

CREATIVITY
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2021 Financial Statements

HYOSUNG CHEMICAL

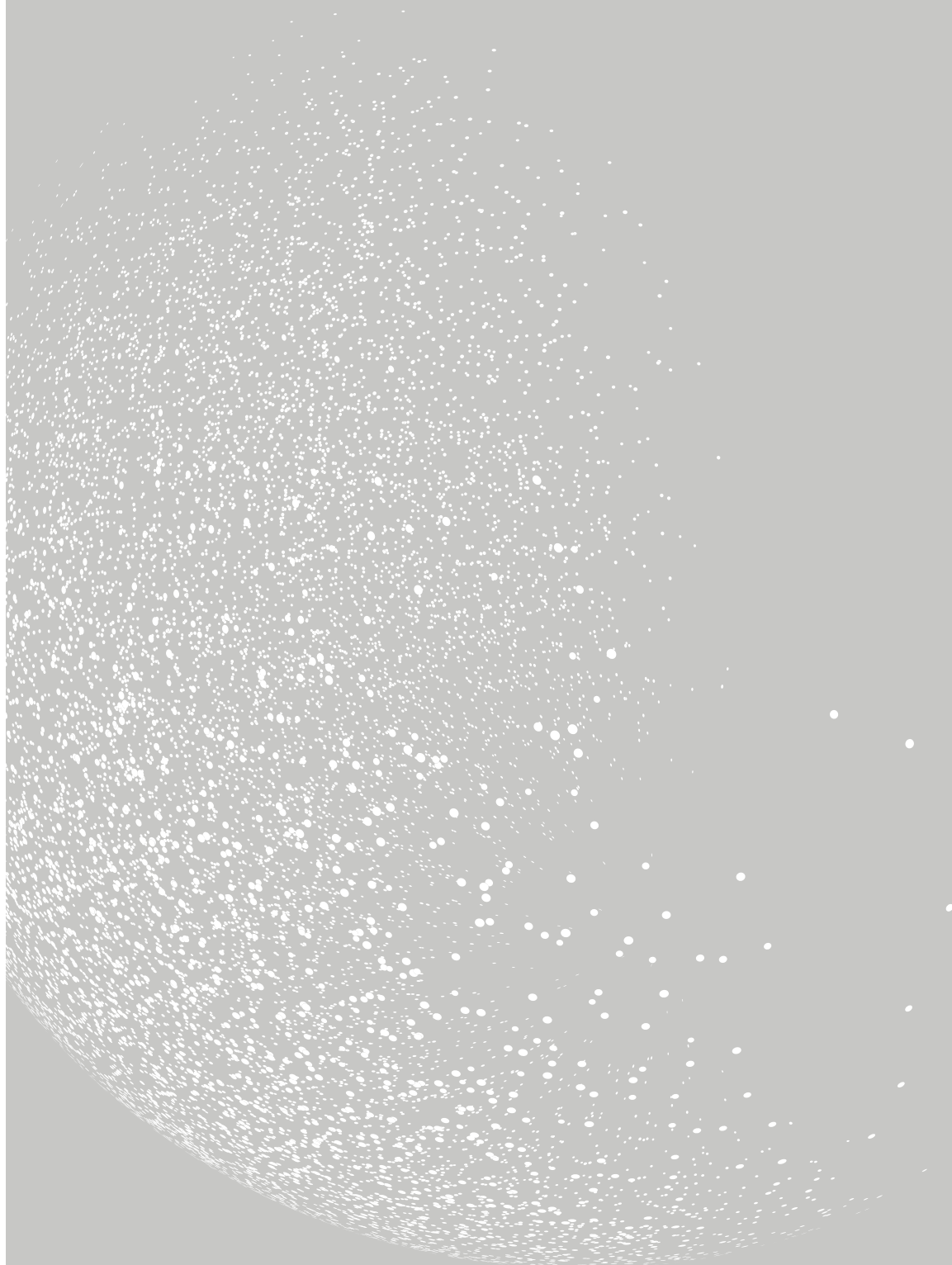


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Independent Auditor's Report

To the Board of Directors of 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 statements of financial position as at December 31, 2021 and 2020, and the separate statements of profit or loss, separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years 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, 2021 and 2020, and its separate financial performance and its separate cash flows for the years 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, 2021, based on Conceptual Framework for Designing and Operating Internal Control over Financial Reporting, and our report dated March 8, 2022 expressed an unqualified opinion.

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 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.

Independent Auditor's Report

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 CGU.
- We evaluated the independence and 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 compared current year actual results with the prior year forecast.
- We evaluated the reasonableness of key assumptions used in estimating value in use.
- We examined the accuracy of value in use calculations.

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 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 8, 2022

This report is effective as of March 8, 2022, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying 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, 2021 and 2020 (in Korean won)

	2021	2020
Assets		
Current assets		
Cash and cash equivalents	1,045,954,389	921,749,012
Trade and other receivables	210,222,393,062	148,411,931,404
Other financial assets	45,120,271	27,963,676
Other current assets	40,212,636,219	13,165,525,554
Other intangible assets	7,343,879	-
Inventories	171,939,817,246	108,288,598,694
	423,473,265,066	270,815,768,340
Non-current assets		
Long-term trade and other receivables	24,906,396,032	3,467,217,642
Property, plant and equipment	757,157,518,697	855,202,269,153
Intangible assets	11,647,015,049	13,402,791,077
Investments in subsidiaries and associates	408,887,024,961	408,887,024,961
Other non-current financial assets	60,812,000	15,500,000
Other non-current assets	5,212,879,120	3,472,209,496
Deferred tax assets	10,631,926,966	9,356,986,691
	1,218,503,572,825	1,293,803,999,020
Total assets	1,641,976,837,891	1,564,619,767,360
Liabilities		
Current liabilities		
Trade and other payables	330,142,543,931	206,643,701,405
Borrowings	326,477,147,688	250,716,014,288
Other financial liabilities	4,250,708,286	4,107,228,508
Current tax liabilities	39,421,732,107	15,735,276,890
Other current liabilities	12,711,347,029	6,963,076,349
	713,003,479,041	484,165,297,440
Non-current liabilities		
Long-term trade and other payables	13,269,714,535	13,185,579,107
Long-term borrowings	299,436,019,023	584,327,985,337
Other non-current financial liabilities	2,713,434,439	5,693,556,629
Other non-current liabilities	13,295,302,650	7,133,398,082
	328,714,470,647	610,340,519,155
Total liabilities	1,041,717,949,688	1,094,505,816,595
Equity		
Share capital	15,950,630,000	15,950,630,000
Share premium	327,697,938,702	327,697,938,702
Retained earnings	258,442,117,826	128,308,823,268
Other components of equity	(1,831,798,325)	(1,843,441,205)
Total equity	600,258,888,203	470,113,950,765
Total liabilities and equity	1,641,976,837,891	1,564,619,767,360

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

Years Ended December 31, 2021 and 2020 (in Korean won)

	2021	2020
Revenue	2,108,872,039,217	1,643,261,559,101
Cost of sales	1,826,175,938,291	1,456,699,663,920
Gross profit	282,696,100,926	186,561,895,181
Selling general and administrative expenses	70,018,727,366	64,040,215,395
Research and development expenses	21,782,796,209	20,203,161,536
Operating profit	190,894,577,351	102,318,518,250
Other income	7,592,904,587	7,273,708,013
Other expenses	2,217,918,391	17,378,190,809
Finance income	29,245,305,932	46,321,686,005
Finance expenses	51,538,393,585	81,873,152,263
Profit before income tax	173,976,475,894	56,662,569,196
Income tax expense	43,956,293,060	13,881,350,536
Profit for the year	130,020,182,834	42,781,218,660
Earnings per share		
Basic earnings per share	40,915	13,463

Hyosung Chemical Corporation

Separate Statements of Comprehensive Income

Years Ended December 31, 2021 and 2020 (in Korean won)

	2021	2020
Profit for the year	130,020,182,834	42,781,218,660
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss		
Remeasurements of net defined benefit liabilities	113,111,724	(3,075,121,630)
Gain on valuation of financial assets at fair value through other comprehensive income	11,642,880	-
Items that may be subsequently reclassified to profit or loss	-	-
Other comprehensive income (loss) for the year, net of tax	124,754,604	(3,075,121,630)
Total comprehensive income for the year	130,144,937,438	39,706,097,030

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

Years Ended December 31, 2021 and 2020 (in Korean won)

	Share capital	Share premium	Retained Earnings	Other Components of Equity	Total Equity
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
Balance at January 1, 2021	15,950,630,000	327,697,938,702	128,308,823,268	(1,843,441,205)	470,113,950,765
Total comprehensive income					
Profit for the year	-	-	130,020,182,834	-	130,020,182,834
Remeasurements of net defined benefit liabilities	-	-	113,111,724	-	113,111,724
Gain on valuation of financial assets at fair value through other comprehensive income	-	-	-	11,642,880	11,642,880
Balance at December 31, 2021	15,950,630,000	327,697,938,702	258,442,117,826	(1,831,798,325)	600,258,888,203

Hyosung Chemical Corporation

Separate Statements of Cash Flows

Years Ended December 31, 2021 and 2020 (in Korean won)

	2021	2020
Cash flows from operating activities		
Cash generated from operations	330,642,302,871	275,826,118,169
Income taxes paid	(21,544,778,118)	(23,437,491,883)
Interest paid	(18,863,506,284)	(30,301,769,679)
Interest received	64,477,800	146,316,469
Dividends received	291,355,000	222,311,350
Net cash inflow from operating activities	290,589,851,269	222,455,484,426
Cash flows from investing activities		
Collection of long-term loans	243,642,518	237,306,430
Proceeds from disposal of property plant and equipment	295,745,770	201,847,336
Proceeds from disposal of intangible assets	1,200,000,000	-
Payments for financial assets at fair value through other comprehensive income	(29,952,000)	-
Increase in long-term loans	(340,000,000)	(740,066,434)
Decrease in long-term guarantees	253,704,104	446,618,065
Increase in long-term guarantees	(67,901,844)	(287,708,200)
Payments for property, plant and equipment	(55,759,928,915)	(47,734,730,651)
Payments for intangible assets	(299,956,553)	(123,047,781)
Proceeds from disposal of long-term financial instruments	-	487,400,000
Payments for investments in subsidiaries and associates	-	(125,311,386,756)
Proceeds from disposal of derivative financial assets	27,963,676	8,809,605,173
Payments for derivative financial liabilities	(729,070,682)	(426,672,760)
Increase in prepaid expenses	(9,940,458,329)	(3,852,609,000)
Payments for leased assets	(43,000,000)	-
Increase in short-term guarantees	(18,000,000)	-
Decrease in short-term guarantees	1,000,000,000	-
Receipt of government grants	346,468,089	-
Increase in advance payments	(12,557,079,800)	-
Payments for financial assets at fair value through profit or loss	(73,206,000)	-
Proceeds from disposal of financial assets at fair value through profit or loss	74,823,000	-
Net cash outflow from investing activities	(76,416,206,966)	(168,293,444,578)
Cash flows from financing activities		
Proceeds from issuance of bonds	20,867,968	193,345,846,994
Repayments of bonds	(98,000,000,000)	(120,000,000,000)
Proceeds from short-term borrowings	996,967,474,379	2,430,523,978,297
Repayments of short-term borrowings	(1,053,327,805,635)	(2,333,760,967,870)
Repayments of current portion of borrowings	(43,614,540,000)	(74,275,260,000)
Proceeds from long-term borrowings	-	90,000,000,000
Repayments of long-term borrowings	(12,500,000,000)	(220,540,000,000)
Payments of dividends	-	(15,888,975,000)
Repayments of lease liabilities	(3,595,435,638)	(3,390,683,041)
Net cash outflow from financing activities	(214,049,438,926)	(53,986,060,620)
Net increase in cash and cash equivalents	124,205,377	175,979,228
Cash and cash equivalents at the beginning of the year	921,749,012	745,769,784
Cash and cash equivalents at the end of the year	1,045,954,389	921,749,012

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 statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 3 to the consolidated financial statements of the Group.

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.

Independent Auditor's Report

- We evaluated the independence and eligibility of the external expert hired by the Group 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 compared current year actual results with the prior year forecast.
- We evaluated the reasonableness of key assumptions used in estimating value in use.
- We examined the accuracy of value in use calculations.

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 consolidated financial statements may differ from those generally accepted and applied in other countries.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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 8, 2022

This report is effective as of March 8, 2022, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

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

Hyosung Chemical Corporation and Subsidiary

Consolidated Statements of Financial Position

December 31, 2021 and 2020 (in Korean won)

	2021	2020
Assets		
Current assets		
Cash and cash equivalents	34,797,251,561	10,181,377,491
Trade and other receivables	327,974,480,633	222,338,573,348
Other financial assets	756,420,271	54,023,757,848
Other current assets	33,081,937,710	6,043,720,153
Other intangible assets	7,343,879	-
Inventories	401,004,350,414	143,161,585,501
	797,621,784,468	435,749,014,341
Non-current assets		
Long-term trade and other receivables	3,408,717,260	3,467,217,642
Property, plant and equipment	2,188,121,887,709	1,923,347,651,339
Intangible assets	33,970,502,392	23,126,250,265
Investments in associates	16,188,675,846	15,715,666,399
Other non-current financial assets	1,042,817,499	916,741,656
Other non-current assets	5,217,087,277	5,685,506,136
Deferred tax assets	10,631,926,966	9,356,986,691
	2,258,581,614,949	1,981,616,020,128
Total assets	3,056,203,399,417	2,417,365,034,469
Liabilities		
Current liabilities		
Trade and other payables	438,810,249,618	295,090,408,141
Borrowings	582,591,694,757	303,763,960,039
Other financial liabilities	4,250,708,286	4,107,228,508
Current tax liabilities	39,421,732,107	15,735,276,890
Other current liabilities	18,089,532,599	8,841,258,751
	1,083,163,917,367	627,538,132,329
Non-current liabilities		
Long-term trade and other payables	13,269,714,535	13,185,579,107
Long-term borrowings	1,437,382,100,580	1,356,428,635,032
Other non-current financial liabilities	7,637,639,449	10,726,160,469
Other non-current liabilities	13,295,302,650	7,133,398,082
	1,471,584,757,214	1,387,473,772,690
Total liabilities	2,554,748,674,581	2,015,011,905,019
Equity		
Share capital	15,950,630,000	15,950,630,000
Share premium	327,697,938,702	327,697,938,702
Retained earnings	138,223,210,823	67,606,964,768
Other components of equity	19,582,945,311	(8,902,404,020)
Equity attributable to owners of the Parent Company	501,454,724,836	402,353,129,450
Non-controlling interest	-	-
Total equity	501,454,724,836	402,353,129,450
Total liabilities and equity	3,056,203,399,417	2,417,365,034,469

Hyosung Chemical Corporation and Subsidiary

Consolidated Statements of Profit or Loss

Years Ended December 31, 2021 and 2020 (in Korean won)

	2021	2020
Revenue	2,452,990,221,917	1,817,189,980,493
Cost of sales	2,203,715,657,379	1,664,136,962,492
Gross profit	249,274,564,538	153,053,018,001
Selling, general and administrative expenses	78,919,257,707	71,922,307,554
Research and development expenses	21,782,796,209	20,203,161,536
Operating profit	148,572,510,622	60,927,548,911
Other income	7,430,881,227	7,007,583,184
Other expenses	3,066,998,233	17,879,224,228
Finance income	31,025,551,826	47,307,607,380
Finance expenses	69,917,154,387	95,611,415,800
Share of net profit of associates accounted for using the equity method	325,813,059	1,669,254,074
Profit before income tax	114,370,604,114	3,421,353,521
Income tax expense	43,956,293,060	15,037,841,449
Profit (loss) for the year	70,414,311,054	(11,616,487,928)
Profit (loss) is attributable to:		
Owners of the Parent Company	70,414,311,054	(11,616,487,928)
Non-controlling interests	-	-
	70,414,311,054	(11,616,487,928)
Earnings (loss) per share attributable to the equity holders of the Parent Company		
Basic earnings (loss) per share	22,158	(3,656)

Hyosung Chemical Corporation and Subsidiary

Consolidated Statements of Comprehensive Income

Years Ended December 31, 2021 and 2020 (in Korean won)

	2021	2020
Profit (loss) for the year	70,414,311,054	(11,616,487,928)
Other comprehensive income (loss)		
Items that will not be reclassified to profit or loss		
Remeasurements of net defined benefit liabilities	113,111,724	(3,075,121,630)
Share of remeasurements of net defined benefit liabilities of associates	143,655,690	12,694,357
Gain on valuation of financial assets at fair value through other comprehensive income	11,642,880	-
Items that may be subsequently reclassified to profit or loss		
Share of other comprehensive income (loss) of associates	294,895,697	(22,995,643)
Overseas operations translation gain (loss)	28,123,978,341	(21,764,424,628)
Other comprehensive income (loss) for the year, net of tax	28,687,284,332	(24,849,847,544)
Total comprehensive income (loss) for the year	99,101,595,386	(36,466,335,472)
Total comprehensive income (loss) for the year is attributable to:		
Owners of the Parent Company	99,101,595,386	(36,466,335,472)
Non-controlling interest	-	-
	99,101,595,386	(36,466,335,472)

Hyosung Chemical Corporation and Subsidiary

Consolidated Statements of Changes in Equity

Years Ended December 31, 2021 and 2020 (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, 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
Balance at January 1, 2021	15,950,630,000	327,697,938,702	67,606,964,768	(8,902,404,020)	402,353,129,450	-	402,353,129,450
Total comprehensive income							
Profit for the year	-	-	70,414,311,054	-	70,414,311,054	-	70,414,311,054
Remeasurements of net defined benefit liabilities	-	-	113,111,724	-	113,111,724	-	113,111,724
Share of remeasurements of net defined benefit liabilities of associates	-	-	143,655,690	-	143,655,690	-	143,655,690
Gain on valuation of financial assets at fair value through other comprehensive income	-	-	-	11,642,880	11,642,880	-	11,642,880
Share of other comprehensive income(loss) of associates	-	-	(54,832,413)	349,728,110	294,895,697	-	294,895,697
Overseas operations translation gain	-	-	-	28,123,978,341	28,123,978,341	-	28,123,978,341
Balance at December 31, 2021	15,950,630,000	327,697,938,702	138,223,210,823	19,582,945,311	501,454,724,836	-	501,454,724,836

Hyosung Chemical Corporation and Subsidiary

Consolidated Statements of Cash Flows

Years Ended December 31, 2021 and 2020 (in Korean won)

	2021	2020
Cash flows from operating activities		
Cash generated from operations	124,163,508,044	234,515,319,807
Income taxes paid	(21,544,778,118)	(23,437,491,883)
Interest paid	(34,393,704,208)	(43,139,203,419)
Interest received	149,260,016	179,930,147
Dividends received	291,355,000	222,311,350
Net cash inflow from operating activities	68,665,640,734	168,340,866,002
Cash flows from investing activities		
Decrease in short-term guarantees	1,000,000,000	203,165,053
Collection of long-term loans	243,642,518	237,306,430
Decrease in long-term guarantees	253,704,104	446,618,065
Proceeds from disposal of short-term financial instruments	54,917,189,313	1,657,576,417
Proceeds from disposal of derivative financial assets	27,963,676	8,809,605,173
Proceeds from disposal of long-term financial instruments	-	487,400,000
Proceeds from disposal of property, plant and equipment	295,745,770	201,847,336
Proceeds from disposal of intangible assets	1,200,000,000	-
Receipt of government grants	346,468,089	-
Increase in short-term guarantees	(311,055,766)	-
Increase in long-term loans	(340,000,000)	(740,066,434)
Increase in long-term guarantees	(67,901,844)	(287,708,200)
Payments for short-term financial instruments	-	(852,500,029)
Increase in prepaid expenses	(22,497,538,129)	(3,852,609,000)
Payments for property, plant and equipment	(328,270,453,977)	(555,757,980,514)
Payments for intangible assets	(13,405,907,799)	(123,047,781)
Payments for investments in associates	-	(3,541,386,756)
Payments for derivative financial liabilities	(729,070,682)	(426,672,760)
Payments for financial assets at fair value through other comprehensive income	(103,158,000)	-
Net cash outflow from investing activities	(307,440,372,727)	(553,538,453,000)
Cash flows from financing activities		
Proceeds from short-term borrowings	1,411,384,020,028	2,580,781,860,816
Proceeds from long-term borrowings	282,864,728,900	440,228,889,320
Proceeds from issuance of bonds	20,867,968	193,345,846,994
Repayments of short-term borrowings	(1,274,041,282,004)	(2,423,501,475,679)
Repayments of long-term borrowings	(12,500,000,000)	(220,540,000,000)
Repayments of bonds	(98,000,000,000)	(120,000,000,000)
Repayments of current portion of borrowings	(43,614,540,000)	(74,275,260,000)
Payments of dividends	-	(15,888,975,000)
Repayments of lease liabilities	(3,428,140,924)	(3,390,683,041)
Net cash inflow from financing activities	262,685,653,968	356,760,203,410
Effects of exchange rate changes on cash and cash equivalents	704,952,095	(7,440,319,694)
Net increase (decrease) in cash and cash equivalents	24,615,874,070	(35,877,703,282)
Cash and cash equivalents at the beginning of the year	10,181,377,491	46,059,080,773
Cash and cash equivalents at the end of the year	34,797,251,561	10,181,377,491

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