<u>₩ (48,891,798)</u>	<u>₩ 66,897,899</u>
Average effective tax rate	<u>-</u>	<u>13.84%</u>

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Details of tax effect recognized in other comprehensive income for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Deferred Tax				
Amount occurred on accounts recognized in other comprehensive income				
Gain (loss) on valuation of derivatives	₩	(602,903)	₩	12,317,120
Gain (loss) on valuation of fair value financial assets		58,254		(490,829)
Remeasurements		10,885,905		(21,162,972)
	₩	<u>10,341,256</u>	₩	<u>(9,336,680)</u>

Details of deferred tax assets (liabilities) as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023			
	Beginning balance	Amount recognized in profit or loss	Amount recognized in other comprehensive income	Ending balance
Depreciation	₩ 105,921,749	₩ (4,723,475)	₩ -	₩ 101,328,365
Government subsidy	11,143,716	5,310,347	-	16,454,063
Construction charge	583,518	(84,393)	-	499,125
Deferred revenue of construction charge	9,276,157	1,058,450	-	10,334,606
Defined benefit obligation	71,750,635	(2,875,224)	10,885,905	79,790,158
Pension assets	(15,562,105)	(3,014,372)	-	(18,576,477)
Financial assets at fair value	121,628	56,565	-	178,192
Investment stocks	83,823,069	(5,448,303)	-	78,374,766
Surplus of bad debt allowances	3,640,365	(1,121,755)	-	2,518,610
Construction interest on inventory	(248,617,944)	(3,158,103)	-	(251,776,048)
Ownership tax on inventory	(25,708,416)	(3,859,099)	-	(29,567,515)
Accrued revenue	(179,507)	(33,644)	-	(212,268)
Pre-depreciation allowance	(19,281,940)	(4,237,863)	-	(23,519,802)
Acquisition tax (land)	(35,902)	155	-	(35,748)
Provision for lawsuit	6,536,227	(591,147)	-	5,945,081
Payment guarantee for foreign subsidiary	666,983	161,011	-	827,994
Loss on valuation of derivatives	(7,171,033)	7,645,021	(602,903)	(128,916)
Depreciation of marina management right	1,175,162	(5,065)	-	1,170,096

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	2023			
	Beginning balance	Amount recognized in profit or loss	Amount recognized in other comprehensive income	Ending balance
Provision of greenhouse gas	860,197	(347,614)	-	512,583
Foreign currency adjustment asset	5,316,008	(22,914)	-	5,293,094
Common purchase tax	178,574	(11,531)	-	167,043
Acquisition tax (Ara waterway)	100,588	(7,452)	-	93,136
Unbilled construction (contract assets)	(63,208,116)	3,125,646	-	(60,082,470)
Four River Dam business revenue	223,725,106	(223,725,106)	-	0
Four River Dam business investments	377,501,932	(42,981,563)	-	334,520,369
Extra-invoiced construction	1,662,773	(800,508)	-	862,265
Labor cost of overseas expatriates	1,200,612	93,659	-	1,294,271
Others	(1,709,878)	1,234,910	-	(474,968)
Deficit carried forward	496,513,915	204,885,043	-	700,840,581
Donation carried forward	17,794,418	1,501,339	-	19,295,757
Subtotal	1,038,018,489	(71,976,987)	10,283,002	975,925,943
Deferred income tax assets with low realizability	(1,036,457,637)	108,671,941	-	(920,166,973)
Deferred tax assets (liabilities)	₩ 1,560,852	36,694,954	10,283,002	55,758,969

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	2022			
	Beginning balance	Amount recognized in profit or loss	Amount recognized in other comprehensive income	Ending balance
Depreciation	₩ 113,016,654	₩ (7,094,905)	₩ -	₩ 105,921,749
Government subsidy	8,761,532	2,382,184	-	11,143,716
Construction charge	712,994	(129,477)	-	583,518
Deferred revenue of construction charge	10,246,532	(970,375)	-	9,276,157
Defined benefit obligation	78,204,726	14,708,881	(21,162,972)	71,750,635
Pension assets	(9,321,408)	(6,240,697)	-	(15,562,105)
Financial assets at fair value	453,976	158,480	(490,829)	121,628
Investment stocks	10,547,507	73,275,562	-	83,823,069
Surplus of bad debt allowances	-	3,640,365	-	3,640,365
Construction interest on inventory	(254,397,404)	5,779,460	-	(248,617,944)
Ownership tax on inventory	(20,726,461)	(4,981,956)	-	(25,708,416)
Accrued revenue	(160,338)	(19,169)	-	(179,507)
Pre-depreciation allowance	(18,033,656)	(1,248,284)	-	(19,281,940)
Acquisition tax (land)	(37,450)	1,548	-	(35,902)
Provision for lawsuit	13,734,001	(7,197,774)	-	6,536,227
Payment guarantee for foreign subsidiary	584,216	82,767	-	666,983
Loss on valuation of derivatives	(32,911,721)	13,423,567	12,317,120	(7,171,033)
Depreciation of marina management right	1,225,815	(50,654)	-	1,175,162
Provision of greenhouse gas	821,385	38,812	-	860,197
Foreign currency ordinary deposit	(475,781)	475,781	-	-
Foreign currency adjustment asset	5,545,146	(229,138)	-	5,316,008
Common purchase tax	197,544	(18,971)	-	178,574
Acquisition tax (Ara waterway)	112,277	(11,689)	-	100,588
Unbilled construction (contract assets)	(70,054,716)	6,846,600	-	(63,208,116)
Four River Dam business revenue	230,759,831	(7,034,726)	-	223,725,106
Four River Dam business investments	445,282,450	(67,780,518)	-	377,501,932
Extra-invoiced construction	1,823,451	(160,678)	-	1,662,773
Labor cost of overseas expatriates	1,132,771	67,841	-	1,200,612

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	2022			
	Beginning balance	Amount recognized in profit or loss	Amount recognized in other comprehensive income	Ending balance
Others	21,220,035	(22,929,913)	-	(1,709,878)
Deficit carried forward	592,621,369	(96,107,453)	-	496,513,915
Donation carried forward	18,561,419	(767,001)	-	17,794,418
Subtotal	1,149,446,697	(102,091,528)	(9,336,680)	1,038,018,489
Deferred income tax assets with low realizability	(1,124,722,866)	88,265,229	-	(1,036,457,637)
Deferred tax assets (liabilities)	₩ 24,723,831	₩ (13,826,299)	₩ (9,336,680)	₩ 1,560,852

Details of temporary difference not recognized as deferred tax assets in 2023 and 2022, are as follows:

(in thousands of Korean won)

	2023		Reason for not recognizing
	Temporary difference	Deferred tax	
Temporary difference subtracted			
Investments in associates (gain (loss) on valuation)	₩ 341,915,114	₩ 78,982,391	No plan for disposal
Foreign currency adjustment asset	22,913,828	5,293,094	No plan for amendment of laws
Four River Dam business investments	1,448,140,126	334,520,369	Uncertainty of the size and time of financial support
Deficit carried forward ¹	2,086,906,327	482,075,362	Unused during the exemption period
Donation carried forward ²	83,531,417	19,295,757	Unused during the exemption period
	₩ 3,983,406,811	₩ 920,166,973	

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¹ The maturity of unused losses is as follows:

<i>(in thousands of Korean won)</i>	2023	
2025-12-31	₩	988,569,361
2026-12-31		199,784,516
2029-12-31		26,586,826
2038-12-31		871,965,623
	₩	<u>2,086,906,327</u>

² The maturity of unused donation is as follows:

<i>(in thousands of Korean won)</i>	2023	
2025-12-31	₩	19,430,245
2026-12-31		8,568,292
2027-12-31		8,664,719
2028-12-31		10,085,305
2029-12-31		17,391,269
2030-12-31		12,560,248
2033-12-31		6,831,340
	₩	<u>83,531,417</u>

Details of temporary differences to be added in relation to investments in subsidiaries and associates and investment interests in joint ventures that are not recognized as deferred tax liabilities as at December 31, 2023, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022		Reason for not recognizing
Subsidiaries	₩	27,241,226	₩	10,105,381	No plan for disposal
Associates		3,318,961		1,166,443	No plan for disposal
	₩	<u>30,560,188</u>	₩	<u>11,271,824</u>	

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Details of deferred tax assets (liabilities) presented in the statements of financial position are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Deferred tax assets	₩ 55,817,118	₩ -
Deferred tax liabilities	(58,149)	(28,525)
	<u>₩ 55,758,969</u>	<u>₩ (28,525)</u>

Details of collection and settlement period of deferred tax assets and liabilities are as follows.

<i>(in thousands of Korean won)</i>	2023	2022
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	₩ 432,665,896	₩ 312,189,584
Deferred tax asset to be recovered within 12 months	59,524,264	113,717,556
	<u>492,190,159</u>	<u>425,907,140</u>
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	(348,997,939)	(328,364,136)
Deferred tax liability to be recovered within 12 months	(87,433,251)	(95,982,152)
	<u>(436,431,190)</u>	<u>(424,346,288)</u>
Deferred tax assets, net	<u>₩ 55,758,969</u>	<u>₩ 1,560,852</u>

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39. Breakdown of Expenses by Nature

(in thousands of
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	2023			
	Changes in inventories	Selling and administrative expenses	Cost of goods sold	Total
Changes in inventory:				
Raw materials	₩ (1,776,464)	₩ -	₩ -	₩ (1,776,464)
Products and others	(197,269,835)	-	-	(197,269,835)
Purchased amount of inventories	-	-	2,490,483,104	2,490,483,104
Salary	-	98,821,466	474,231,616	573,053,082
Retirement expenses	-	11,439,782	55,397,371	66,837,153
Employment benefit	-	13,054,686	54,123,068	67,177,754
Insurance expenses	-	4,094,404	858,286	4,952,689
Depreciation	-	6,013,426	126,060,332	132,073,758
Amortization	-	8,126,612	586,268,202	594,394,814
Bad debt expenses	-	125,146	-	125,146
Reversal of bad debt allowances	-	(3,652,652)	-	(3,652,652)
Service fees	-	25,253,870	24,213,262	49,467,131
Advertisement expenses	-	10,436,263	2,567,851	13,004,114
Education and training expenses	-	8,237,456	1,502,527	9,739,983
Vehicle management expenses	-	799,823	2,201,564	3,001,387
Publication expenses	-	766,929	883,223	1,650,152
Business expenses	-	202,630	200	202,830
Rental expenses	-	1,897,668	2,413,100	4,310,768
Communication expenses	-	2,764,421	6,273,500	9,037,921
Taxes and duties	-	4,760,171	107,402,315	112,162,486
Supplies expenses	-	822,391	2,141,956	2,964,347
Sewage expenses	-	3,455,255	7,421,954	10,877,209
Repairment expenses	-	15,118,893	84,880,185	99,999,078
Development expenses	-	10,322,843	7,116,658	17,439,501
Transportation expenses	-	2,755,088	19,888,276	22,643,364
Clothing expenses	-	560,187	6,993	567,180
Investigation expenses	-	298,966	6,722,745	7,021,711
Promotion expenses	-	1,085,651	-	1,085,651
Sales commission	-	1,244,575	-	1,244,575
Others	-	16,893,225	148,332,219	165,225,445
	<u>₩ (199,046,299)</u>	<u>₩ 245,699,175</u>	<u>₩ 4,211,390,504</u>	<u>₩ 4,258,043,380</u>

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	2022			
	Changes in inventories	Selling and administrative expenses	Cost of goods sold	Total
Changes in inventory:				
Raw materials	₩ (3,028,543)	₩ -	₩ -	₩ (3,028,543)
Products	78,070,086	-	-	78,070,086
Purchased amount of inventories	-	-	2,116,990,005	2,116,990,005
Salary	-	87,385,678	459,272,985	546,658,663
Retirement expenses	-	12,329,369	55,781,201	68,110,570
Employment benefit	-	12,416,473	53,253,515	65,669,987
Insurance expenses	-	3,246,970	1,057,467	4,304,437
Depreciation	-	3,625,315	111,467,601	115,092,917
Amortization	-	8,434,449	652,444,422	660,878,871
Bad debt expenses	-	9,596,836	-	9,596,836
Reversal of bad debt allowances	-	(302,606)	-	(302,606)
Service fees	-	16,762,184	72,329,158	89,091,342
Advertisement expenses	-	10,127,372	3,233,927	13,361,299
Education and training expenses	-	6,774,155	2,460,641	9,234,796
Vehicle management expenses	-	564,287	2,469,411	3,033,698
Publication expenses	-	763,197	877,136	1,640,333
Business expenses	-	148,309	575	148,884
Rental expenses	-	1,914,015	2,306,006	4,220,021
Communication expenses	-	2,654,340	5,901,031	8,555,370
Taxes and duties	-	7,281,183	114,900,802	122,181,985
Supplies expenses	-	1,265,649	2,371,751	3,637,399
Sewage expenses	-	2,849,622	5,595,684	8,445,306
Repairment expenses	-	15,987,902	151,331,324	167,319,226
Development expenses	-	12,097,416	8,274,337	20,371,753
Transportation expenses	-	2,888,209	19,579,770	22,467,978
Clothing expenses	-	908,312	11,999	920,311
Investigation expenses	-	454,273	7,419,043	7,873,316
Promotion expenses	-	1,044,727	-	1,044,727
Sales commission	-	1,780,759	-	1,780,759
Others	-	14,289,833	10,569,734	24,859,567
	<u>₩ 75,041,543</u>	<u>₩ 237,288,225</u>	<u>₩ 3,859,899,526</u>	<u>₩ 4,172,229,294</u>

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40. Categories of Financial Instruments

Financial assets and liabilities by categories as at December 31, 2023 and 2022, are detailed as follows:

(in thousands of Korean won)

	2023				
	Financial assets at AC	Financial assets at FVOCI	Financial assets at FVPL	Derivative hedging- instrument- designated	Total
Current financial assets					
Cash and cash equivalents	₩ 267,195,736	₩ -	₩ -	₩ -	₩ 267,195,736
Short-term financial instruments	34,560,310	-	-	-	34,560,310
Financial assets at FVPL	-	-	46,222,269	-	46,222,269
Trade and other receivables	507,638,239	-	-	-	507,638,239
Derivative instrument assets	-	-	-	1,856,735	1,856,735
	<u>₩ 809,394,284</u>	<u>₩ -</u>	<u>₩ 46,222,269</u>	<u>₩ 1,856,735</u>	<u>₩ 857,473,289</u>

(in thousands of Korean won)

	2023				
	Financial assets at AC	Financial assets at FVOCI	Financial assets at FVPL	Derivative hedging- instrument- designated	Total
Non-current financial assets					
Derivative instrument assets	₩ -	₩ -	₩ -	₩ 54,161,350	₩ 54,161,350
Long-term financial instruments	67,711	-	-	-	67,711
Financial assets at FVPL	-	-	136,128,280	-	136,128,280
Financial assets at FVOCI	-	24,796,441	-	-	24,796,441
Long-term loans	30,217,525	-	-	-	30,217,525
Trade and other receivables	524,228,117	-	-	-	524,228,117
	<u>₩ 554,513,353</u>	<u>₩ 24,796,441</u>	<u>₩ 136,128,280</u>	<u>₩ 54,161,350</u>	<u>₩ 769,599,423</u>

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<i>(in thousands of Korean won)</i>	2023		
	Financial liabilities at AC	Derivative hedging- instrument- designated	Total
Current liabilities			
Short-term borrowings	₩ 360,000,000	₩ -	₩ 360,000,000
Long-term borrowings	105,438,922	-	105,438,922
Debentures	1,070,000,000	-	1,070,000,000
Trade and other liabilities	451,829,461	-	451,829,461
	<u>₩ 1,987,268,383</u>	<u>₩ -</u>	<u>₩ 1,987,268,383</u>

<i>(in thousands of Korean won)</i>	2023		
	Financial liabilities at AC	Derivative hedging- instrument- designated	Total
Non-current liabilities			
Trade and other liabilities	₩ 600,708	₩ -	₩ 600,708
Long-term borrowings	178,865,876	-	178,865,876
Debentures	6,719,709,981	-	6,719,709,981
Derivative instrument liabilities	-	16,528,834	16,528,834
	<u>₩ 6,966,829,251</u>	<u>₩ 16,528,834</u>	<u>₩ 6,983,358,084</u>

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(in thousands of Korean won)

	2022				
	Financial assets at AC	Financial assets at FVPL	Derivative hedging-instrument-designated	Total	
Current financial assets					
Cash and cash equivalents	₩ 690,113,424	₩ -	₩ -	₩	690,113,424
Short-term financial instruments	33,858,089	-	-		33,858,089
Financial assets at FVPL	-	36,297,438	-		36,297,438
Trade and other receivables	514,761,342	-	-		514,761,342
Derivative instrument assets	-	-	104,124,382		104,124,382
	<u>₩ 1,238,732,855</u>	<u>₩ 36,297,438</u>	<u>₩ 104,124,382</u>	<u>₩</u>	<u>1,379,154,674</u>

(in thousands of Korean won)

	2022				
	Financial assets at AC	Financial assets at FVOCI	Financial assets at FVPL	Derivative hedging-instrument-designated	Total
Non-current financial assets					
Derivative instrument assets	₩ -	₩ -	₩ -	₩ 35,515,807	₩ 35,515,807
Financial assets at FVPL	-	-	117,777,803	-	117,777,803
Financial assets at FVOCI	-	24,906,786	-	-	24,906,786
Long-term loans	30,341,913	-	-	-	30,341,913
Trade and other receivables	556,721,818	-	-	-	556,721,818
	<u>₩ 587,063,731</u>	<u>₩ 24,906,786</u>	<u>₩ 117,777,803</u>	<u>₩ 35,515,807</u>	<u>₩ 765,264,128</u>

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<i>(in thousands of Korean won)</i>	2022		
	Financial liabilities at AC	Derivative hedging- instrument- designated	Total
Current liabilities			
Short-term borrowings	₩ 220,000,000	₩	₩ 220,000,000
Long-term borrowings	35,320,502	-	35,320,502
Debentures	1,544,764,000	-	1,544,764,000
Trade and other liabilities	378,901,099	-	378,901,099
	<u>₩ 2,178,985,600</u>	<u>₩</u>	<u>₩ 2,178,985,600</u>

<i>(in thousands of Korean won)</i>	2022		
	Financial liabilities at AC	Derivative hedging- instrument- designated	Total
Non-current liabilities			
Trade and other liabilities	₩ 320,676	₩	₩ 320,676
Long-term borrowings	267,808,634	-	267,808,634
Debentures	6,894,923,209	-	6,894,923,209
Derivative instrument liabilities	-	19,320,059	19,320,059
	<u>₩ 7,163,052,519</u>	<u>₩</u>	<u>₩ 7,182,372,577</u>

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Finance income and costs by categories for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Financial assets at amortized costs:		
Interest income	₩ 43,001,624	₩ 54,253,316
Bad debt expenses	(125,146)	(9,596,836)
Reversal of bad debt expenses	3,652,652	302,606
Other bad debt expenses	(1,666,136)	(17,366,583)
Reversal of other bad debt allowance	8,810,885	-
Gain on foreign currency transactions, net	7,675	130,744
Financial assets at fair value through profit or loss:		
Dividend income	375,354	438,976
Gain on disposal, net	3,074,643	-
Gain (loss) on valuation, net	94,177,808	(435,403)
Derivative hedging instrument designated:		
Gain on valuation, net	22,207,500	115,849,290
Gain on transactions, net	36,880,000	43,924,673
Changes in accumulated other comprehensive income	1,980,718	(38,831,595)
Other financial liabilities at amortized costs:		
Interest expenses	(149,672,938)	(148,841,417)
Loss on repayment of financial liabilities	-	(128,451)
Loss on foreign currency transactions, net	(35,748,334)	(43,030,953)
Loss on foreign currency translation, net	(81,338,480)	(134,966,171)
	<u>₩ (54,382,175)</u>	<u>₩ (178,297,803)</u>

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41. Risk Management

(1) Capital risk management

The fundamental goal of capital management is to maintain the Group's going-concern ability and to maximize shareholders' value by means of minimizing capital financial cost.

The Group's financing ratio as at December 31, 2023 and 2022, are as follows;

<i>(in thousands of Korean won)</i>	2023	2022
Net debt:		
Debts (borrowings and debentures)	₩ 8,434,014,779	₩ 8,962,816,345
Less: Cash and cash equivalents	<u>(267,195,736)</u>	<u>(690,113,424)</u>
	8,166,819,043	8,272,702,920
Equity	<u>11,413,048,964</u>	<u>10,782,068,264</u>
Total net debt and equity	<u>19,579,868,007</u>	<u>19,054,771,184</u>
Adjusted debt ratio	<u>41.7%</u>	<u>43.4%</u>

(2) Financial risk management

① Goal of financial risk management

The Board of Directors is responsible for preparing overall systems for financial risk management and supervising financial risk management. The Board of Directors established Risk Management Committee to develop the strategy for financial risk management and supervise financial risk management. The committee audits the compliance of the risk management policy and procedure periodically and reports the results to the Board of Directors.

The Group's policies for financial risk management are prepared to recognize and analyze the Group's financial risk, establish the Group's risk threshold and control and manage the Group's financial risk to be not more than the risk threshold. The Group's risk management systems and policies are audited periodically to reflect the market environments and the Group's underlying operations. The Group makes employees understand their own roles and responsibilities and structures control environments by training employees and outlining financial risk management standards and procedures.

The audit committee of the Group monitors how the management manages compliance of policies and procedures for financial risk management and reviews the system for financial risk management of the Group. The internal auditor assists the monitoring function of the audit committee and reviews controls and procedures for financial risk management and reports the review results to the audit committee.

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② Credit risk management

(a) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The Group limits its exposure to credit risk by depositing cash and cash equivalents in financial institutions that have a high credit rate. The maximum exposure to credit risk as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Short-term financial instruments	₩	34,560,310	₩	33,858,089
Financial assets at FVPL		-		154,075,241
Financial assets at FVOCI		-		24,906,786
Long-term loans		30,217,525		30,341,913
Trade and other receivables		610,754,227		514,761,342
Long-term trade and other receivables		681,209,403		559,315,631
Cash and cash equivalents		267,195,736		690,113,424
Derivative assets used for hedging		56,018,085		139,640,189
Financial guarantee contracts ¹		70,605,515		69,521,113
	₩	<u>1,750,560,802</u>	₩	<u>2,216,533,728</u>

¹ The above amounts are maximum amounts that the Group should pay in case the principal debtors make claims.

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③ Liquidity risk management

The followings are the contractual maturities of financial liabilities including estimated interest payments and excluding the impact of netting agreements as at December 31, 2023 and 2022:

(in thousands of Korean won)

	2023						
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Derivative assets used for hedging	₩ 222,998,506	₩ 222,998,506	₩ 17,231,075	₩ 17,307,027	₩ 53,077,536	₩ 43,849,367	₩ 91,533,501
Trade and other payables	452,430,169	452,430,169	452,430,169	-	-	-	-
Debentures	7,789,709,981	9,211,730,969	992,078,913	272,470,692	1,762,619,961	2,250,553,300	3,934,008,103
Borrowings	644,304,798	708,837,278	28,323,116	148,060,282	123,878,738	399,225,543	9,349,599
Derivative financial liabilities used for hedging	16,528,834	16,528,834	-	-	-	2,383,359	14,145,475
Lease liabilities	13,538,833	14,839,416	3,380,791	3,198,130	5,975,513	2,244,869	40,114
Financial guarantee contract ¹	70,605,515	70,605,515	70,605,515	-	-	-	-
	<u>₩ 9,210,116,636</u>	<u>₩ 10,697,970,687</u>	<u>₩ 1,564,049,579</u>	<u>₩ 441,036,130</u>	<u>₩ 1,945,551,749</u>	<u>₩ 2,698,256,438</u>	<u>₩ 4,049,076,790</u>

¹ The amount is included in the earliest period which the payment of related guarantee contracts can be required.

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(in thousands of Korean won)

	2022						
	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Derivative assets used for hedging	₩ 273,610,788	₩ 273,610,788	₩ 58,541,244	₩ 47,261,088	₩ 8,087,890	₩ 33,781,098	₩ 125,939,469
Trade and other payables	378,901,099	378,901,099	-	378,580,423	320,676	-	-
Debentures	6,894,923,209	9,990,733,565	998,281,317	752,475,669	1,232,110,759	2,946,762,931	4,061,102,889
Borrowings	523,504,567	1,090,589,672	311,113,816	26,040,664	301,805,833	365,938,352	85,691,008
Derivative financial liabilities used for hedging	19,320,059	19,320,059	-	-	-	-	19,320,059
Lease liabilities	9,454,210	15,344,780	3,997,220	1,458,456	7,508,176	2,291,524	89,405
Financial guarantee contract ¹	69,521,113	69,521,113	69,521,113	-	-	-	-
	<u>₩ 8,169,235,045</u>	<u>₩ 11,838,021,075</u>	<u>₩ 1,441,454,710</u>	<u>₩ 1,205,816,299</u>	<u>₩ 1,549,833,333</u>	<u>₩ 3,348,773,905</u>	<u>₩ 4,292,142,829</u>

¹ The amount is included in the earliest period which the payment of related guarantee contracts can be required.

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④ Currency risk

The Group's exposure to foreign currency risk is as follows based on notional amounts:

<i>(in thousands of Korean won)</i>	2023				2022			
		USD		CHF		USD		CHF
Borrowings	₩	270,758,398	₩	-	₩	299,945,367	₩	-
Debentures		580,230,000		381,705,000		950,475,000		274,574,000

As at December 31, 2023, the Group entered into currency swap contracts to hedge foreign currency risk, and the currency swap was designated as a hedging instrument for a hedge of foreign currency risk related to liabilities denominated in foreign currencies.

Currency swap was designed to offset fluctuation of foreign currency-denominated liabilities; therefore, assuming all other variables are consistent, there might be no effect on pre-tax profit resulting from fluctuation in foreign exchange rate.

⑤ Interest rate risk

Borrowings with floating rates were exposed to interest rate risk. The Group entered into currency and interest rate swap contracts to hedge interest rate risk of a considerable portion of borrowings with floating rates. The Group measures its interest rate risk based on 100 basis points ("bp"), which reflects the management's assessment of reasonable level of interest rate risk.

(a) Carrying amount of financial instruments at floating rates owned by the Group as at December 31, 2023 and 2022, are follows:

<i>(in thousands of Korean won)</i>	2023		2022	
Debentures	₩	50,000,000	₩	50,000,000
Borrowings		565,385,389		237,011,433
	₩	615,385,389	₩	287,011,433

(b) Cash flow sensitivity analysis for financial instruments at floating rates

A change of 100 bp in interest rates as at December 31, 2023 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, held constant. The analysis was performed on the same basis for 2022.

<i>(in thousands of Korean won)</i>	2023				2022			
		100 bp increase		100 bp decrease		100 bp increase		100 bp decrease
Borrowings	₩	(6,153,854)	₩	6,153,854	₩	(2,870,114)	₩	2,870,114

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(3) Fair values

① Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statements of financial position, are as follows:

(in thousands of
Korean won)

	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets carried at fair value:				
Financial assets at FVPL	₩ 182,350,549	₩ 182,350,549	₩ 154,075,241	₩ 154,075,241
Financial assets at FVOCI	24,796,441	24,796,441	24,906,786	24,906,786
Derivative instrument assets	56,018,085	56,018,085	139,640,189	139,640,189
	<u>₩ 263,165,075</u>	<u>₩ 263,165,075</u>	<u>₩ 318,622,216</u>	<u>₩ 318,622,216</u>
Assets carried at amortized cost:				
Trade and other receivables	₩ 610,754,227	₩ 610,754,227	₩ 514,761,342	₩ 514,761,342
Long-term loans	30,217,525	30,341,913	30,341,913	30,341,913
Long-term trade and other receivables	681,209,403	681,209,403	559,315,631	559,315,631
Cash and cash equivalents	267,195,736	267,195,736	690,113,424	690,113,424
Short-term financial instruments	34,560,310	34,560,310	33,858,089	33,858,089
	<u>₩ 1,623,937,201</u>	<u>₩ 1,624,061,589</u>	<u>₩ 1,828,390,399</u>	<u>₩ 1,828,390,399</u>
Liabilities carried at fair value:				
Derivative instrument liabilities	₩ 16,528,834	₩ 16,528,834	₩ 19,320,059	₩ 19,320,059
Liabilities carried at amortized cost:				
Debentures	7,789,709,981	7,789,709,981	8,439,687,209	8,439,687,209
Borrowings	644,304,798	644,304,798	523,504,567	523,504,567
Trade and other payables	452,430,169	452,430,169	378,901,099	378,901,099
	<u>₩ 8,886,444,948</u>	<u>₩ 8,886,444,948</u>	<u>₩ 9,342,092,875</u>	<u>₩ 9,342,092,875</u>

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② Fair value hierarchy

The different levels have been defined as follows:

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

The table below analyzes financial instruments carried at fair value, by valuation method, as at December 31, 2023 and 2022:

	2023			
	Level 1	Level 2	Level 3^{1,2}	Total
<i>(in thousands of Korean won)</i>				
Financial assets:				
Derivative financial assets	₩ -	₩ 56,018,085	₩ -	₩ 56,018,085
Financial assets at FVPL	-	-	182,350,549	182,350,549
Financial assets at FVOCI	-	-	24,796,441	24,796,441
Financial liabilities:				
Derivative liabilities	-	16,528,834	-	16,528,834

¹ Among financial assets at fair value through profit or loss, embedded derivatives of ₩ 166,980,420,348 are included, and the valuation techniques and significant but unobservable inputs used to measure fair value are as follows:

Financial instrument	Type	Valuation technique	Significant but unobservable inputs	Outputs	Basis for calculation
Financial assets at FVOCI	Embedded derivatives	Cash flow discount	Prediction of exchange rates	Increase by 1.24%/ year	Predicted values of EIU for five years
			Discount rates	24.70%	Reflected available market data, risk premium of business, etc. on risk-free interest rates

² Financial assets and financial liabilities, excluding embedded derivatives, classified as fair value level 3 as at December 31, 2023, have no reason for any significant change in value since the acquisition date, and the acquisition cost was determined as an appropriate estimate of fair value considering the considering that sufficient and appropriate basic valuation data cannot be obtained from the investee entity.

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<i>(in thousands of Korean won)</i>	2022			
	Level 1	Level 2	Level 3^{1,2}	Total
Financial assets:				
Derivative financial assets	₩ -	₩ 139,640,189	₩ -	₩ 139,640,189
Financial assets at FVPL	-	-	154,075,241	154,075,241
Financial assets at FVOCI	-	-	24,906,786	24,906,786
Financial liabilities:				
Derivative liabilities	-	19,320,059	-	19,320,059

¹ Among financial assets at fair value through profit or loss, embedded derivatives of ₩ 133,970,599,424 are included, and the valuation techniques and significant but unobservable inputs used to measure fair value are as follows:

Financial instrument	Type	Valuation technique	Significant but unobservable inputs	Outputs	Basis for calculation
Financial assets at FVOCI	Embedded derivatives	Cash flow discount	Prediction of exchange rates Discount rates	Increase by 1.24%/ year 24.70%	Predicted values of EIU for five years Reflected available market data, risk premium of business, etc. on risk-free interest rates

² Financial assets and financial liabilities, excluding embedded derivatives, classified as fair value level 3 as at December 31, 2022, have no reason for any significant change in value since the acquisition date, and the acquisition cost was determined as an appropriate estimate of fair value considering the considering that sufficient and appropriate basic valuation data cannot be obtained from the investee entity.

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42. Service Concession Arrangements

(1) Parent Company

If the Parent Company constructs or replaces a public facility, such facility is transferred to the national or local government, with no consideration received in return in accordance with Article 32 of Korea Water Resource Corporation Act. Under Article 9, Paragraph 1, No. 6, the Parent Company may impose fees for goods sold or services provided by such facility.

Under Korean IFRS, the businesses related to “Water facility construction in progress,” and “Dams construction in progress” of the Group fall under the ‘service concession arrangement.’ Therefore, sales and cost of sales are recognized using the percentage-of-completion method. The Group recognizes revenue to the extent of occurred costs of sales highly collectible.

(2) Nenskra hydropower plant project in Georgia

1) Contract details and period

The Group has entered into a contract to supply all electricity generated through operation and management of the power plant in Nenskra, Georgia for 46 years after the completion of construction and to receive fees.

2) Right to use specific assets

The Group has the right to use, own and operate the business site during the contract period (46 years). At the end of the contract period, the ownership of the power plant owned by the Group will be transferred to the Government of Georgia.

3) Transfer of ownership

For this project, the ownership of the power plant is transferred to the Government of Georgia when the contract period is over.

(2) Patrind hydropower generation project in Pakistan

1) Contract details and period

The Group has entered into a contract to supply all electricity produced during the contract period (2017-2047) to the National Electric Power Regulatory Authority (NEPRA) of Pakistan after the completion of the power plant construction, and to maintain exchange rate fluctuations and guarantee electricity purchase.

2) Right to use specific assets

The Group has the right to use and own the business site during the contract period (2017-2047). At the end of the contract period, the ownership of the power plant owned by the Group will be transferred to the Government of Pakistan.

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3) Transfer of ownership

For this project, the ownership of the power plant is transferred to the Government of Pakistan when the contract period is over.

43. Transactions and Balances with Related Companies

Details of related parties as at December 31, 2023, are as follows:

Control relationship	Related party
Ultimate parent	Government of Republic of Korea
Associates	KWPP Holdings Co., Angat Hydropower Co., Water Genesis, Surjitech, Sejong Tech, Pump Care, Chungcheong Regional New Deal & Water Venture Fund, Dongnam Regional New Deal Venture Fund, Daegu·jeju·Gwangju Regional Innovation Venture Fund, Jeonbuk·Gangwon Regional Innovation Venture Fund
Joint venture	Hapcheon Floating Photovoltaic Power Plant Inc.
Others	Local governments and public institutions

The details of transactions and balances of receivables and payables with the Korean government and public institutions, are represented in Note 46.

Significant transactions that occurred in the normal course of business with related companies for the years ended December 31, 2023 and 2022, are summarized as follows:

<i>(in thousands of Korean won)</i>	Sales and etc.		Purchase and etc.	
	2023	2022	2023	2022
Angat Hydropower Co.	₩ 630,876	₩ 624,696	₩ -	₩ -
Hapcheon Floating Photovoltaic Power Plant Inc.	1,953,332	1,847,430	-	-
	₩ 2,584,208	₩ 2,472,126	₩ -	₩ -

Receivables and payables (except for borrowings and loans) with related parties as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	Receivables		Payables	
	2023	2022	2023	2022
Angat Hydropower Co.	₩ 157,536	₩ 152,076	₩ -	₩ -
Hapcheon Floating Photovoltaic Power Plant Inc.	-	420,427	523	523
	₩ 157,536	₩ 572,503	₩ 523	₩ 523

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Details of loans with related parties as at December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>		2023		2022	
Associate	Angat Hydropower Co.	₩	15,991,510	₩	13,989,325

¹ In accordance with the shareholder agreement, an additional ₩ 5,237,184 thousand was loaned for the 4th time during the year ended December 31 2023. For the year ended December 31, 2023, as the accumulated losses on equity method exceeded the carrying amount of investments in associates, an additional loss allowance for loan of ₩ 3,660,975 thousand was recognized.

In accordance with the shareholder's support agreement with Angat Hydropower Co., the Group has entered into a funding agreement with a total limit of USD 70,000,000, and the outstanding balance is USD 50,725,108 as at December 31, 2023.

Details of compensation for main executives are as follows:

<i>(in thousands of Korean won)</i>		2023		2022	
Short-term employee benefits		₩	3,939,286	₩	2,718,994
Retirement benefit			153,209		50,214
		₩	<u>4,092,495</u>	₩	<u>2,769,208</u>

Assets pledged as collateral for related parties as at December 31, 2023, are as follows:

(in thousands of Korean won and in PHP)

Related party	Collateral assets	Carrying amount	Borrowings	Financial Institutions
Angat Hydropower Co.	20,360,980 shares of Angat Hydropower Co. 50 shares of KWPP Holdings Co.,	₩ -	PHP 9,985,530,583	BPI, KEB Hana Bank, MayBank, UCPB, PBB, ShinHan Bank, BoC and etc.

Details of borrowings from non-controlling shareholders as at December 31, 2023, are as follows:

(in thousands of Korean won and in USD)

Recipient of the borrowings	Name of the borrower	Carrying amount	Borrowings
KDS Hydro Pte. Ltd.	Daewoo Engineering & Construction	₩ 12,231,695	USD 9,468,346

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44. Statement of Cash Flows

Significant non-cash investing and financing activities for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023	2022
Reclassification of intangible assets under development to asset and others	₩ 468,582,130	₩ 1,432,166,458
Reclassification of construction in progress to asset	104,273,992	140,042,223
Transfer to current portion of long-term borrowing	111,753,663	3,279,024
Transfer to current portion of debentures	1,070,000,000	1,544,764,000
Change in payables related to acquisition of tangible assets	(191,159)	319,711
Change in payables related to acquisition of intangible assets	(5,838,582)	(234,737)
Change in receivables related to disposal of intangible assets	91,253,328	(20,921,656)

Changes in liabilities arising from financial activities for the years ended December 31, 2023 and 2022, are as follows:

<i>(in thousands of Korean won)</i>	2023						
	Beginning balance	Cash flows	Non-cash changes				Ending balance
			Acquisition	Exchange differences	Change in fair values	Others	
Repayment of lease liabilities	₩ 13,992,833	₩ (7,444,981)	₩ 6,584,349	₩	₩	₩ 406,632	₩ 13,538,833
Repayment of current portion of long-term liabilities	35,320,502	(41,361,304)	-	-	-	111,479,724	105,438,922
Settlement of derivatives (liability-asset)	254,290,730	153,820,600	-	-	-	(447,600,581)	(39,489,251)
Repayment of and proceeds from debentures	8,445,049,000	(674,697,500)	-	22,207,500	-	-	7,792,559,000
Proceeds from short-term borrowings	220,000,000	140,000,000	-	-	-	-	360,000,000
Proceeds from long-term borrowings	268,184,066	11,480,000	-	-	-	(100,584,914)	179,079,152

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Korean won)

		2022						
		Non-cash changes						
	Beginning balance	Cash flows	Acquisition	Exchange differences	Change in fair values	Others	Ending balance	
Repayment of lease liabilities	₩ 8,208,925	₩ (5,342,901)	₩ 9,890,722	₩ -	₩ -	₩ 1,236,088	₩ 13,992,833	
Repayment of current portion of long-term liabilities	31,466,107	(33,534,278)	-	-	-	37,388,673	35,320,502	
Settlement of derivatives (liability-asset)	(26,310,315)	13,344,551	-	-	-	267,256,494	254,290,730	
Repayment of and proceeds from debentures	9,207,169,000	(825,092,058)	-	59,105,000	-	3,867,058	8,445,049,000	
Proceeds from short-term borrowings	280,000,000	(280,000,000)	-	-	-	220,000,000	220,000,000	
Proceeds from long-term borrowings	423,559,200	(200,000,000)	-	-	-	44,624,866	268,184,066	

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45. Contingencies

(1) Assets pledged as collateral for other parties

(in thousands of Korean won)

Collateral assets	Carrying amount	Financial Institutions
20,360,980 shares of Angat Hydropower Co. 50 shares of KWPP Holdings Co.	₩ -	BPI, KEB Hana Bank, MayBank, UCPB, PBB, ShinHan Bank, BoC and etc.
36,114 shares of P-waters Corporation	180,720	NH Bank
16,480 shares of Yeosu Green Hub CO., LTD.	82,400	Kookmin Bank

(2) Litigations

The Group is engaged in 31 pending litigations as a plaintiff and 68 pending litigations as a defendant. Details of pending litigations as a defendant as at December 31, 2023, are as follows:

(in thousands of Korean won)

Nature of litigation	Number of litigations	Amount of litigation	Note
Litigations for claiming construction cost and service fee	10	₩ 49,863,432	Demand for additional payment by Hyundai Construction Co., Ltd., and etc.
Litigations for claiming loss compensation	13	1,512,303	Compensation for loss
Litigations for claiming compensation for business damage	31	17,598,210	Compensation for business damage
Litigations for claiming restitution of unjust enrichment	6	7,074,908	Restitution of unjust enrichment
Other litigations	8	6,021,791	Demand for return of purchase amount of Sihwa MTV, and etc
	<u>68</u>	<u>₩ 82,070,644</u>	

The amount of provision the Group recognized with respect to the lawsuits is ₩ 20,375,149 thousand as at December 31, 2023. Provisions with respect to other unpredictable lawsuits are not recognized.

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(3) Major construction contracts

As at December 31, 2023, the Parent Company has entered into various contracts totalling ₩ 1,421.2 billion for the development of new cities and industrial complex sites and construction of water facilities, dams and others. In connection with domestic contracts, contractors have designated the Parent Company as a beneficiary of performance guarantee insurance by Seoul Guarantee Insurance, Construction Guarantee and others amounting to 15% of total contract amount or an amount equivalent to 40% or more of the total contract amount.

(4) Credit line agreements

Details of the Group's credit line agreements with financial institutions as at December 31, 2023, are as follows:

(in thousands of Korean won, USD and IDR)

	Financial institution	Limit amount	Executed amount
Commercial paper underwriting agreement	KEB Hana Bank	360,000,000	360,000,000
Guarantee for advances received	KEB Hana Bank	USD 578,288	USD 578,288
Commercial paper	KEB Hana Bank	30,000,000	-
Loan agreement	ShinHan Bank	10,000,000	-
Loan agreement	Korea Development Bank	2,066,400	2,066,400
Payment guarantee	BNP Paribas	USD 50,000,000	-
Loan agreement	DBS Bank (Singapore)	USD 43,000,000	USD 43,000,000
Loan agreement	Islamic Development Bank and others	USD 157,684,961	USD 157,684,961
Construction performance guarantee	Australia and New Zealand Banking Group Limited	USD 9,600,000	USD 9,600,000
Bid guarantee	Societe Generale	USD 50,000,000	USD 3,000,000
Business performance guarantee	DBS Bank (Indonesia)	IDR 51,085,903,581	IDR 51,085,903,581

In relation to the interim payments under the real estate sales contract, the Group has entered into agreements with financial institutions to pay the cancellation refund amounting to the limit of the amount to be refunded to the buyer when the real estate sales contract is cancelled.

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The Group has entered into a funding agreement with a total limit of USD 70,000,000 in accordance with the shareholder agreement with Angat Hydropower Co., its associate. The remaining limit is USD 50,725,108 as at December 31, 2023.

(5) Guarantees received

Details of guarantees received from the third parties of the Group as at December 31, 2023, are as follows:

(in thousands of Korean won and USD)

Guarantees from	Guarantee amount	Description
The Export-Import Bank of Korea	USD 5,866,000	Capital payment guarantee for Star Hydro Power Ltd
KEB Hana Bank	USD 578,288	ADB Western Uzbekistan Water Supply System Development Project Prepayment guarantee
Seoul Guarantee Insurance	₩ 20,951,232	Guarantee that Seoul Guarantee Insurance will pay on behalf of the Group if the Group does not pay the facility demolition cost according to the facility land lease contract, etc.
Seoul Guarantee Insurance	₩ 170,635,180	Guarantee that Seoul Guarantee Insurance will pay on behalf of the lessee if the lessor does not return the rental deposit

46. Transactions with the Government of the Republic of Korea and public institutions

Details of major transactions between the Group and the government and other public institutions for the years ended December 31, 2022 and 2020, are as follows:

	Income		Expenses	
	2023	2022	2023	2022
Ministry of Environment	₩ 325,324,522	₩ 299,604,411	₩ -	₩ 115
Ministry of Land, Infrastructure and Transport	-	4,015,849	-	-
Other government departments	8,807,001	1,948,699	5,901,283	34,101
Local government	1,881,589,647	2,210,383,078	2,004,947	1,346,006
Korea Electric Power Corporation	72,647	971,719	603,235,326	224,772,784
Korea Power Exchange	454,797,395	522,052,635	1,479,873	354,069
Other public institutions	58,777,343	21,135,875	222,198,279	114,753,790
	<u>₩ 2,729,368,555</u>	<u>₩ 3,060,112,266</u>	<u>₩ 834,819,709</u>	<u>₩ 341,260,865</u>

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The balance of receivables and debts with the government and public institutions as at December 31, 2023, are as follows:

(in thousands of Korean won)

	2023				
	Accounts receivable	Other receivables	Accounts payable	Other payable	Government grants and construction charge
Ministry of Environment	₩ 475,234	₩ -	₩ -	₩ -	51,981,320
Ministry of Land, Infrastructure and Transport	-	-	-	-	9,100,134
Other government departments	6,763,078	2,108,153	-	20,021,176	1,661,540
local government	140,154,645	508,972	43	3,473,586	2,540,714
Korea Electric Power Corporation	1,227,737	3,719	28,083,161	17,670,709	-
Korea Power Exchange	30,489,258	-	-	5,435	-
Other public institutions	39,467,252	11,417,695	236,307	37,295,095	-
	<u>₩ 218,577,203</u>	<u>₩ 14,038,540</u>	<u>₩ 28,319,511</u>	<u>₩ 78,466,002</u>	<u>₩ 65,283,708</u>

(in thousands of Korean won)

	2022				
	Accounts receivable	Other receivables	Accounts payable	Other payable	Government grants and construction charge
Ministry of Environment	₩ 470,483	₩ -	₩ -	₩ -	29,760,183
Ministry of Land, Infrastructure and Transport	184,258	-	-	-	9,918,229
Other government departments	5,616,189	4,116,280	-	22,967,111	2,020,650
local government	135,547,326	413,904	20,006	366,386	2,562,358
Korea Electric Power Corporation	957,582	3,013	21,667,954	2,488,193	-
Korea Power Exchange	27,601,723	-	-	-	-
Other public institutions	76,459,870	19,036,368	275,174	20,386,306	-
	<u>₩ 246,837,430</u>	<u>₩ 23,569,564</u>	<u>₩ 21,963,133</u>	<u>₩ 46,207,996</u>	<u>₩ 44,261,421</u>

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47. Business Combination

Details of business combinations that occurred during the year ended December 31, 2023, are as follows:

In order to enhance business competitiveness, improve management efficiency, and maximize business synergies, on December 1, 2023, K-Water Operation Management, a subsidiary, acquired and merged 100% of the shares of Korea Water & Environmental-Industry Corporation, which engages in architectural and landscape design services as its main business.

The assets and liabilities of Korea Water & Environmental-Industry Corporation, which constitute the consolidated financial statements of the Parent Company, are recognized as the carrying amounts recorded in the consolidated financial statements of the Group at the time of the merger.

Due to the business combination that occurred during the year ended December 31, 2023, the assets acquired on the acquisition date amounted to ₩ 5,586 million, and the liabilities assumed were ₩ 2,335 million.

48. Prior Period Error Correction

(1) Presentation of government grants

The Group has decided to apply only one method of presenting government grants as liabilities, in accordance with Article 44 (Government Grants) of Accounting Standards for Public Corporations and Quasi-governmental Institutions, from the period commencing January 1, 2023. Due to this matter, the accounts in the comparative consolidated financial statements have been reclassified, and these reclassifications had no effect on previously reported profit or loss or net asset value.

(2) Presentation of consignment business

The Group has applied the financial statement format distributed by Ministry of Economy and Finance Provisions for matters related to consignment business from the annual reporting period commencing January 1, 2023. Due to these matters, the accounts in the comparative consolidated financial statements have been reclassified, and the related notes have been added. However, these reclassifications had no effect on previously reported profit or loss or net asset value.

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(3) The effects of the correction on the consolidated statements of financial position and the consolidated statement of comprehensive income as at and for the year ended December 31, 2022, are as follows:

(in thousands of Korean won)

	December 31, 2022			
	Formerly reported amount	Adjustments		Restated amount
		Government grants	Consignment business	
Asset				
Current assets	W 9,475,506,910	W 503,576	W -	W 9,476,010,485
Inventories	7,790,536,816	503,576	-	7,791,040,392
Inventories (government grants)	(503,576)	503,576	-	-
Non-current assets	13,704,823,741	44,818,362	-	13,749,642,102
Property, plant and equipment	1,726,545,668	4,338,813	-	1,730,884,481
Property, plant and equipment (government grants)	(4,338,813)	4,338,813	-	-
Intangible assets other than goodwill	10,984,374,640	40,479,549	-	11,024,854,189
Intangible assets (government grants)	(40,479,549)	40,479,549	-	-
Total assets	23,180,330,651	45,321,937	-	23,225,652,588
Liabilities				
Current liabilities	4,945,790,216	2,562,255	-	4,948,352,471
Current financial liabilities	2,567,097,293	2,562,255	-	2,569,659,548
Short-term advance payment	2,526,049,484	-	(1,386,910,455)	1,139,139,028
Short-term deferred government grants revenue	-	2,562,255	-	2,562,255
Short-term deferred consignment business revenue	-	-	1,386,910,455	1,386,910,455
Non-current liabilities	7,452,472,170	42,759,683	-	7,495,231,853
Non-current financial liabilities	55,036,512	42,759,683	-	97,796,195
Long-term deferred government grants revenue	-	42,759,683	-	42,759,683
Total liabilities	12,398,262,387	45,321,937	-	12,443,584,324
Total equity	10,782,068,264	-	-	10,782,068,264

KOREA WATER RESOURCES CORPORATION
Notes to the Consolidated Financial Statements
December 31, 2023 and 2022

(in thousands of Korean won)

	Year Ended December 31, 2022			
	Formerly reported amount	Adjustments		Restated amount
		Government grants	Consignment business	
Revenue	W 4,759,317,102	W -	W -	W 4,759,317,102
Revenue from selling product	3,218,182,864	-	-	3,218,182,864
Revenue from providing service	305,371,581	-	(283,379,737)	21,991,844
Revenue from construction contract	503,121,299	-	(156,406,947)	346,714,352
Revenue from consignment business	-	-	1,067,621,100	1,067,621,100
Other revenue	732,641,358	-	(627,834,415)	104,806,943
Cost of sales	3,933,595,946	1,345,123	-	3,934,941,069
Cost of sales for revenue from selling product	2,326,183,781	1,125,854	-	2,327,309,635
Cost of sales for revenue from providing service	337,657,245	-	(322,326,474)	15,330,771
Cost of sales for revenue from construction contract	502,232,589	-	(155,695,631)	346,536,957
Cost of sales for revenue from consignment business	-	-	1,135,031,446	1,135,031,446
Cost of sales for other revenue	767,522,332	219,269	(657,009,341)	110,732,260
Selling, general and administrative expenses	236,795,854	492,371	-	237,288,225
Depreciation	2,406,232	249,380	-	2,655,612
Development expenses	55,938,908	242,991	-	56,181,899
Operating profit	588,925,302	(1,837,494)	-	587,087,808
Other income	303,898,452	1,837,494	-	305,735,946
Government grants revenue	107,943	1,837,494	-	1,945,437
Profit before income tax expense	476,697,427	-	-	476,697,427
Profit for the year	407,411,213	-	-	407,411,213
Total comprehensive income for the year	441,107,671	-	-	441,107,671