

2020
Financial Statements



HYOSUNG CHEMICAL

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Independent Auditor's Report

To the Board of Directors and Shareholders of Hyosung Chemical Corporation

Opinion

We have audited the accompanying separate financial statements of Hyosung Chemical Corporation (the Company) which comprise the separate statement of financial position as at December 31, 2020, and the separate statement of profit or loss, separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

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

We also have audited, in accordance with Korean Standards on Auditing, the Company's Internal Control over Financial Reporting as of December 31, 2020, based on Conceptual Framework for Designing and Operating Internal Control over Financial Reporting, and our report dated March 10, 2021 expressed an unqualified opinion.

Basis for Opinion

We conducted our audit 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 Separate Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of the separate financial statements and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 3 to the separate financial statements of the Company. Note 3 to the separate financial statements describes uncertainty relating to the impact of Coronavirus disease 2019 (COVID-19) on the Company's productivity and ability to satisfy customer's orders, and to solve these events or circumstances.

Key Audit Matter

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

(1) Impairment assessment on cash-generating units

Why we determined this matter as Key Audit Matter

A cash generating unit (CGU) is tested for impairment if events or changes in circumstances indicate that it might be impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

The Company determined that there is an indication of asset impairment in POK(POLYKETONE) segment's CGU. We focused on this area due to the significant size of this CGU and because the assessment of the 'value in use' of the Company's CGU involves management's judgements on the future results of the business and on the discount rates applied to future cash flow forecast. The Company engaged an independent external expert to assist the Company in valuation of the fair value of the POK(POLYKETONE) segment's CGU.

How our audit addressed the Key Audit Matter

Key audit procedures we have performed in relation to the impairment assessment on the CGU are as follows:

- We evaluated the appropriateness of determination of the CGU of the Company and the book amount of the

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CGU.

- We evaluated the eligibility of the external expert hired by the Company to assess the value in use.
- We evaluated the adequacy of the valuation model used in estimating value in use.
- We confirmed the consistency of the cash flow forecasts and the approved forecasts by management.
- We evaluated the reasonableness of key assumptions used in estimating value in use.
- We examined the accuracy of value in use calculations.

Other Matters

The separate financial statements of the Company for the year ended December 31, 2019, were audited by another auditor who expressed an unqualified opinion on those statements on March 9, 2020.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate 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 separate 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 separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related

disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant

ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partner on the audit resulting in this independent auditor's report is Youngseok Bae, Certified Public Accountant.

Seoul, Korea
March 10, 2021

This report is effective as of March 10, 2021, 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 separate 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.

※ You can find the notes from Audit Report on HYOSUNG CHEMICAL website (www.hyosungchemical.com).

Hyosung Chemical Corporation
**Separate Statements of
 Financial Position**

December 31, 2020 and 2019
 (in Korean won)

	2020	2019
Assets		
Current assets		
Cash and cash equivalents	921,749,012	745,769,784
Trade and other receivables	148,411,931,404	148,241,912,548
Other financial assets	27,963,676	1,729,373,619
Other current assets	13,165,525,554	8,381,351,232
Inventories	108,288,598,694	127,510,171,001
	270,815,768,340	286,608,578,184
Non-current assets		
Long-term trade and other receivables	3,467,217,642	4,947,322,294
Property, plant and equipment	855,202,269,153	951,403,849,918
Intangible assets	13,402,791,077	14,187,371,471
Investments in subsidiaries and associates	408,887,024,961	283,575,638,205
Other non-current financial assets	15,500,000	8,579,983,713
Other non-current assets	3,472,209,496	1,990,886,026
Deferred tax assets	9,356,986,691	4,508,317,959
	1,293,803,999,020	1,269,193,369,586
Total assets	1,564,619,767,360	1,555,801,947,770
Liabilities		
Current liabilities		
Trade and other payables	206,643,701,405	203,933,372,036
Borrowings	250,716,014,288	185,915,655,777
Other financial liabilities	4,107,228,508	1,193,029,121
Current tax liabilities	15,735,276,890	20,442,749,505
Other current liabilities	6,963,076,349	3,887,327,210
	484,165,297,440	415,372,133,649
Non-current liabilities		
Long-term trade and other payables	13,185,579,107	12,518,989,095
Long-term borrowings	584,327,985,337	675,363,180,753
Net defined benefit liabilities	-	-
Other non-current financial liabilities	5,693,556,629	4,668,452,728
Other non-current liabilities	7,133,398,082	1,582,362,810
	610,340,519,155	694,132,985,386
Total liabilities	1,094,505,816,595	1,109,505,119,035
Equity		
Share capital	15,950,630,000	15,950,630,000
Share premium	327,697,938,702	327,697,938,702
Retained earnings	128,308,823,268	104,491,701,238
Other components of equity	(1,843,441,205)	(1,843,441,205)
Total equity	470,113,950,765	446,296,828,735
Total liabilities and equity	1,564,619,767,360	1,555,801,947,770

Hyosung Chemical Corporation
**Separate Statements of
 Profit or Loss**

Years Ended December 31, 2020 and 2019
 (in Korean won)

	2020	2019
Revenue	1,643,261,559,101	1,813,137,241,909
Cost of sales	1,456,699,663,920	1,569,551,815,873
Gross profit	186,561,895,181	243,585,426,036
Selling, general and administrative expenses	64,040,215,395	64,415,546,578
Research and development expenses	20,203,161,536	20,993,052,234
Operating profit	102,318,518,250	158,176,827,224
Other income	7,273,708,013	5,151,618,514
Other expenses	17,378,190,809	6,238,371,226
Finance income	46,321,686,005	42,971,943,230
Finance expenses	81,873,152,263	88,422,630,362
Reversal of impairment loss from subsidiaries and associates	-	4,046,066,710
Profit before income tax	56,662,569,196	115,685,454,090
Income tax expense	13,881,350,536	23,518,645,189
Profit for the year	42,781,218,660	92,166,808,901
Earnings per share		
Basic earnings per share	13,463	29,003

Hyosung Chemical Corporation

Separate Statements of Comprehensive Income

Years Ended December 31, 2020 and 2019
(in Korean won)

	2020	2019
Profit for the year	42,781,218,660	92,166,808,901
Other comprehensive loss		
Items that will not be reclassified to profit or loss		
Remeasurements of net defined benefit liabilities	(3,075,121,630)	(4,764,235,627)
Items that may be subsequently reclassified to profit or loss	-	-
Other comprehensive loss for the year, net of tax	(3,075,121,630)	(4,764,235,627)
Total comprehensive income for the year	39,706,097,030	87,402,573,274

Hyosung Chemical Corporation
**Separate Statements of
 Changes in Equity**

Years Ended December 31, 2020 and 2019
 (in Korean won)

	Share capital	Share premium	Retained earnings	Other components of equity	Total equity
Balance at January 1, 2019	15,950,630,000	327,697,938,702	20,266,922,964	(1,843,441,205)	362,072,050,461
Total comprehensive income					
Profit for the year	-	-	92,166,808,901	-	92,166,808,901
Remeasurements of net defined benefit liabilities	-	-	(4,764,235,627)	-	(4,764,235,627)
Annual dividends	-	-	(3,177,795,000)	-	(3,177,795,000)
Balance at December 31, 2019	15,950,630,000	327,697,938,702	104,491,701,238	(1,843,441,205)	446,296,828,735
Balance at January 1, 2020	15,950,630,000	327,697,938,702	104,491,701,238	(1,843,441,205)	446,296,828,735
Total comprehensive income					
Profit for the year	-	-	42,781,218,660	-	42,781,218,660
Remeasurements of net defined benefit liabilities	-	-	(3,075,121,630)	-	(3,075,121,630)
Annual dividends	-	-	(15,888,975,000)	-	(15,888,975,000)
Balance at December 31, 2020	15,950,630,000	327,697,938,702	128,308,823,268	(1,843,441,205)	470,113,950,765

Hyosung Chemical Corporation
**Separate Statements of
Cash Flows**

Years Ended December 31, 2020 and 2019
(in Korean won)

	2020	2019
Cash flows from operating activities		
Cash generated from operations	275,826,118,169	295,466,227,766
Income taxes paid	(23,437,491,883)	(5,553,589,642)
Interest paid	(30,301,769,679)	(36,099,832,847)
Interest received	146,316,469	177,022,199
Dividends received	222,311,350	-
Net cash inflow from operating activities	222,455,484,426	253,989,827,476
Cash flows from investing activities		
Collection of long-term loans	237,306,430	140,719,996
Proceeds from disposal of property, plant and equipment	201,847,336	7,322,219
Increase in long-term loans	(740,066,434)	(387,690,000)
Decrease in long-term guarantees	446,618,065	-
Increase in long-term guarantees	(287,708,200)	(27,684,832)
Payments for property, plant and equipment	(47,734,730,651)	(40,626,098,295)
Payments for intangible assets	(123,047,781)	(671,315,846)
Proceeds from disposal of long-term financial instruments	487,400,000	-
Payments for long-term financial instruments	-	(487,400,000)
Payments for investments in subsidiaries and associates	(125,311,386,756)	(78,204,000,000)
Proceeds from disposal of derivative financial assets	8,809,605,173	-
Payments for derivative financial liabilities	(426,672,760)	-
Receipt of government grants	-	427,000,000
Increase in prepaid expenses	(3,852,609,000)	-
Net cash outflow from investing activities	(168,293,444,578)	(119,829,146,758)
Cash flows from financing activities		
Proceeds from issuance of bonds	193,345,846,994	299,000,000,000
Repayments of bonds	(120,000,000,000)	(120,000,000,000)
Proceeds from short-term borrowings	2,430,523,978,297	2,638,458,583,190
Repayments of short-term borrowings	(2,333,760,967,870)	(2,852,046,518,060)
Repayments of current portion of borrowings	(74,275,260,000)	-
Proceeds from long-term borrowings	90,000,000,000	-
Repayments of long-term borrowings	(220,540,000,000)	(93,755,125,000)
Payments of dividends	(15,888,975,000)	(3,177,795,000)
Repayments of lease liabilities	(3,390,683,041)	(4,083,856,314)
Net cash outflow from financing activities	(53,986,060,620)	(135,604,711,184)
Net increase (decrease) in cash and cash equivalents	175,979,228	(1,444,030,466)
Cash and cash equivalents at the beginning of the year	745,769,784	2,189,800,250
Cash and cash equivalents at the end of the year	921,749,012	745,769,784

Independent Auditor's Report

To the Board of Directors of and Shareholders of Hyosung Chemical Corporation

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 3 to the consolidated financial statements of the Group. Note 3 to the consolidated financial statements describes uncertainty relating to the impact of Coronavirus disease

2019 (COVID-19) on the Group's productivity and ability to satisfy customer's orders, and to solve these events or circumstances.

Key Audit Matter

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

(1) Impairment assessment on cash-generating units

Why we determined this matter as Key Audit Matter

A cash generating unit (CGU) is tested for impairment if events or changes in circumstances indicate that it might be impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

The Group determined that there is an indication of asset impairment in POK(POLYKETONE) segment's CGU. We focused on this area due to the significant size of this CGU and because the assessment of the 'value in use' of the Group's CGU involves management's judgements on the future results of the business and on the discount rates applied to future cash flow forecast. The Group engaged an independent external expert to assist the Group in valuation of the fair value of the POK(POLYKETONE) segment's CGU.

How our audit addressed the Key Audit Matter

Key audit procedures we have performed in relation to the impairment assessment on the CGU are as follows:

- We evaluated the appropriateness of determination of the CGU of the Group and the book amount of the CGU.
- We evaluated the eligibility of the external expert hired by the Group to assess the value in use.
- We evaluated the adequacy of the valuation model used

Independent Auditor's Report

in estimating value in use.

- We confirmed the consistency of the cash flow forecasts and the approved forecasts by management.
- We evaluated the reasonableness of key assumptions used in estimating value in use.
- We examined the accuracy of value in use calculations.

Other Matters

The consolidated financial statements of the Group for the year ended December 31, 2019, were audited by another auditor who expressed an unqualified opinion on those statements on March 9, 2020.

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole

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

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

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

conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate

with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partner on the audit resulting in this independent auditor's report is Youngseok Bae, Certified Public Accountant.

Seoul, Korea
March 10, 2021

This report is effective as of March 10, 2021, 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.

※ You can find the notes from Audit Report on HYOSUNG CHEMICAL website (www.hyosungchemical.com).

Hyosung Chemical Corporation and Subsidiaries

Consolidated Statements of Financial Position

December 31, 2020 and 2019
(in Korean won)

	2020	2019
Assets		
Current assets		
Cash and cash equivalents	10,181,377,491	46,059,080,773
Trade and other receivables	222,338,573,348	150,972,646,883
Other financial assets	54,023,757,848	5,726,939,782
Other current assets	6,043,720,153	115,789,568,296
Inventories	143,161,585,501	127,510,171,001
	435,749,014,341	446,058,406,735
Non-current assets		
Long-term trade and other receivables	3,467,217,642	4,947,322,294
Property, plant and equipment	1,923,347,651,339	1,448,333,094,443
Intangible assets	23,126,250,265	73,072,331,903
Investments in associates	15,715,666,399	10,737,638,205
Other non-current financial assets	916,741,656	73,868,500,669
Other non-current assets	5,685,506,136	1,990,886,026
Deferred tax assets	9,356,986,691	4,508,317,959
	1,981,616,020,128	1,617,458,091,499
Total assets	2,417,365,034,469	2,063,516,498,234
Liabilities		
Current liabilities		
Trade and other payables	295,090,408,141	219,881,693,604
Borrowings	303,763,960,039	185,915,655,777
Other financial liabilities	4,107,228,508	1,193,029,121
Current tax liabilities	15,735,276,890	20,442,749,505
Other current liabilities	8,841,258,751	3,887,327,210
	627,538,132,329	431,320,455,217
Non-current liabilities		
Long-term trade and other payables	13,185,579,107	12,518,989,095
Long-term borrowings	1,356,428,635,032	1,155,850,180,753
Net defined benefit liabilities	-	-
Deferred tax liabilities	-	2,867,617,709
Other non-current financial liabilities	10,726,160,469	4,668,452,728
Other non-current liabilities	7,133,398,082	1,582,362,810
	1,387,473,772,690	1,177,487,603,095
Total liabilities	2,015,011,905,019	1,608,808,058,312
Equity		
Share capital	15,950,630,000	15,950,630,000
Share premium	327,697,938,702	327,697,938,702
Retained earnings	67,606,964,768	98,174,854,969
Other components of equity	(8,902,404,020)	12,885,016,251
Equity attributable to owners of the Parent Company	402,353,129,450	454,708,439,922
Non-controlling interest	-	-
Total equity	402,353,129,450	454,708,439,922
Total liabilities and equity	2,417,365,034,469	2,063,516,498,234

Hyosung Chemical Corporation and Subsidiaries

Consolidated Statements of Profit or Loss

Years Ended December 31, 2020 and 2019
(in Korean won)

	2020	2019
Revenue	1,817,189,980,493	1,812,470,395,896
Cost of sales	1,664,136,962,492	1,568,884,840,997
Gross profit	153,053,018,001	243,585,554,899
Selling, general and administrative expenses	71,922,307,554	68,705,193,390
Research and development expenses	20,203,161,536	20,993,052,234
Operating profit	60,927,548,911	153,887,309,275
Other income	7,007,583,184	3,973,011,293
Other expenses	17,879,224,228	6,312,312,023
Finance income	47,307,607,380	43,762,300,670
Finance expenses	95,611,415,800	89,349,315,217
Share of net profit of associates accounted for using the equity method	1,669,254,074	4,052,766,909
Profit before income tax	3,421,353,521	110,013,760,907
Income tax expense	15,037,841,449	22,190,312,628
Profit (loss) for the year	(11,616,487,928)	87,823,448,279
Profit (loss) is attributable to:		
Owners of the Parent Company	(11,616,487,928)	87,823,448,279
Non-controlling interests	-	-
	(11,616,487,928)	87,823,448,279
Earnings (losses) per share attributable to the equity holders of the Parent Company		
Basic earnings (losses) per share	(3,656)	27,637

Hyosung Chemical Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

Years Ended December 31, 2020 and 2019
(in Korean won)

	2020	2019
Profit (loss) for the year	(11,616,487,928)	87,823,448,279
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss		
Remeasurements of net defined benefit liabilities	(3,075,121,630)	(4,764,235,627)
Share of remeasurements of net defined benefit liabilities of associates	12,694,357	9,245,635
Items that may be subsequently reclassified to profit or loss		
Share of other comprehensive income of associates	(22,995,643)	(15,945,710)
Overseas operations translation gain (loss)	(21,764,424,628)	7,585,481,674
Other comprehensive income (loss) for the year, net of tax	(24,849,847,544)	2,814,545,972
Total comprehensive income (loss) for the year	(36,466,335,472)	90,637,994,251
Total comprehensive income (loss) for the year is attributable to:		
Owners of the Parent Company	(36,466,335,472)	90,637,994,251
Non-controlling interest	-	-
	(36,466,335,472)	90,637,994,251

Hyosung Chemical Corporation and Subsidiaries

Consolidated Statements of Changes in Equity

Years Ended
December 31, 2020 and 2019
(in Korean won)

	Attributable to Owners of the Parent Company				Total	Non-controlling interest	Total equity
	Share capital	Share premium	Retained earnings	Other components of equity			
Balance at January 1, 2019	15,950,630,000	327,697,938,702	18,284,191,681	5,315,480,287	367,248,240,670	-	367,248,240,670
Total comprehensive income							
Profit for the year	-	-	87,823,448,279	-	87,823,448,279	-	87,823,448,279
Remeasurements of net defined benefit liabilities	-	-	(4,764,235,627)	-	(4,764,235,627)	-	(4,764,235,627)
Share of remeasurements of net defined benefit liabilities of associates	-	-	9,245,635	-	9,245,635	-	9,245,635
Share of other comprehensive income(loss) of associates	-	-	-	(15,945,710)	(15,945,709)	-	(15,945,709)
Annual dividends	-	-	(3,177,795,000)	-	(3,177,795,000)	-	(3,177,795,000)
Overseas operations translation gain	-	-	-	7,585,481,674	7,585,481,674	-	7,585,481,674
Balance at December 31, 2019	15,950,630,000	327,697,938,702	98,174,854,969	12,885,016,251	454,708,439,922	-	454,708,439,922
Balance at January 1, 2020	15,950,630,000	327,697,938,702	98,174,854,969	12,885,016,251	454,708,439,922	-	454,708,439,922
Total comprehensive income							
Loss for the year	-	-	(11,616,487,928)	-	(11,616,487,928)	-	(11,616,487,928)
Remeasurements of net defined benefit liabilities	-	-	(3,075,121,630)	-	(3,075,121,630)	-	(3,075,121,630)
Share of remeasurements of net defined benefit liabilities of associates	-	-	12,694,357	-	12,694,357	-	12,694,357
Share of other comprehensive income(loss) of associates	-	-	-	(22,995,643)	(22,995,643)	-	(22,995,643)
Annual dividends	-	-	(15,888,975,000)	-	(15,888,975,000)	-	(15,888,975,000)
Overseas operations translation loss	-	-	-	(21,764,424,628)	(21,764,424,628)	-	(21,764,424,628)
Balance at December 31, 2020	15,950,630,000	327,697,938,702	67,606,964,768	(8,902,404,020)	402,353,129,450	-	402,353,129,450

Hyosung Chemical Corporation and Subsidiaries

Consolidated Statements of Cash Flows

Years Ended December 31, 2020 and 2019
(in Korean won)

	2020	2019
Cash flows from operating activities		
Cash generated from operations	234,515,319,807	204,725,208,267
Income taxes paid	(23,437,491,883)	(5,553,589,642)
Interest paid	(43,139,203,419)	(36,099,832,842)
Interest received	179,930,147	177,410,350
Dividends received	222,311,350	-
Net cash inflow from operating activities	168,340,866,002	163,249,196,133
Cash flows from investing activities		
Decrease in short-term guarantees	203,165,053	-
Collection of long-term loans	237,306,430	-
Decrease in long-term guarantees	446,618,065	-
Proceeds from disposal of short-term financial instruments	1,657,576,417	-
Proceeds from disposal of derivative financial assets	8,809,605,173	-
Proceeds from disposal of long-term financial instruments	487,400,000	140,719,996
Proceeds from disposal of property, plant and equipment	201,847,336	7,322,219
Proceeds from disposal of intangible assets	-	654,819,821
Receipt of government grants	-	427,000,000
Increase in short-term guarantees	-	(362,409,142)
Increase in long-term loans	(740,066,434)	(387,690,000)
Increase in long-term guarantees	(287,708,200)	(27,684,832)
Payments for short-term financial instruments	(852,500,029)	(3,554,923,904)
Payments for long-term financial instruments	-	(67,741,851,786)
Increase in prepaid expenses	(3,852,609,000)	-
Payments for property, plant and equipment	(555,757,980,514)	(480,888,745,165)
Payments for intangible assets	(123,047,781)	(671,315,846)
Payments for investments in associates	(3,541,386,756)	-
Payments for derivative financial liabilities	(426,672,760)	-
Net cash outflow from investing activities	(553,538,453,000)	(552,404,758,639)
Cash flows from financing activities		
Proceeds from short-term borrowings	2,580,781,860,816	2,638,458,583,190
Proceeds from long-term borrowings	440,228,889,320	487,289,094,300
Proceeds from issuance of bonds	193,345,846,994	299,000,000,000
Repayments of short-term borrowings	(2,423,501,475,679)	(2,852,046,518,060)
Repayments of long-term borrowings	(220,540,000,000)	(93,755,125,000)
Repayments of bonds	(120,000,000,000)	(120,000,000,000)
Repayments of current portion of borrowings	(74,275,260,000)	-
Payments of dividends	(15,888,975,000)	(3,177,795,000)
Repayments of lease liabilities	(3,390,683,041)	(4,083,856,314)
Net cash inflow from financing activities	356,760,203,410	351,684,383,116
Effects of exchange rate changes on cash and cash equivalents	(7,440,319,694)	4,272,438,571
Net decrease in cash and cash equivalents	(35,877,703,282)	(33,198,740,819)
Cash and cash equivalents at the beginning of the year	46,059,080,773	79,257,821,592
Cash and cash equivalents at the end of the year	10,181,377,491	46,059,080,773

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