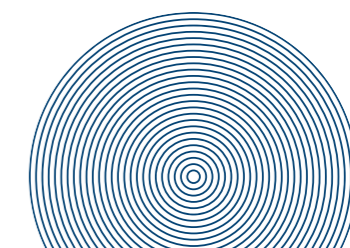


2021
Daewoo
Engineering & Construction
Annual Report



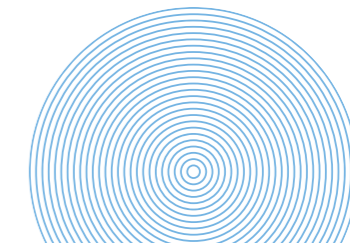
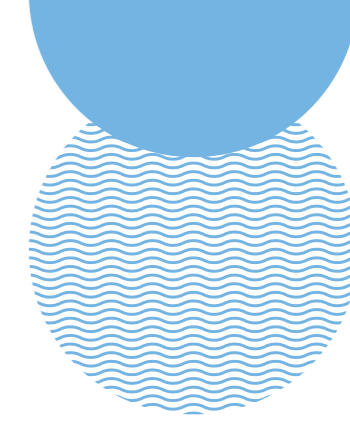
Daewoo E&C 170 Euljiro, Jung-gu, Seoul
www.daewooenc.com

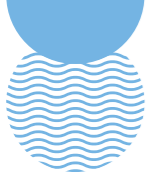




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CEO Message

Greetings from CEO

Dear honorable shareholders,
In commemoration of the 22nd regular general shareholders' meeting, we thank you for your effort for the continuous growth and development of Daewoo E&C, even during the hard times.

Last year, even with the hardship due to the 'COVID-19' situation that has been going on for year and the uncertainty of the market, we dispelled the market concerns by achieving the splendid achievement of the largest operating profit since our establishment. Domestically, we achieved a superior performance compared to our peers by supplying 28,344 households, and in particular, in the urban renewal project, we entered the 3 trillion club, solidifying its position as a strong player in the housing business. Overseas, which has been hit hard by the economic downturn and investment delays, we have been steadily conducting business activities centered on Nigeria, Iraq and Vietnam, and in particular, we have maintained our reputation as a global top tier construction company by winning a subway construction contract in Singapore. In addition, through continuous systematic risk management, advancement of bidding and execution capabilities, and expansion of high-quality orders, Daewoo E&C was able to show further growth by achieving business results of KRW 11.08 trillion in consolidated orders, KRW 8,685.2 billion in sales, and KRW 738.3 billion in operating profit last year.

However, it seems that it will be difficult to completely escape the impact of COVID-19 this year as well. In Korea, the business environment is not expected to be favorable due to increasing uncertainty in the real estate market due to rising inflation and interest rates, and strengthening of various regulations related to construction safety such as the Act on Punishment

of Serious Disasters, and overseas, modest economic growth is expected due to the economic downturn caused by the re-spread of COVID-19 and the effects of rising raw material prices and supply disruptions. Even in this environment, Daewoo E&C has established a business plan of KRW 12.2 trillion in orders and KRW 10 trillion in sales on a consolidated basis this year, and intends to promote the company's sustainable development by securing substantial management and growth engines. In addition, we aim to achieve mutual growth through continuous communication with customers and society, and to this end, we will focus on the following three initiatives this year.

First, safety will be our first priority. Even if it is not a systematic issue such as the strengthened Act on Punishment of Serious Disasters, respect for life should be our top priority in order to fulfill our social responsibilities as a company. Safety is the most irreplaceable value and the most fundamental promise we must keep with the people. During the recent organizational reorganization, the company introduced the CSO system to consolidate the safety and health management system and to concentrate organizational capabilities. This is an external expression of our strong will for safety, and internally, it will contribute to the prevention of safety accidents by strengthening the company's safety and health control tower function.

Second, we will do our best to strengthen our capabilities while inheriting Daewoo E&C's core values of 'challenge and passion' and 'autonomy and responsibility'. 'Challenge and passion' and 'autonomy and responsibility' are the pride and source of competitiveness of Daewoo E&C, and have been with Daewoo E&C's history. By keeping these core values in mind once more, we will make every effort so that Daewoo E&C can be reborn as a sustainable company. In

response to the changing business environment,

if we move toward a common goal with a sense of challenge and awareness of 'we can do it', responsibility for one's work, trust and cooperation, Daewoo E&C will be able to become the leader of a new history that continues to grow in stability.

Third, we will actively provide next-generation growth foundation through change and innovation. Even in the construction industry, change including 4th industrial revolution, ESG management, carbon neutral, and others have already started. We will do our best to proactively respond to changing trends and to take the initiative. To this end, I will provide maximum support so that your capabilities can be generously displayed not only in the expansion of the base market and value chain, but also in the discovery of new businesses and new technologies in line with the industrial paradigm shift.

Dear shareholders!

This year, Daewoo E&C has finished preparing for the mid-to-long term growth, and is about to take another step forward to become a permanent company based on the synergy with the new major shareholders. This year, we promise to our shareholders that we will do our best to establish ourselves as a company that is trusted and respected by the market by constantly striving to secure the competitiveness of the company through strengthening business capabilities and efficient risk management.

I ask for your continuous interest this year, and wish the new year will be filled with happiness and love for you and your family.

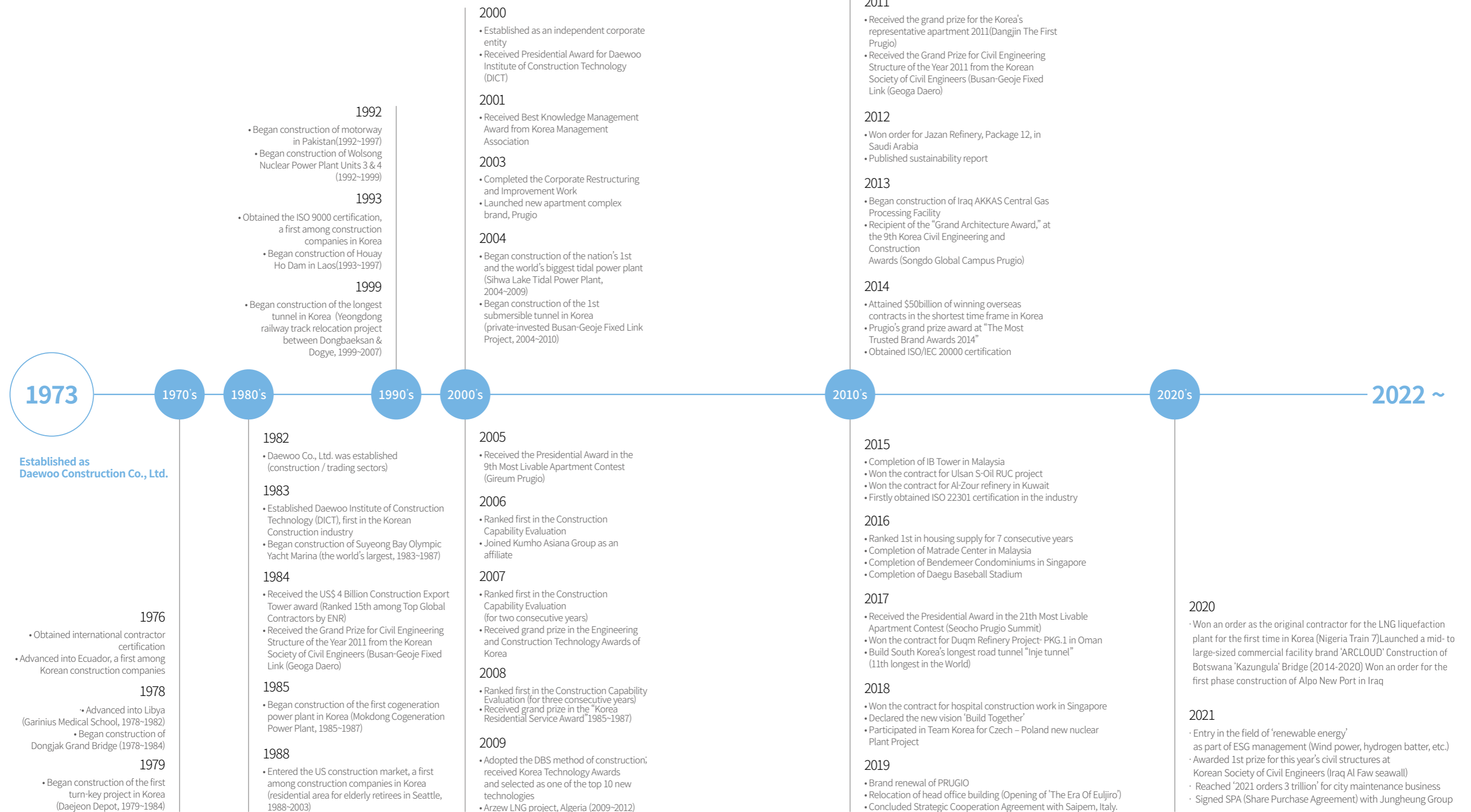
Thank you.



CEO Jungwan Baik

March 29, 2022

Company Timeline



1 Sales progress and achievements

01 | Sales overview

Same as last year, 2021 was a year that faced difficult business environment due to volatility and uncertainty caused by the COVID-19 pandemic. Nevertheless, through continuous profit creation and thorough overseas business risk management in the private housing and construction market, we achieved business results of KRW 11.08 trillion in consolidated orders, KRW 8,685.2 billion in sales, and KRW 738.3 billion in operating profit.

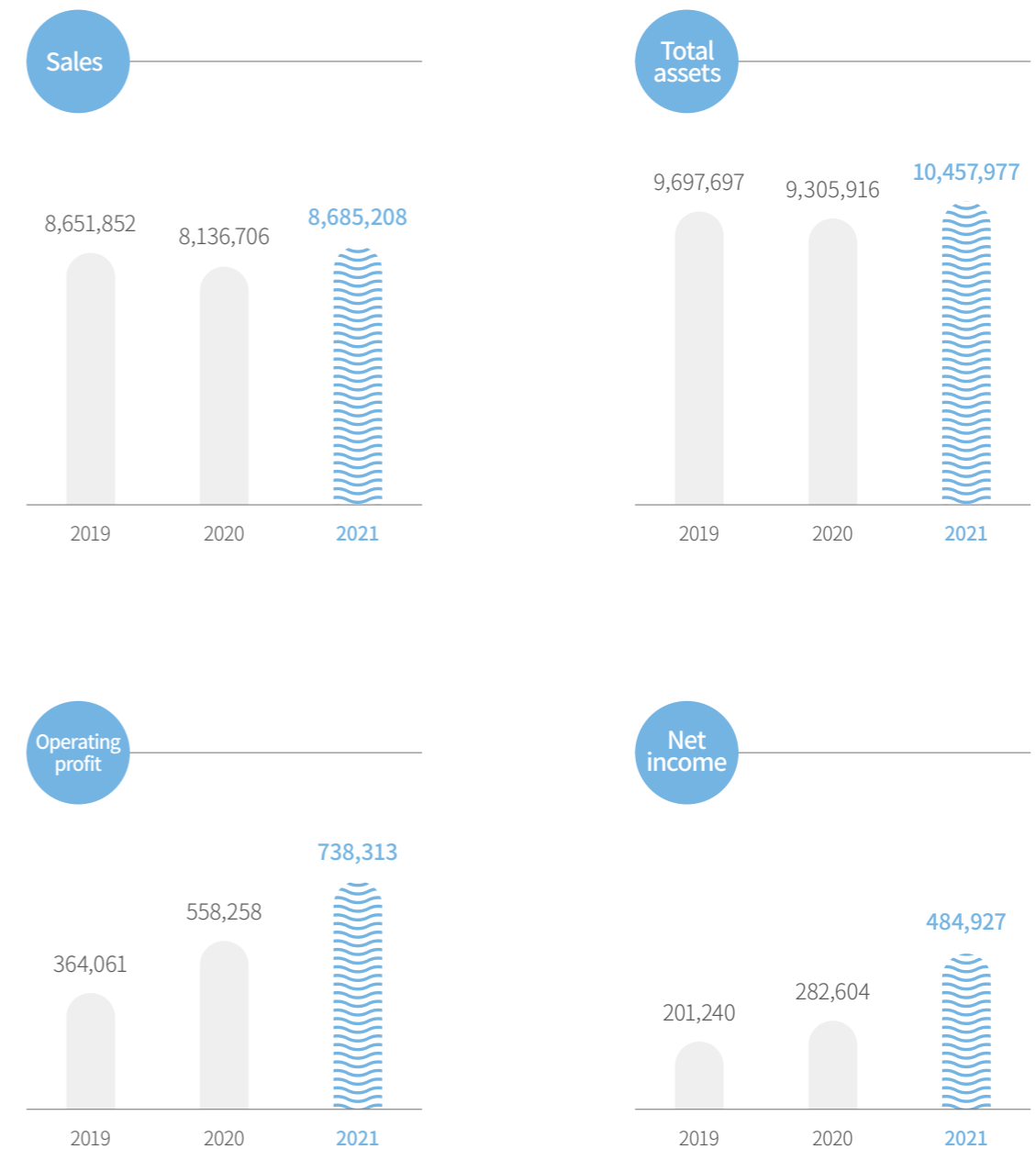
In Korea, starting with the housing redevelopment in Heukseok District 11, the reconstruction and remodeling projects achieved even results and entered the 3 trillion club of the urban renewal project, and in Singapore, based on our experience in numerous subway construction projects, we secured a foothold for market expansion by winning the order for the Cross Island Line CR108.

For 2022, we established a business plan of KRW 12.2 trillion in orders and KRW 10 trillion in sales on a consolidated basis. Although a difficult business environment is expected this year as well, we will do our best to enhance corporate value so that we can generate stable profits through thorough risk management and be reborn as a long-term growing company.

02 | Progress Report

Summary of Business Performance / Financial Status for the past 3 Years[Consolidated]

Unit: KRW million





Housing & Building Business

In 2021, the Housing and Building Business Division delivered a total of 28,344 households despite the continued real estate regulatory policy and intensifying competition in the industry, achieving a meaningful achievement of ranking first in housing supply performance for three consecutive years.

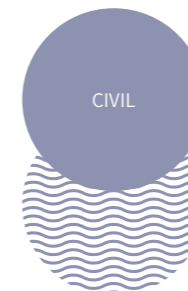
Focusing on domestic private contracting and urban renewal projects, we have demonstrated our development business capabilities in various fields such as offices, shopping malls, and knowledge industry centers as well as residential facilities, which are our main products, and despite the uncertainty caused by COVID-19, through stable on-site management, we achieved KRW 8,762 billion in new orders and KRW 5,901.6 billion in sales in 2021.

The housing construction business is sensitive to economic fluctuations and investment demands from clients, and is highly influenced by economic and political variables. Therefore, it is expected that 2022 will be a challenging year, with many variables such as rising interest rates and presidential and local elections. In order to quickly respond to these uncertainties, the Housing & Construction Division intends to establish a sustainable business environment as follows.

First, we will form a profitability-based order portfolio and strengthen our marketing capabilities by establishing a market-leading brand chain. In addition, in preparation for the changing market environment, we will secure new growth engines such as accelerating digital transformation and Zero Energy apartment complexes.

For the housing construction business in 2022, we aim to provide the best quality and customer satisfaction by strengthening the organization in charge of execution and upgrading our capabilities. To this end, we will set safety as our top priority, and we will not stop leaping to become the top-tier in the industry by further strengthening internal stability through the creation of a safety culture and value-up of the competitiveness of both the company and its employees.

- 1 Hanam Gamil Arcloud
- 2 Siheung Wavepark
- 3 Hwaseo Station Prugio Briciel
- 4 Gwacheon Prugio Summit



Civil Work Business

In 2021, the Civil Engineering Division recorded KRW 1,446.3 billion in orders and KRW 1,423.8 billion in sales despite the worsening business environment such as the continuous spread of COVID-19 and a decrease in overseas orders.

We prepared a bridgehead for entering the onshore and offshore wind power markets in the future by winning the 1st phase of Yeongwol wind power generation project, including the Singapore Urban Railway CR108 tool. We also continued to win orders for turnkey projects, such as sections 1 and 3 of the 4th phase extension of Seoul Subway Line 9, as well as a number of private SOC projects such as the Wirye-Sinsa Urban Railway, Osan-Yongin Expressway, and Isu-Gwacheon Complex Tunnel. In addition, as sales of large sites in Iraq are reflected, we expect continued sales growth at the headquarters in the future.

In particular, excellence in technology has been recognized after the Al Faw seawall in Iraq won the '2021 Civil Structure of the Year Grand Prize' for 3 consecutive years, and when the Botswana Bridge won the 'Civil Facility Grand Prize' at the 17th Korea Civil Engineering and Building Technology Awards.

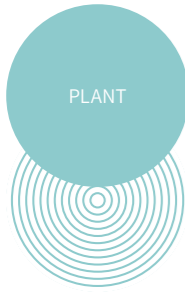
In the future, the domestic market is expected to grow rapidly due to the government's expansion and support of new and renewable energy facilities following the public sector's technological bidding and the paradigm shift to the deep system and eco-friendly power generation. Overseas markets, which have been stagnant, are also expected to recover gradually due to the stabilization of international oil prices, and new orders are expected from the Middle East and Southeast Asia.

In response to this market environment, we are preparing for market expansion due to the aging of existing environmental facilities by securing offshore wind power business development capabilities, full-fledged entry into the new and renewable energy market, and proposing a project to modernize an aging sewage treatment plant. By solidifying the Iraqi overseas market base, we aim to secure sustainable competitiveness by promoting the follow-up of Al Faw Port and winning orders for derivative works, diversifying overseas business, and expanding direct construction at domestic sites.

The Civil Engineering Division will do its best to become a top-tier in the industry.

- 1 Singapore Urban Railway
- 2 1st Yeongwol wind power generation
- 3 Seoul Subway Line 9 extension section 1
- 4 Aphae-Hwawon Rod section 2





In 2021, uncertainty in the global economy has increased due to the prolonged unexpected pandemic such as the spread of COVID-19 Delta mutation and Omicron mutation. Most of the new projects that were in the process of bidding were delayed due to the withdrawal of investment and business delays by oil producing countries and major oil companies, and major customers of the plant industry. The construction of the Mozambique LNG Area 1 project, which had already been ordered, was delayed due to unrest in the local situation.

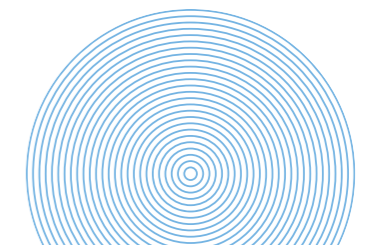
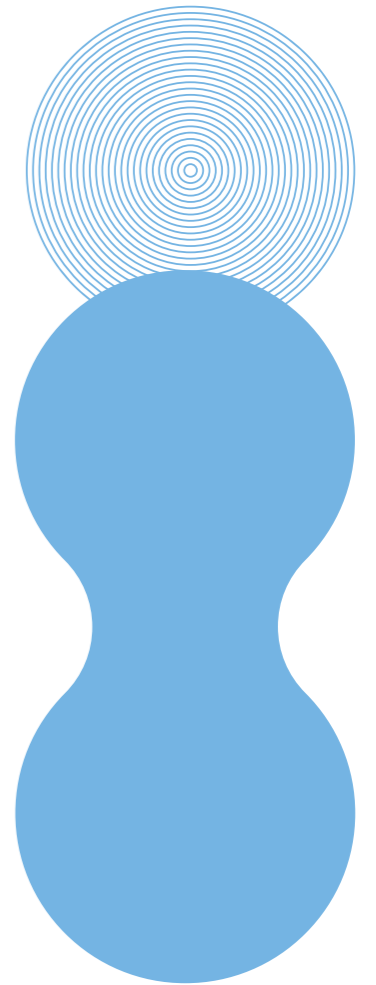
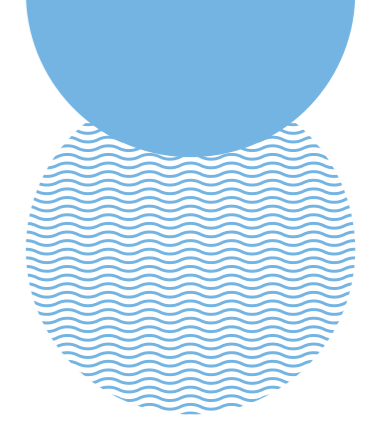
Despite difficult circumstances, long-term collection of accounts receivable and claims were additionally confirmed in projects such as Gbaran Infill and Indorama Fertilizer II. With the goal of accelerating the LNG and Oil&Gas business in the future, we are in the process of signing an SCA (Strategic Cooperation Agreement) with an Italian partner and signing a memorandum of understanding with the Libyan government to resume business in Libya. It is also an important achievement to lay a foothold for new business expansion by signing business agreements with advanced companies such as France, the United States, Germany, and Canada related to the decommissioning of nuclear power plants.

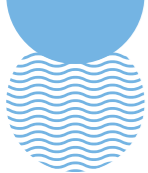
In line with the global carbon-neutral policy, we are carrying out new and renewable energy projects such as offshore wind power generation, hydrogen fuel cell power generation, and Waste to Energy (energizing waste), and designing and supplying major equipment and materials for a number of domestic natural gas combined cycle power plants and cogeneration power plants. In the nuclear sector, as a member of Team Korea, which is jointly promoted with public companies, we are expecting the visualization of overseas nuclear power plant exports to Eastern Europe and the Middle East. With the successful completion of the Indorama Fertilizer II in Nigeria, the Fertilizer III and its follow-up orders are expected.

As part of strengthening safety activities, we achieved 0 major disasters at domestic sites and 0 Lost Time Injury Rate (LTIR) at overseas sites, confirming the excellence of our plant business project management capabilities.

As the international oil price gradually rises to reach the fiscally balanced oil price of oil-producing countries, new businesses that have been withdrawn or postponed are expected to resume in 2022, centered on the Middle East and Africa, we will solidify future key markets and actively promote new businesses and market entry.

- 1 Nigeria Indorama Fertilizer II
- 2 Kuwait Al-Zour Refinery





Independent Auditor's Report

To the Board of Directors and Shareholders of Daewoo Engineering & Construction Co., Ltd.

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Daewoo Engineering & Construction Co., Ltd. and its subsidiaries 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.

Key Audit Matters

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

A. Accuracy of revenue recognition using input method

How our audit addressed the key audit matter

As explained in Note 2.6 (Revenue Recognition) to the consolidated financial statements, the Group recognizes revenue over the period of time as the control of asset is transferred to the customer, and buildings, road, bridge, plant and others are developed, and the value of asset is increased. And, the

percentage of completion is measured using input method based on the costs incurred. In addition, for those housing contracts which would meet the criteria listed on the board of Question and Answer (Q&A) numbered 2017-I-KQA015 by Korea Accounting Institute, revenue from sales of construction is recognized over the period of time as the control is transferred. And, revenue is recognized at the point in time when the real estate is transferred for those housing contracts that would not fulfill the criteria.

As explained in Note 3.1 (Uncertainty of the Estimated Total Contract Revenue and Contract Cost) to the consolidated financial statements, total contract revenue is affected by the uncertainty of the occurrence of future events such as additional contract work, claims, incentives and penalty. Total construction cost may vary based on future estimates of material and labor costs and outsourcing expenses and construction period due to variations in design change.

We considered that the main contracts determined to have high uncertainty in the accuracy of revenue recognition using the input method is a key audit matter given the Group's accounting policy that the Group recognizes revenue using percentage of completion by input method based on total contract revenue, total contract costs and accumulated cost incurred and the management's accounting estimates and judgements are involved in the revenue recognition that may result in significant impacts on the consolidated financial statements.

How our audit addressed the Key Audit Matter

We have conducted the following audit procedures regarding the accuracy of revenue recognition by the input method:

- (i) Audit procedures for appropriateness of accounting policy of revenue recognition by the input method
 - We obtained an understanding of the accounting policy for revenue recognition by the input method.
 - We obtained an understanding of and evaluated the control over review on accounting policy of revenue recognition for construction contracts, and reviewed related controls.
 - We obtained an understanding of and evaluated the control over review on accounting policy of revenue recognition for housing contracts for sale, and reviewed related controls.
 - We reviewed the appropriateness of application of revenue recognition by the input method for major construction contracts.
 - We reviewed contracts to determine that the major housing contract for sale fulfills the criteria listed on 2017-I-KQA015 of Q&A, and percentage of completion for the first intermediate payment date.
- (ii) Audit procedures for appropriateness of total contract revenue
 - We obtained an understanding of and evaluated internal control regarding entering into or changes in construction contracts.
 - We reviewed input control of construction information on the construction management system.
 - We reviewed input control of changing contracts information on construction management system.
 - We reviewed control of contract revenue recognition for variable consideration.

- We reviewed control on migration of contract information from construction management systems to accounting system.
- We reviewed construction contracts to confirm the contractual amounts and terms of major construction contracts.
- We inquired on events for additional contract works, which would affect the total contract revenue of the major construction contracts, and reviewed validity of the contractual amount of change.
- We inquired and reviewed relevant documents to check validity for potential delay penalties in relation to overseas construction sites.
- We inquired and reviewed relevant document regarding potential changes in total contract revenue after the end of the reporting period.

(iii) Audit procedures for uncertainty of the estimated contract costs

- We obtained understanding and evaluated internal control regarding establishment, change and review of total contract costs.
- We reviewed control on calculation of total contract costs such as materials, outsourcing expenses and project expenses.
- We reviewed control on completeness of design drawing (calculation of quantities on design).
- We reviewed control regarding input of construction management system of total construction costs.
- We reviewed control regarding monitoring on total contract costs of monitoring department of the headquarters.
- We reviewed control regarding transfer of information on total contract costs between construction management system and accounting system.
- We inquired and reviewed relevant document regarding whether impacts on total contract costs in the customer's report, report for construction sites and discussion report of project management council are reflected in total contract costs appropriately.
- We inquired and reviewed relevant document regarding appropriateness of differences between the percentage of completion for accounting purpose and the percentage of completion reported to the customer.
- We compared total contract costs on construction management system with total contract costs on the accounting system for consistency.
- We inquired and reviewed relevant document regarding possibility of changes in total contract revenue after the end of the reporting period.
- We compared and reviewed total contract costs of major construction contracts with business plan for the subsequent year.

(iv) Audit procedures for accuracy of calculation of percentage of completion considering incurred costs and calculation of sales

- We obtained understanding and evaluated internal control regarding the slips for material costs, outsourcing expenses, labor costs, and other expenses.
- We reviewed control regarding purchase and issue of materials, outsourcing expenses and other expenses.

- We reviewed control regarding labor costs and labor costs from the construction site.
- We reviewed control regarding settlement and burden costs of joint contract work costs.
- We reviewed control regarding transfer of information on incurred costs between construction management system and accounting system.
- We reviewed the appropriateness of reclassification of other costs from the construction site.
- We reviewed relevant documents including external evidences for accuracy of cut-off of costs incurred for the sites and the amounts.
- We performed recalculation for accuracy of percentage of completion and calculation of sales based on the percentage of completion.

B. Assessment of recoverability of trade and other receivables for developmental construction contracts

How our audit addressed the key audit matter

As explained in Note 3.3 (Impairment of Financial Assets) to the consolidated financial statements, the Group considered that that financial assets are impaired based on the estimates of expected business revenue and expenses of the customer in relation to construction development business such as apartment, high-rise apartment and industrial complex. The expected business revenue and expenses are affected by the uncertainty of the occurrence of future events such as future schedule of development business, real estate economy outlook and others.

We considered that the assessment of trade and other receivables for the main developmental construction contracts determined to have high uncertainty in relation to valuation on recoverability is a key audit matter given managements accounting estimates and judgements involved in the assessment that result in significant impacts on the consolidated financial statements.

How our audit addressed the Key Audit Matter

We have conducted the following audit procedures to address the risks for valuation on recoverability of trade and other receivables for developmental construction contracts:

- (i) We obtained understanding of the accounting policy in relation to the assessment of recoverability of trade and other receivables for developmental construction contracts.
- (ii) We obtained understanding and evaluated internal control regarding the provision for impairment.
- (iii) We reviewed control of business development plan.
- (iv) We reviewed control of monitoring on business development plan of headquarter.
- (v) We reviewed appropriateness of the assessment of the recoverability of trade and other receivables profitability estimated by the Group.

- We made inquiries and reviewed the customer's creditworthiness
- We made inquiries, performed analytical review procedures and reviewed relevant document for the appropriateness of basis of calculation for the expected business revenue and expenses of business profitability.

- We reviewed the appropriateness of the assessment of the recoverability of trade and other receivables based on the customer's credit and business profitability estimated by the Group.

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 management's plans and actions taken to resolve 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. These matters do not affect our opinion.

Other Matters

The accompanying consolidated financial statements as of and for the years ended December 31, 2021 and 2020, have been translated into the U.S. dollars solely for the convenience of the reader and have been translated on the basis set forth in Note 4 to the consolidated financial statements.

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 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.
- 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.



DAEWOO ENGINEERING & CONSTRUCTION Co., LTD.

Separate Statements of Financial Position

[December 31, 2021 and 2020]

(in millions of Korean won and thousands of US dollars (Note 4))

	2021	2020	2021	2020
Assets				
Current assets				
Cash and cash equivalents	₩595,572	₩584,039	\$502,380	\$492,652
Financial instrument assets	984,517	217,993	830,466	183,883
Trade receivables	690,256	875,445	582,249	738,461
Other receivables	564,913	555,862	476,519	468,884
Due from customers for contract work	939,902	848,934	792,832	716,098
Advance payments	828,017	637,545	698,453	537,785
Prepaid expenses	156,539	124,952	132,045	105,400
Inventories	1,218,179	1,255,134	1,027,566	1,058,738
Assets held for sale	28,522	36,794	24,059	31,037
Current tax assets	22,619	29,034	19,079	24,491
	6,029,036	5,165,732	5,085,648	4,357,429
Non-current assets				
Investments in subsidiaries and associates	425,077	413,877	358,563	349,116
Financial instrument assets	13,778	7,543	11,622	6,363
Investments in securities	209,285	245,280	176,537	206,900
Other receivables	1,169,003	1,080,888	986,084	911,757
Prepaid expenses	59,032	33,514	49,796	28,270
Investment property	194,827	231,404	164,342	195,195
Property, plant and equipment	86,448	109,147	72,921	92,068
Intangible assets	62,638	69,046	52,837	58,242
Deferred tax assets	719,683	806,437	607,071	680,251
Leased right-of-use assets	223,892	236,402	188,859	199,411
	3,163,663	3,233,538	2,668,632	2,727,573
Total Assets	₩9,192,699	₩8,399,270	\$7,754,280	\$7,085,002

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 SeongPill Hwang, Certified Public Accountant.

Seoul, Korea
March 16, 2022

Samuel PricewaterhouseCoopers

This report is effective as of March 16, 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.

Separate Statements of Financial Position

[December 31, 2021 and 2020]

(in millions of Korean won and thousands of US dollars (Note 4))

	2021	2020	2021	2020
Liabilities				
Current liabilities				
Financial instrument liabilities	₩471,033	₩1,195,634	\$397,329	\$1,008,548
Trade payables	237,812	104,594	200,601	88,228
Other payables	1,809,831	1,556,618	1,526,639	1,313,048
Advances received	364,920	328,754	307,819	277,313
Due to customers for contract work	1,240,901	864,181	1,046,732	728,959
Withholdings	115,725	81,097	97,618	68,408
Guarantee deposits received	92,379	196,267	77,924	165,556
Current tax liabilities	17,325	7,046	14,614	5,943
Short-term lease liabilities	65,433	56,849	55,194	47,954
Provisions	168,255	166,229	141,927	140,218
	4,583,614	4,557,269	3,866,397	3,844,175
Non-current liabilities				
Financial instrument liabilities	943,199	697,099	795,613	588,021
Advances received	147,887	93,794	124,747	79,118
Provisions	291,904	225,018	246,229	189,809
Guarantee deposits received	103,965	20,460	87,697	17,259
Net defined benefit liabilities	167,200	176,013	141,038	148,472
Long-term employee benefits liabilities	7,659	4,693	6,460	3,957
Long-term lease liabilities	222,673	254,769	187,830	214,904
	1,884,487	1,471,846	1,589,614	1,241,540
Total liabilities	6,468,101	6,029,115	5,456,011	5,085,715
Equity				
Share capital	2,078,113	2,078,113	1,752,942	1,752,942
Capital surplus	548,200	548,200	462,421	462,421
Other components of equity	(99,174)	(99,174)	(83,656)	(83,656)
Accumulated other comprehensive loss	(252,456)	(266,179)	(212,953)	(224,529)
Retained earnings	449,915	109,195	379,515	92,109
Total equity	2,724,598	2,370,155	2,298,269	1,999,287
Total liabilities	₩9,192,699	₩8,399,270	\$7,754,280	\$7,085,002

※ The U.S. dollars figures are provided for information purpose only and do not form part of the audited separate financial statements. Refer to Note 4.

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

Separate Statements of Profit or Loss

[Years Ended December 31, 2021 and 2020]

(in millions of Korean won and thousands of US dollars (Note 4), except per share amounts)

	2021	2020	2021	2020
Sales	₩8,085,719	₩7,637,256	\$6,820,513	\$6,442,223
Cost of sales	7,044,182	6,848,329	5,941,950	5,776,743
Gross profit	1,041,537	788,927	878,563	665,480
Selling and administrative expenses	468,632	411,840	395,303	347,398
Operating profit	572,905	377,087	483,260	318,082
Other income	256,513	273,091	216,376	230,361
Other expenses	349,919	379,503	295,166	320,121
Financial income	36,382	34,906	30,689	29,444
Financial costs	53,181	93,564	44,860	78,924
Profit before income tax	462,700	212,017	390,299	178,842
Income tax expense	105,783	35,110	89,230	29,616
Profit for the year	₩356,917	₩176,907	\$301,069	\$149,226
Earnings per share				
Basic earnings per share	₩869	₩431	\$0.73	\$0.36
Diluted earnings per share	868	430	0.73	0.36

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DAEWOO ENGINEERING & CONSTRUCTION Co., LTD. and Subsidiaries

Separate Statements of Cash Flows

[Years Ended December 31, 2021 and 2020]

(in millions of Korean won and thousands of US dollars (Note 4))

	2021	2020	2021	2020
Cash flows from operating activities				
Cash generated from operations	₩1,487,499	₩312,638	\$1,254,743	\$263,719
Interest received	38,373	28,952	32,369	24,422
Interest paid	(52,313)	(94,760)	(44,127)	(79,933)
Income tax paid	(10,709)	6,448	(9,033)	5,439
Dividends received	16,943	14,859	14,292	12,534
Net cash inflow from operating activities	1,479,793	268,137	1,248,244	226,181
Cash flows from investing activities				
Decrease in current financial instrument assets	2,313,606	1,475,990	1,951,587	1,245,036
Increase in current financial instrument liabilities(derivatives)	9,201	18,547	7,760	15,645
Decrease in current other receivables	115,758	108,497	97,644	91,520
Disposal of assets held for sale	78,974	67,699	66,617	57,106
Decrease in investments in securities	10,336	13,691	8,719	11,549
Disposal of investments in subsidiaries and associates		1,544		1,302
Decrease in non-current other receivables	139,283	158,170	117,489	133,420
Disposal of investment property	25,180	210	21,240	177
Disposal of property, plant and equipment	5,901	5,208	4,978	4,393
Disposal of intangible assets	2,788	4,575	2,352	3,859
Increase in current financial instrument assets	(309,3617)	(1,442,772)	(2,609,546)	(1,217,016)
Decrease in current financial instrument liabilities(derivatives)	(22,532)	(11,048)	(19,006)	(9,319)
Increase in current other receivables	(178,403)	(93,257)	(150,488)	(78,664)
Acquisition of investments in securities	(20,888)	(27,048)	(1,7620)	(22,816)
Acquisition of investments in subsidiaries and associates	(16,072)	(82,398)	(13,557)	(69,505)
Increase in non-current financial instrument assets	(50)		(42)	
Increase in non-current other receivables	(249,145)	(122,127)	(210,160)	(103,017)
Acquisition of investment property	(837)		(706)	
Acquisition of property, plant and equipment	(11,901)	(5,725)	(10,039)	(4,829)
Acquisition of intangible assets	(11,272)	(10,169)	(9,508)	(8,578)
Net cash inflow(outflow) from investing activities	(903,690)	59,587	(762,286)	50,263

(in millions of Korean won and thousands of US dollars (Note 4), except per share amounts)

	2021	2020	2021	2020
Cash flows from financing activities				
Increase in current financial instrument liabilities	293,012	973,992	247,163	821,587
Increase in non-current financial instrument liabilities	653,830	991,368	551,523	836,245
Decrease in current financial instrument liabilities	(1,324,525)	(2,129,200)	(1,117,271)	(1,796,035)
Decrease in non-current financial instrument liabilities	(123,280)	(105,000)	(103,990)	(88,570)
Decrease in lease liabilities	(67,046)	(67,587)	(56,555)	(57,011)
Net cash outflow from financing activities	(568,009)	(336,427)	(479,130)	(283,784)
Effects of exchange rate changes on cash and cash equivalents	3,439	12,486	2,900	10,531
Net increase in cash and cash equivalents	11,533	3,783	9,728	3,191
Cash and cash equivalents at the beginning of the year	584,039	580,256	492,652	489,461
Cash and cash equivalents at the end of the year	₩595,572	₩584,039	\$502,380	\$492,652

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DAEWOO ENGINEERING & CONSTRUCTION Co., LTD.

Consolidated Statements of Financial Position

[December 31, 2021 and 2020]

(in millions of Korean won and thousands of US dollars (Note 4))

	2021	2020	2021	2020
Assets				
Current assets				
Cash and cash equivalents	₩1,061,038	₩806,485	\$895,013	\$680,291
Financial instrument assets	1,199,782	428,535	1,012,047	361,480
Trade receivables	737,138	1,000,878	621,795	844,267
Other receivables	514,858	539,442	434,296	455,033
Due from customers for contract work	953,999	859,754	804,723	725,225
Advance payments	857,236	661,160	723,101	557,706
Prepaid expenses	161,593	130,221	136,308	109,845
Inventories	1,603,790	1,479,345	1,352,838	1,247,866
Assets held for sale	28,522	36,794	24,059	31,037
Current tax assets	30,934	30,530	26,094	25,753
	7,148,890	5,973,144	6,030,274	5,038,503
Non-current assets				
Investments in subsidiaries and associates	122,307	112,397	103,169	94,810
Financial instrument assets	13,781	7,546	11,625	6,365
Investments in securities	211,246	247,228	178,191	208,543
Other receivables	1,173,114	1,084,675	989,552	914,951
Prepaid expenses	59,032	33,155	49,795	27,967
Investment property	324,956	378,903	274,109	319,615
Property, plant and equipment	363,980	350,603	307,027	295,743
Intangible assets	93,368	97,145	78,758	81,944
Deferred tax assets	702,943	776,334	592,951	654,858
Leased right-of-use assets	244,360	244,786	206,124	206,483
	3,309,087	3,332,772	2,791,301	2,811,279
Total Assets	₩10,457,977	₩9,305,916	\$8,821,575	\$7,849,782

Consolidated Statements of Financial Position

[December 31, 2021 and 2020]

(in millions of Korean won and thousands of US dollars (Note 4))

	2021	2020	2021	2020
Liabilities				
Current liabilities				
Financial instrument liabilities	₩607,783	₩1,303,300	\$512,681	\$1,099,367
Trade payables	246,987	119,421	208,340	100,735
Other payables	1,956,278	1,628,409	1,650,171	1,373,605
Advances received	488,198	456,144	411,808	384,769
Due to customers for contract work	1,262,433	868,262	1,064,895	732,402
Withholdings	120,771	120,370	101,874	101,535
Guarantee deposits received	94,071	200,108	79,351	168,796
Current tax liabilities	28,463	9,123	24,010	7,695
Short-term lease liabilities	75,040	64,346	63,298	54,278
Provisions	168,940	166,896	142,505	140,781
	5,048,964	4,936,379	4,258,933	4,163,963
Non-current liabilities				
Financial instrument liabilities	945,683	740,724	797,708	624,820
Other payables	1,831	1,894	1,544	1,598
Advances received	282,551	93,794	238,339	79,118
Provisions	292,353	225,479	246,607	190,197
Guarantee deposits received	109,787	25,731	92,608	21,705
Net defined benefit liabilities	168,741	176,706	142,337	149,056
Long-term employee benefits liabilities	7,663	4,696	6,465	3,961
Long-term lease liabilities	369,426	409,157	311,620	345,135
Deferred tax liabilities	14,600	14,360	12,316	12,113
	2,192,635	1,692,541	1,849,544	1,427,703
Total liabilities	7,241,599	6,628,920	6,108,477	5,591,666
Equity attributable to owners of the Parent company				
Share capital	2,078,113	2,078,113	1,752,942	1,752,942
Capital surplus	549,538	549,538	463,550	463,550
Other components of equity	(99,174)	(99,174)	(83,656)	(83,656)
Accumulated other comprehensive loss	(291,268)	(361,850)	(245,692)	(305,230)
Retained earnings	974,690	507,805	822,176	428,347
	3,211,899	2,674,432	2,709,320	2,255,953
Non-controlling interest	4,479	2,564	3,778	2,163
Total equity	3,216,378	2,676,996	2,713,098	2,258,116
Total liabilities and equity	₩10,457,977	₩9,305,916	\$8,821,575	\$7,849,782

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DAEWOO ENGINEERING & CONSTRUCTION Co., LTD.

Consolidated Statements of Profit or Loss

[Years Ended December 31, 2021 and 2020]

(in millions of Korean won and thousands of US dollars (Note 4), except per share amounts)

	2021	2020	2021	2020
Sales	₩8,685,208	₩8,136,706	\$7,326,198	\$6,863,523
Cost of sales	7,446,343	7,136,415	6,281,183	6,019,751
Gross profit	1,238,865	1,000,291	1,045,015	843,772
Selling and administrative expenses	500,551	442,033	422,228	372,866
Operating profit	738,314	558,258	622,787	470,906
Other income	(18,285)	(9,143)	(15,424)	(7,712)
Other expenses	236,896	255,273	199,828	215,329
Financial income	347,423	367,527	293,060	310,019
Financial costs	50,260	45,081	42,396	38,027
Profit before income tax	61,368	104,536	51,765	88,179
Income tax expense	598,394	377,406	504,762	318,352
Profit for the year	₩484,927	₩282,604	\$409,048	\$238,384
Earnings per share				
Profit for the year attributable to:				
Owners of the Parent Company	₩484,685	₩283,812	\$408,844	\$239,403
Non-controlling interest	242	(1,208)	204	(1,109)
Earnings per share attributable to the owners of the Parent Company				
Basic earnings per share	₩1,180	₩691	\$1.00	\$0.58
Diluted earnings per share	1,178	690	0.99	0.58

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DAEWOO ENGINEERING & CONSTRUCTION Co., LTD. and Subsidiaries

Consolidated Statements of Cash Flows

[Years Ended December 31, 2021 and 2020]

(in millions of Korean won and thousands of US dollars (Note 4))

	2021	2020	2021	2020
Cash flows from operating activities				
Cash generated from operations	₩1,825,919	₩499,648	\$1,540,210	\$421,466
Interest received	49,885	39,885	42,079	33,644
Interest paid	(60,410)	(105,092)	(50,957)	(88,648)
Income tax paid	(70,469)	(31,457)	(59,442)	(26,535)
Dividends received	1,919	5,400	1,619	4,555
Net cash inflow from operating activities	1,746,844	408,384	1,473,509	344,482
Cash flows from investing activities				
Decrease in current financial instrument assets	2,331,280	1,488,593	1,966,495	1,255,667
Increase in current financial instrument liabilities(derivatives)	9,201	18,547	7,761	15,645
Decrease in current other receivables	115,758	106,297	97,645	89,664
Disposal of assets held for sale	61,974	67,699	52,277	57,106
Decrease in investments in securities	10,336	13,691	8,719	11,549
Disposal of investments in subsidiaries and associates	5,203	1,544	4,389	1,302
Decrease in non-current other receivables	139,905	149,370	118,013	125,997
Disposal of investment property	25,180	210	21,240	177
Disposal of property, plant and equipment	7,066	8,625	5,960	7,275
Disposal of intangible assets	2,788	4,575	2,352	3,859
Increase in current financial instrument assets	(3,099,230)	(1,494,387)	(2,614,281)	(1,260,554)
Decrease in current financial instrument liabilities(derivatives)	(22,532)	(11,048)	(19,006)	(9,319)
Increase in current other receivables	(162,338)	(83,911)	(136,936)	(70,781)
Acquisition of investments in securities	(20,889)	(27,125)	(17,620)	(22,881)
Acquisition of investments in subsidiaries and associates	(6,400)	(50,316)	(5,399)	(42,443)
Increase in non-current financial instrument assets	(50)		(42)	
Increase in non-current other receivables	(249,145)	(122,770)	(210,160)	(103,560)
Acquisition of investment property	(3,387)		(2,857)	
Acquisition of property, plant and equipment	(49,562)	(11,679)	(41,807)	(9,852)
Acquisition of intangible assets	(11,619)	(10,777)	(9,801)	(9,091)
Net cash inflow(outflow) from investing activities	(916,461)	47,138	(773,058)	39,760

(in millions of Korean won and thousands of US dollars (Note 4), except per share amounts)

	2021	2020	2021	2020
Cash flows from financing activities				
Increase in current financial instrument liabilities	324,094	973,991	273,382	821,587
Increase in non-current financial instrument liabilities	656,819	991,869	554,044	836,667
Decrease in current financial instrument liabilities	(1,370,045)	(2,208,668)	(1,155,668)	(1,863,069)
Decrease in non-current financial instrument liabilities	(123,280)	(105,000)	(103,990)	(88,570)
Decrease in lease liabilities	(69,069)	(71,225)	(58,261)	(60,080)
Net cash outflow from financing activities	(581,481)	(419,033)	(490,493)	(353,465)
Effects of exchange rate changes on cash and cash equivalents	5,651	12,486	2,900	10,531
Net increase in cash and cash equivalents	254,553	49,729	214,725	41,945
Cash and cash equivalents at the beginning of the year	806,485	756,756	680,288	638,343
Cash and cash equivalents at the end of the year	₩1,061,038	₩806,485	\$895,013	\$680,288

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