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## Business Report

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# Correction Report

Mar. 26, 2021

1. The disclosure document subject to correction : Business Report

2. The first submission date of the disclosure document subject to correction: Mar. 18, 2021

## 3. Corrections

Item	Reason	Before correction	After correction
3. Notes to the consolidated financial statements	Written incorrectly	(7) The Company has loan-related agreements with financial institutions, and there is a trigger clause of maintaining the debt ratio at 200% or less, the interest compensation ratio at 1 or lower, and EBITDA at KRW 250 billion or more.	(7) The Company has loan-related agreements with financial institutions, and there is a trigger clause of maintaining the debt ratio at 200% or less, the interest compensation ratio at 1 or higher, and EBITDA at KRW 250 billion or more.
5. Notes to the unconsolidated financial statements			
C. Other contingent liabilities and agreements [contingencies]			

Item	Reason	Before correction		After correction	
1. The auditor's name and audit opinion	Correction in writing	Highlights, etc.	Key Audit Matter	Highlights, etc.	Key Audit Matters
		N/A	1. Unconsolidated audit report - Impairment assessment on cash generating units - Impairment assessment on investment in subsidiaries and associates	Uncertainties due to the impact of COVID-19 infection	1. Unconsolidated audit report - Impairment assessment on cash generating units - Impairment assessment on investment in subsidiaries and associates
			2. Consolidated audit report - Impairment assessment on cash generating units		2. Consolidated audit report - Impairment assessment on cash generating units

Item	Reason	Before correction	After correction			
<Directors and internal auditors with the remuneration of KRW 500 million or more>	Omitted	-	(Unit : KRW million)			
			Name	Position	Total amount	Remuneration not included in the total
			Yeon-Keuk Kim	Representative director President	598	-
<Individual remuneration for top 5 out of those paid KRW 500 million or more>			(Unit : KRW million)			
			Name	Type of remuneration		Calculation
			Yeon-Keuk Kim	Earned income	Salaries	402
						1. Basic salary The annual salary is set to KRW 400 million and equally paid by KRW 33 million per month reflecting roles, responsibilities, and performance contribution, based on the "initial salary table for each executive position" in the Regulations on Executive Management of Dongkuk Steel Mill Co., Ltd. set forth under the BOD resolution.
						2. Allowance for position N/A
					Bonuses	184
						Irregular bonuses other than performance-based bonuses for 2020 and summer vacation
					Gains on exercise of stock option	-
						N/A
					Other earned income	12
						KRW 12 million paid for school expenses, medical check-up, etc.
					Retirement income	-
						N/A
					Other income	-
						N/A

Item	Reason	Before correction	After correction			
<Individual remuneration for top 5 out of those paid KRW 500 million or more>	Omitted	-	(Unit : KRW million)			
			Name	Position	Total amount	Remuneration not included in the total
			Byung-Hwa Moon	Executive director	589	-
			※ Executive Director Byung-Hwa Moon resigned as of Dec. 11, 2020, and the retirement income is included in the total amount of remuneration.			
			(Unit : KRW million)			
			Name	Type of remuneration	Total amount	Calculation
			Byung-Hwa Moon	Earned income	251	1. Basic salary The annual salary is set to KRW 250 million and equally paid by KRW 21 million per month reflecting roles, responsibilities, and performance contribution, based on the “initial salary table for each executive position” in the Regulations on Executive Management of Dongkuk Steel Mill Co., Ltd. set forth under the BOD resolution.
						2. Allowance for position N/A
				Bonuses	2	Irregular bonuses other than the bonus for summer vacation
				Gains on exercise of stock option	-	N/A
				Other earned income	5	KRW 5 million paid for medical check-up, etc.
				Retirement income	331	In accordance with the executive retirement payment regulations, KRW 331 million was paid based on the monthly salary of KRW 21 million at the time of retirement multiplied by the rate of payment for each position(Executive Director:

Item	Reason	Before correction	After correction			
						200%) for 8 service years.
				Other income	-	N/A

## **【Letter of Confirmation】**

Here we confirm and reviewed as a CEO and the director in charge of reporting of the Company that no significant omission or false report or display is present on this quarterly report after direct check and revision with sincere caution, and no statement or display is present to cause any serious misunderstanding of the users of this report.

Moreover, we confirm that the Company is preparing and operating the IACS in accordance with Article 8 of the "Act on External Audit of Stock Companies" (Limited to a corporation subject to outside audit by Article 4 of the "Act on External Audit of Stock Companies").

Mar. 26, 2021

Dongkuk Steel Mill Co., Ltd.

CEO	Se-Wook Chang	(signature)
Director in charge of reporting	Soon-Wook Cheong	(signature)

# Business Report

(67th Period)

Fiscal year From Jan. 01, 2020 To Dec. 31, 2020

To Financial Supervisory Commission  
Korea Exchange

Mar. 26, 2021

Types of Company: Stock-listed Corporation

Ground for Exemption: Not Applicable

Company Name: Dongkuk Steel Mill Co., Ltd.

Chief Executive Officer: Se-Wook Chang  
Yeon-Keok Kim

Head Office 19 Euljiro Road 5, Jung-gu, Seoul  
(Tel) 02-317-1114  
(Website) <http://www.dongkuk.com>

Contact person (Title) Head of Finance (Name) Soon-Wook Jeong  
(Tel) 02-317-1114

## **【Letter of Confirmation】**

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Mar. 18, 2021

Dongkuk Steel Mill Co., Ltd.

CEO	Se-Wook Chang	(signature)
Director in charge of reporting	Soon-Wook Cheong	(signature)

## **I. Overview of the Company**



## 1. Overview of the Company

### A. Profile of consolidated companies

(Unit: KRW million)

Name of Company	Date of establishment	Address	Main business	Total assets as of the end of the previous business year	Holding Relationship	The main subsidiary company or not
Dongkuk Steel China Co. Ltd.(DKSC)	2001.12.26	Xiagang Zone Jiangyin Riverside Economy Development Area, Jiangyin City, Jiangsu, China 214442	Manufacturing and sales of old-rolled carbon steel plates	120,817	Owns a majority of voting rights	Applicable
Dongkuk Steel Mexico S.A. de C.V.(DKSM)	2007.05.15	Av. Internacional #303 Parque Industrial Huinala, Apodaca, Nuevo Leon, Mexico C.P. 66645	Processing and sales of cold-rolled carbon steel plates	63,770	Owns a majority of voting rights	Not Applicable
Dongkuk Steel India Pvt. Ltd.(DKSI)	2011.01.31	B-3/2, Ecotech-1, Extension, Greater Noida, UP-201 308, India	Processing and sales of cold-rolled carbon steel plates	31,244	Owns a majority of voting rights	Not Applicable
Dongkuk Steel (Thailand) Ltd.(DKST)	2011.11.07	Pinthong Industrial Estate Project 3, No. 217/9 Moo 6, Bowin, Sriracha, Chonburi 20230, Thailand	Processing and sales of cold-rolled carbon steel plates	34,576	Owns a majority of voting rights	Not Applicable
Dongkuk International Inc.(DKI)	1980.10.20	19750 Magellan Drive Torrance, CA. 90502, U.S.A	Trade business	93,351	Owns a majority of voting rights	Applicable
Dongkuk Corporation(DKC)	1980.06.21	7Floor, PMO Nihonbashi kayaba-cho, 3-11-10, Chuo-ku, Tokyo 103-0025, Japan	Trade business	131,144	Owns a majority of voting rights	Applicable
DKC. S.A	2010.09.17	15th floor, Banco General Tower, Aquilino De La Guardia Street, Marbella, Panama City, Republic of Panama	Transportation-related services	1,216	Owns a majority of voting rights	Not Applicable
Intergis Co., Ltd	1956.02.23	13th Fl. Marine Center, 52 Chungjang Dae-ro 9-gil, Jung-gu, Busan	Freight transportation, transport-related services & loading	342,590	Owns a majority of voting rights	Applicable
Intergis New Harbor Center Co., Ltd.	2008.12.01	15-67, Sinhang 5-ro, Jinhae-gu, Changwon-si, Gyeongsangnam-do	Transportation-related services & loading	10,099	Owns a majority of voting rights	Not Applicable
Dangjin Godae Dock Management Co., Ltd.	2011.04.21	255, Godaegongdan 2-gil, Songak-eup Dangjin-gun, Chungcheongnam-do	Operating and managing port	8,071	Owns a majority of voting rights	Not Applicable
Intergis Ungdong Center Co., Ltd.	2011.11.07	110, Sinhang 8-ro, Jinhae-gu, Changwon-si, Gyeongsangnam-do	Transportation-related services & loading	12,155	Owns a majority of voting rights	Not Applicable

Name of Company	Date of establishment	Address	Main business	Total assets as of the end of the previous business year	Holding Relationship	The main subsidiary company or not
Union Logistics Jiangyin Co.,Ltd	2010.07.28	No.5 Sugang Road, Xiangang Zone, Jiangyin City, Jiangsu Province, China	Freight transportation, transportation-related services & loading	18,541	Owns a majority of voting rights	Not Applicable
INTERGIS LOGISTICA LTDA.	2014.09.19	Av.Des,Moreira 2800,sala207-A Dionisio Torres,Fortaleza,CE	Freight transportation, transportation-related services & loading	3,695	Owns a majority of voting rights	Not Applicable
Intergis Central Pier Co., Ltd	1980.03.01	52 Chungjang 9th-gil, Jung-gu, Busan	Transportation-related services and transportation	9,669	Owns a majority of voting rights	Not Applicable
Jeju Shipping and Logistics Co., Ltd.(*2)	2016.12.13	2nd Fl, 10 Sarabong-gil, Jeju-si, Jeju Special Self-Governing Province	Transportation-related services and loading	17	Owns a majority of voting rights	Not Applicable
Dongkuk Systems Co., Ltd.(*3) (Formerly, DK UNC)	1997.09.12	Ferrum Tower, 19 Euljiro 5-gil, Jung-gu, Seoul	Computer equipment sales and information processing management	88,912	Owns a majority of voting rights	Applicable
DK UNC servico de T.I. LTDA	2015.10.15	Rua Irma Ambrosina, 77 - Sala 04 - Bairro : Centro , CEP : 61760-000, Eusebio, Ceara, Brazil	Information processing management	1,174	Owns a majority of voting rights	Not applicable
Intergis Vina Co., Ltd	2017.02.07	13th floor, Detech Building, No.8 Ton That Thuyet, My Dinh 2, Nam Tu Liem District, Hanoi, Vietnam	Transportation, transportation-related services	502	Owns a majority of voting rights	Not Applicable
CE LINE 3 Corporation(*1)	2014.02.19	Trust Company Complex, Ajeltake Island, Majuro, Republic of Marshall Islands MH 96960	Transportation-related services	12,023	Substantial Control	Not Applicable
CE LINE 4 Corporation(*1)	2014.06.19	Trust Company Complex, Ajeltake Island, Majuro, Republic of Marshall Islands MH 96960	Transportation-related services	12,207	Substantial Control	Not Applicable
Korea Tonnage NO.16 Shipping Company S.A(*1)	2016.11.09	BICSA FINANCIAL CENTER, 60th Floor, Balboa Avenue, Panama City, Republic of Panama.	Transportation-related services	4,308	Substantial Control	Not Applicable
Korea Tonnage NO.17 Shipping Company S.A.(*1)	2016.11.09	BICSA FINANCIAL CENTER, 60th Floor, Balboa Avenue, Panama City, Republic of Panama.	Transportation-related services	2,350	Substantial Control	Not Applicable
Gyeonghuigung 1st Co.,Ltd. (*1)(*5)	2018.02.26	15 Gukjeumyung-ro 6-gil, Yeongdeokgo-gu, Seoul, Korea	Property liquidity	-	Substantial Control	Not Applicable
Ferrum 1st Co.,Ltd. (*1)	2018.05.09	12th Fl., 51 Sogong-ro, Jung-gu, Seoul, Korea	Property liquidity	12,016	Substantial Control	Not Applicable
JB Dangjin Ferrumville Private Investment	2016.09.09	123, Songsan-ro, Songsan-myeon, Dangjin-si,	Real estate services	38,199	Owns a majority of	Not Applicable

Name of Company	Date of establishment	Address	Main business	Total assets as of the end of the previous business year	Holding Relationship	The main subsidiary company or not
Limited Company		Chungcheongnam-do			voting rights	
Gyeonghuigung 2nd Co.,Ltd. (*1)(*5)	2019.01.24	14 Yeouido-daero, Yeongdeungpo-gu, Seoul	Property liquidity	-	Substantial Control	Not Applicable
One Punch DK 1st Co., Ltd.(*1)	2019.05.09	18 Yeouinaru-ro 4-gil, Yeongdeungpo-gu, Seoul	Property liquidity	10,095	Substantial Control	Not Applicable
GAONST Co, Ltd.(*4)	2009.11.04	Ferrum Tower, 19 Euljiro 5-gil, Jung-gu, Seoul	Primary metal manufacturing industry	854	Owens a majority of voting rights	Not Applicable
Ferrum Infra Co. Ltd.(*6)	2009.10.15	Ferrum Tower, 19 Euljiro 5-gil, Jung-gu, Seoul	Golf course operation business	187,351	Owens a majority of voting rights	Applicable

※Main subsidiaries are those with more than KRW 75 billion of total assets in the previous business year.

(\*1)It is considered that the Group has control over the special purpose companies (SPC) although the ownership is less than 50% because the SPCs perform their activities on the Group's specific operational needs and the Group accounts for the majority of risks and benefits generated from the operation of the SPCs(Financial Reporting Standards Interpretation no. 2012-10)

(\*2)The dissolution of the company was decided as of Feb. 10, 2020.

(\*3) The name of DK UNC was changed into Dongkuk Systems Co., Ltd. as of Feb. 3, 2020.

(\*4) It has been classified as a subsidiary due to the end of rehabilitation procedures during the previous period.

(\*5) It was excluded from subsidiaries as the liquidation was terminated during the current period.

(\*6) It was classified as an associate until the previous period, but was included in the subsidiaries subject to consolidation as the control was acquired through the purchase of shares in the current period. Excluding redeemable preferred stocks with voting rights, the effective interest rate of the Group is 98.09%.

## 1-1. Changes in consolidated companies

Classification	Subsidiary	Reason
Newly consolidated	Ferrum Infra Co., Ltd.	Classified from an affiliate to a subsidiary through an additional purchase of shares during the current period
	-	-
Excluded from consolidation	Gyeonghuigung 1st Co.,Ltd.	Liquidated during the current period
	Gyeonghuigung 2nd Co.,Ltd.	Liquidated during the current period

## 2. The Company's legal/commercial name

The Company's legal/commercial name is "DONGKUK STEEL MILL COMPANY LIMITED" when written in English, or "DONGKUK STEEL MILL" or "DONGKUK STEEL MILL CO., LTD" in an abbreviated form.

### 3. Date of establishment and duration of the Company

The Company was founded on July 7, 1954, and the Company's stock was listed on the Korea Stock Exchange on May 9, 1988.

### 4. Address, phone number, and website of the Company

Address: Ferrum Tower, 19 Uljiro 5-gil, Jung-gu, Seoul

Phone: 02-317-1114

Website: <http://www.dongkuk.co.kr>

### 5. Applicability as a small and mid-sized company

The Company is not a small and mid-sized company.

### 6. The main business of the Company

As a steel manufacturing company, it has made molten iron using a cupola since the 1960s. During this time, the Company has operated 50 ton furnaces for the first time among domestic private industries. It was Dongkuk Steel Mill Co., Ltd. which opened the modern era by introducing electric furnaces. For the first time in this country, the Company has opened the era of mass production of high-quality reinforced steel and bar by adopting 15-ton alternate current electric furnaces and direct current electronic ones in the early 1990s. For the first time in this country in 1971, the Company entered the plate business and now the business structure of Dongkuk

Steel Mill Co., Ltd. has been reorganized into the boards (plate) and the shaped steel (bar, section). Plates, section steel, bar steel are the flagship products of Dongkuk Steel. Due to the merger with Union Steel on January 1, 2015, it leads with manufacturing and selling cold-rolled steel sheet, and the main products of Dongkuk Steel Mill Co., Ltd. are a thick plate, section, bar, and cold rolled steel sheet.

The businesses of the Group are steel manufacturing and sales(Dongkuk Steel Mill Co., Ltd., Dongkuk Steel China Co. Ltd., Dongkuk Steel Mexico S.A. de C.V., Dongkuk Steel India Pvt. Ltd., Dongkuk Steel(Thailand) Ltd., GAONST Co., Ltd.), transportation/loading/warehousing(Intergis, DKC. S.A., Intergis New port center, Intergis Logistica, Intergis Vina Co., Ltd, Intergis Central Port, Union Logistics Jiangyin, Dangjin Godae Dock Management, Intergis Ungdong Center, Jejuro Shipping Logistics Co., Ltd, CE Line 3 Corporation, CE Line 4 Corporation, Korea Tonnage NO.16 Shipping Company S.A., Korea Tonnage NO.17 Shipping Company S.A.), intermediary trade (Dongkuk International Inc., Dongkuk Corporation), and other businesses(Dongkuk Systems Co., Ltd., DK UNC Servico de T.I. LTDA, Ferrum 1st Co., Ltd., JB Dangjin Ferrumville Private Investment Limited Company, One Punch DK 1st Co., Ltd., and Ferrum Infra Co., Ltd.).

Please refer to Section II [Business Profile] for more information about the businesses of the Company.

## 7. Affiliated companies

As of the end of the reporting period, there are 23 affiliated companies including the Company. 12 domestic corporations and 11 overseas corporations are included in the Group of Dongkuk Steel Mill Co., Ltd. Affiliated companies are classified into domestic and overseas corporations, and domestic corporations are classified according to the types of business as follows.

### ①Steel, wire rod manufacturing

(Listed): Dongkuk Steel Mill Co., Ltd.

(Unlisted): GAONST Co., Ltd.

## ②Unloading/Transportation/Warehousing

(Listed): Intergis Co., Ltd.

(Unlisted): Intergis New Port Center Co., Ltd. I&K New Port Co., Ltd.

Dangjin Godae Dock Management Co., Ltd. Intergis Ungdong Center Co., Ltd.

Intergis Central Pier Co., Ltd., Jejuro Shipping Logistics Co., Ltd.

③IT (Unlisted): Dongkuk Systems Co., Ltd.

④Others(overseas corporations) :

Dongkuk International Inc. (DKI)

Dongkuk Corporation (DKC)

DKC S.A.

Dongkuk Steel China Co. Ltd. (DKSC)

Dongkuk Steel Mexico S.A. de C.V. (DKSM)

Union Logistics Jiangyin Co., Ltd.

Dongkuk Steel India Pvt. Ltd. (DKSI)

Intergis Logistica Ltda.

Dongkuk Steel (Thailand) Ltd. (DKST)

DK UNC Servico de T.I. Ltda.

Intergis Vina Co. Ltd.

⑤Others(domestic corporations) :

JB Dangjin Ferrumville Private Investment Limited Company

Ferrum Infra Co., Ltd.

※Excluded from subsidiary due to the disposal of equity interests of Busan International Terminal (2016.07.28)

※Excluded from subsidiary due to the disposal of equity interests of Kukje Machinery Co., Ltd. and its subsidiaries Branson Machinery LLC, Anhui Kukje Jingtian Machinery Co., Ltd. (2016.09.20)

※Excluded from subsidiary due to the disposal of equity interests of DK UIL and its subsidiaries DK UIL Vietnam Co., Ltd, DK UIL (H.K.) Limited, DK UIL(Tianjin) Electronics Co., Ltd, DK UTECH (2016.12.13)

※Union Coating Co., Ltd. is excluded from subsidiary due to the settlement of the company (2016.12.27)

※Add the subsidiary of Intergis, INTERGIS VINA Co., LTD. (2017. 2. 15)

※Remove DK Aztec from the affiliation due to a court decision of regeneration (2017.4.4)

※Remove WUXI CHANGJIANG METAL CO., LTD. from the affiliation line due to settlement (2017.10.13)

※ Transferred to the affiliation by taking over Jejuro Shipping and Logistics Co., Ltd., a subsidiary of Intergis Co., Ltd. ( 2018. 5.1)

※ GAONST Co., Ltd. is incorporated into the Company by securing equity through investment conversion (2018.09.01).

※ JB Ferrumville Private Investment Co., Ltd. is incorporated into the Company by securing equity (2018.12.01).

※ Intergis joined overseas affiliates in the U.S. and Mexico through joint venture with PACTRA International (the U.S.: 2019.5.8, Mexico : 2019.4.22)

※ INTERGIS USA Inc., and PACTRA-INTERGIS MEXICO S. de R.L. de C.V. were excluded due to the sale of shares.(2020.07.31)

## 8. Credit rating

Credit ratings the Company has received from credit rating agencies for the last 3 years are as follows.

Evaluation Date	Securities subject to evaluation	Credit ranking	Credit rating company (credit range)	Remarks
2020.12.21	Commercial paper	A3-	Korea Ratings (A1~D)	Regular evaluation
2020.12.21	None(company credit evaluation)	BBB- (stable)	Korea Ratings (AAA~C)	Main evaluation
2020.12.11	Commercial paper	A3-	NICE INVESTORS SERVICE CO. (A1~D)	Regular evaluation
2020.09.09	None(company credit evaluation)	BBB- (stable)	Korea Investors Service, Inc. (AAA~D)	Main evaluation
2020.09.09	Commercial paper	A3-	Korea Investors Service, Inc. (A1~D)	Main evaluation
2020.06.12	None(company credit evaluation)	BBB- (stable)	Korea Investors Service, Inc. (AAA~D)	Regular evaluation
2020.06.04	Commercial paper	A3-	Korea Ratings (A1~D)	Main evaluation
2020.06.04	None(company credit evaluation)	BBB- (stable)	Korea Ratings (AAA~C)	Regular evaluation
2020.05.25	Commercial paper	A3-	NICE INVESTORS SERVICE CO. (A1~D)	Main evaluation
2020.03.27	None(company credit evaluation)	BBB- (stable)	NICE INVESTORS SERVICE CO. (AAA~C)	Main evaluation
2019. 12. 20	Commercial paper	A3-	Korea Ratings (A1~D)	Regular evaluation
2019. 12. 20	None (company credit evaluation)	BBB- (stable)	Korea Ratings (AAA~D)	Main evaluation

Evaluation Date	Securities subject to evaluation	Credit ranking	Credit rating company (credit range)	Remarks
2019. 12. 16	Commercial paper	A3-	NICE INVESTORS SERVICE CO. (A1~D)	Regular evaluation
2019. 08. 27	None (company credit evaluation)	BBB- (stable)	Korea Investors Service, Inc. (AAA~D)	Main evaluation
2019. 05. 09	Commercial paper	A3-	Korea Ratings (A1~D)	Main evaluation
2019. 05. 09	None (company credit evaluation)	BBB- (stable)	Korea Ratings (A1~D)	Regular evaluation
2019. 04. 29	Commercial paper	A3-	NICE INVESTORS SERVICE CO. (A1~D)	Main evaluation
2019. 03. 18	None (company credit evaluation)	BBB- (stable)	NICE INVESTORS SERVICE CO. (AAA~C)	Main evaluation
2018. 12. 26	Commercial paper	A3-	Korea Ratings (A1~D)	Regular evaluation
2018. 12. 26	None (company credit evaluation)	BBB- (stable)	Korea Ratings (AAA~C)	Main evaluation
2018. 12. 12	Commercial paper	A3-	NICE INVESTORS SERVICE CO. (A1~D)	Regular evaluation
2018. 05. 04	Commercial paper	A3-	NICE INVESTORS SERVICE CO. (A1~D)	Main evaluation
2018. 04. 27	Commercial paper	A3-	Korea Ratings (A1~D)	Main evaluation
2018. 04. 27	None (company credit evaluation)	BBB- (stable)	Korea Ratings (AAA~C)	Regular evaluation
2018. 03. 16	None (company credit evaluation)	BBB- (stable)	NICE INVESTORS SERVICE CO. (AAA~C)	Main evaluation

Matters related to the stock-listing of the Company (or registration/designation) or special case of listing

Stock-listing (or registration/ designation)	Date of stock list (or registration/ designation)	Whether to be a special case of listing	Applied laws including the special case of listing
Securities market	May 9, 1988	-	-

## 2. History of the Company



- The major history of the past 5 business years of the holding company and major subsidiaries is as follows.

Name of Company	Main Business	History of the Company
Dongkuk Steel Mill Co., Ltd.	Manufacturing and sales of Bar, plate, and cold rolled steel sheet	2015. 01 Registered merger with Union Steel Co., Ltd. 2016. 06 Brazil CSP Integrated Steel Works blowing-in 2016. 07 Busan Works No 9. CCL Operation 2017. 03 Brazil CSP Steel Plant slabs in stock at the Dangjin Works 2019.05 Acquired the first integrated environmental permit in the steel industry
Intergis Co., Ltd	Freight transportation, Transport Service & Loading	2015. 09 Merged and started operation of Intergis Central Pier 2017. 02 Established Vietnamese corporation, INTERGIS VINA CO., LTD 2018. 02 Initiated the take-over for Jejuro Shipping and Logistics Co., Ltd 2019. 04 Intergis-PACTRA, U.S.-Mexico joint venture agreement signed. 2020. 07 Liquidated Intergis-Pactra Mexico, and Intergis USA JV
Dongkuk Systems Co., Ltd.	IT	2020. 02 Changed the company name of DK UNC
Ferrum Infra Co., Ltd.	Etc.	2017.01 Changed the largest shareholder (Dongkuk Steel → CAMUSG) 2018.11 The 15th ADT Caps KLPGA Competition was held. 2019.05 The 6th Kyochon Honey Lady's Open Competition was held. 2020.01 MRO business transfer (Dongkuk Systems → Ferrum Infra) 2020.12 Changed the largest shareholder (CAMUSG → Dongkuk Steel)

#### A. Address of the Company's headquarters

The address of the Company is 19 Eulji-ro 5-gil(Suha-Dong, Ferrum Tower) Jung-Gu, Seoul.

#### B. Change of the Company's management

Major changes in the Company's management in 5 recent fiscal years are as follows.

2015.01 Se-Wook Chang , President – taking office as Vice Chairman (CEO)

2015.07 Se-Joo Chang, Chairman – Resignation.

Yoon-Young Nam, President – Resignation.

2019.03 Yeon-Keok Kim, President- taking office as CEO

Se-Wook Chang, Vice Chairman-CEO

### C. Contents of the Company's merger

○ Dongkuk Steel Mill Co., Ltd.

For the stabilization of financial structure, strengthening competitiveness and management appropriation through business integration via votes of Board of directors on October 13, 2014, Union Steel, the subsidiary, is merged in a small merger method, as of January 1, 2015.

#### [Overview of Merger]

Category	Surviving Company	Extinct Company
Name of Company	Dongkuk Steel Mill Co., Ltd.	Union Steel Co., Ltd.
Listed or unlisted	Stock-listed corporation	Stock-listed corporation
Main business	Manufacturing and sales of bar, section, and plate	Manufacturing and sales of cold-rolled, coated and color steel
Ratio of merger	1	1.7779383
The number of new merger shares	6,534,252 shares	
Date of Merger	January 1, 2015	

For details, please refer to Registration Statement (merger) dated November 11, 2014, Current Report (merger decision), Performance Report on Security Issuance (merger, etc.) dated January 2, 2015.

### D. Changes in Industry or Main Business of the Company

- Dongkuk Steel Mill Co., Ltd.

The main products of Dongkuk Steel are section, bar, and plate, and due to the merger with Union Steel Manufacturing Co., Ltd. on January 1, 2015, it leads with manufacturing and selling cold-rolled steel sheet.

#### E. Other important matters related to management activities

- Intergis Co., Ltd.

##### 1) Listed on the Korea Stock Exchange

Intergis Co., Ltd. is investing in domestic and international infrastructure such as construction of ports and logistics warehouses in China, participation in the construction of Busan New Port 2-3 stages and construction of the back ground logistics centers, Gyeongin Canal Incheon Terminal Project, and Dangjin Godae Dock Operation Project. In order to achieve such a long-term vision and funding for Intergis Co., Ltd., it was listed on the Korea Stock Exchange Market on Dec. 16, 2011.

- Request for preliminary examination for listing (Aug. 23, 2011, Korea Exchange)
- Passed the preliminary examination for listing (Oct. 20, 2011, Korea Exchange)
- New listing on the securities market (Dec. 16, 2011)
- Listing overview

No. of shares before public offering	No. of shares for public offering	No. of shares after public offering	Price of offering	Offering amount
8,720,310 shares	5,835,000 shares (Recruitment of new shares: 4,418,250 shares) (Revenues for old shares: 1,416,750 shares)	13,138,560 shares	KRW 10,000/ share	KRW 58.4 billion (Recruitment of new shares: KRW 44.2 billion) (Revenues from old shares: KRW 14.2 billion)

##### 2) Listed new shares after share split

It was decided to divide stocks (change of articles of incorporation) at the 59th general shareholders' meeting on Mar. 23, 2015.

- Price per share: KRW 1,000 per share → KRW 500 per share
- Total shares issued: 14,871,381 shares → 29,742,762 shares
- Listing date of new stock rights: May 13, 2015

### 3) Listing of new shares due to exercise of conversion right

It was additionally listed in accordance with the exercise of convertible bonds conversion rights on Dec. 5, 2016.

- Conversion amount: KRW 20,000,000
- Number of shares issued: 5,112 shares
- Total shares issued: 29,742,762 shares → 29,747,874 shares

## 3. Changes in capital stock

### A. Capital Increase (Decrease)

(As of Dec. 31, 2020)

(Unit: Won, Share)

Date of Issue (Decrease)	Detail of Issue (Decrease)	Details of Issue (Decrease)				
		Type	Quantity	Face Value per share	Issue (Decrease) Price	Remark
2014. 07. 04	Capital increase (Shareholders)	Ordinary	27,000,000	5,000	5,550	- Date of Listing ('15.07.15)
2015. 01. 02	-	Ordinary	6,534,252	5,000	6,228	- New stock issuance due to the merger with Union Steel Co., Ltd. - Date of Listing ('15.01.16)
2016. 04. 15	Conversion Rights	Ordinary	5,531	5,000	8,380	- Dongkuk Steel Mill 84CB (Formerly, Union Steel 39CB)
2016. 04. 18	Conversion Rights	Ordinary	477	5,000	8,380	- Dongkuk Steel Mill 84CB (Formerly, Union Steel 39CB)

Date of Issue (Decrease)	Detail of Issue (Decrease)	Details of Issue (Decrease)				
		Type	Quantity	Face Value per share	Issue (Decrease) Price	Remark
2016. 04. 19	Conversion Rights	Ordinary	1,180	5,000	8,380	- Dongkuk Steel Mill 84CB (Formerly, Union Steel 39CB)
2016. 04. 20	Conversion Rights	Ordinary	119	5,000	8,380	- Dongkuk Steel Mill 84CB (Formerly, Union Steel 39CB)
2016. 04. 28	Conversion Rights	Ordinary	5,000	5,000	8,380	- Dongkuk Steel Mill 84CB (Formerly, Union Steel 39CB)
2016. 05. 02	Conversion Rights	Ordinary	3,590	5,000	8,380	- Dongkuk Steel Mill 84CB (Formerly, Union Steel 39CB)
2016. 05. 09	Conversion Rights	Ordinary	6,410	5,000	8,380	- Dongkuk Steel Mill 84CB (Formerly, Union Steel 39CB)
2016. 07. 14	Conversion Rights	Ordinary	357	5,000	8,380	- Dongkuk Steel Mill 84CB (Formerly, Union Steel 39CB)
2016. 08. 02	Conversion Rights	Ordinary	749	5,000	8,380	- Dongkuk Steel Mill 84CB (Formerly, Union Steel 39CB)
2016. 11. 25	Conversion Rights	Ordinary	294	5,000	8,380	- Dongkuk Steel Mill 84CB (Formerly, Union Steel 39CB)
2016. 11. 28	Conversion Rights	Ordinary	1,193	5,000	8,380	- Dongkuk Steel Mill 84CB (Formerly, Union Steel 39CB)
2016. 11. 29	Conversion Rights	Ordinary	952	5,000	8,380	- Dongkuk Steel Mill 84CB (Formerly, Union Steel 39CB)
2016. 11. 30	Conversion Rights	Ordinary	15,028	5,000	8,380	- Dongkuk Steel Mill 84CB (Formerly, Union Steel 39CB)
2016. 12. 12	Conversion Rights	Ordinary	1,193	5,000	8,380	- Dongkuk Steel Mill 84CB (Formerly, Union Steel 39CB)
2016. 12. 13	Conversion Rights	Ordinary	2,387	5,000	8,380	- Dongkuk Steel Mill 84CB (Formerly, Union Steel 39CB)
2016. 12. 15	Conversion Rights	Ordinary	1,789	5,000	8,380	- Dongkuk Steel Mill 84CB (Formerly, Union Steel 39CB)
2016. 12. 16	Conversion Rights	Ordinary	596	5,000	8,380	- Dongkuk Steel Mill 84CB (Formerly, Union Steel 39CB)
2016. 12. 23	Conversion Rights	Ordinary	298	5,000	8,380	- Dongkuk Steel Mill 84CB (Formerly, Union Steel 39CB)
2016. 12. 28	Conversion Rights	Ordinary	14,492	5,000	8,380	- Dongkuk Steel Mill 84CB (Formerly, Union Steel 39CB)
2017. 01. 02	Conversion Rights	Ordinary	384	5,000	8,380	- Dongkuk Steel Mill 84CB (Formerly, Union Steel 39CB)
2017. 01. 05	Conversion Rights	Ordinary	1	5,000	8,380	- Dongkuk Steel Mill 84CB (Formerly, Union Steel 39CB)
2017. 01. 13	Conversion Rights	Ordinary	11,933	5,000	8,380	- Dongkuk Steel Mill 84CB (Formerly, Union Steel 39CB)
2017. 01. 19	Conversion Rights	Ordinary	123	5,000	8,380	- Dongkuk Steel Mill 84CB (Formerly, Union Steel 39CB)

Date of Issue (Decrease)	Detail of Issue (Decrease)	Details of Issue (Decrease)				
		Type	Quantity	Face Value per share	Issue (Decrease) Price	Remark
2017. 01. 24	Conversion Rights	Ordinary	119	5,000	8,380	- Dongkuk Steel Mill 84CB (Formerly, Union Steel 39CB)

## 4. Stock details

### A. Total number of shares

(As of Dec. 31, 2020)

(Unit : Share)

Classification		Type			Remarks
		Common	Preferred	Total	
I . Authorized shares		200,000,000	-	200,000,000	* In accordance with the Articles of Incorporation (Article 5, Article 9), the total number of outstanding shares is 200,000,000, and the issuance of preferred shares is possible within the range of 50/100 of the total number of issued shares.
II . Issued Shares up to date		110,489,447	7,356,160	117,845,607	-
III . Decreased Shares up to date		15,056,710	7,356,160	22,412,870	-
	1. Capital reduction	-	-	-	-
	2. Share retirement	15,056,710	7,356,160	22,412,870	-
	3. Redemption of Redeemed share	-	-	-	-
	4. Etc.	-	-	-	-
IV . Issued Shares ( I - III )		95,432,737	-	95,432,737	-
V . Treasury stock		1,930,280	-	1,930,280	-
VI . Outstanding Shares ( IV - V )		93,502,457	-	93,502,457	-

### B. Acquisition and disposal of Treasury Stock

(As of Dec. 31, 2020)

(Unit: Share)

	Type	Beginning	Quantity change	Ending	Remarks
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Way of Acquisition					Acquisition (+)	Disposal (-)	Write-off (-)		
Acquisition within the range of dividable profit	Direct acquisition	Direct acquisition in the marker	Common	907,520	2,000,000	-	-	2,907,520	-
			Preferred	-	-	-	-	-	-
		Direct acquisition over the counter	Common	-	-	-977,240	-	-977,240	-
			Preferred	-	-	-	-	-	-
		Tender offer	Common	-	-	-	-	-	-
			Preferred	-	-	-	-	-	-
		Sub-total(a)	Common	907,520	2,000,000	-977,240	-	1,930,280	-
			Preferred	-	-	-	-	-	-
	Acquisition by the trust agreement	Amount of Trustee holdings	Common	-	-	-	-	-	-
			Preferred	-	-	-	-	-	-
		Amount of Spot hold	Common	-	-	-	-	-	-
			Preferred	-	-	-	-	-	-
		Sub-total(b)	Common	-	-	-	-	-	-
			Preferred	-	-	-	-	-	-
Other (c)			Common	-	-	-	-	-	-
			Preferred	-	-	-	-	-	-
Total (a+b+c)			Common	907,520	2,000,000	-977,240	-	1,930,280	-
			Preferred	-	-	-	-	-	-

※ During the current period, 2 million treasury stocks were acquired and 977,240 treasury stocks were disposed. Please refer to the disclosure of the treasury stock acquisition result report ('20.04.01) and treasury stock disposal result report ('21.01.06).

## 5. Shares with voting rights

(As of Dec. 31, 2020)

(Unit: Share)

Classification	Type of Share	Number of Shares	Remarks
Total issued shares(A)	Common	95,432,737	-
	Preferred	-	-
Shares without voting rights(B)	Common	1,930,280	Treasury stock
	Preferred	-	-
Shares with restricted voting rights under the articles of incorporation (C)	Common	-	-
	Preferred	-	-
Shares with restricted voting rights under other relevant laws (D)	Common	-	-
	Preferred	-	-

Classification	Type of Share	Number of Shares	Remarks
Shares with restored voting rights (E)	Common	-	-
	Preferred	-	-
Shares with voting rights (F = A - B - C - D + E)	Common	93,502,457	-
	Preferred	-	-

## 6. Dividends

### A. Matters concerning dividends

The Company stipulates the dividend of income in Article 45 of the Articles of Incorporation, and dividends are paid through the resolution of the board of directors and the general shareholders' meeting. The dividend rate is determined at an appropriate level within the range of dividend-available income.

The dividends for the current period are KRW 200 per share, which is between KRW 100(face dividend ratio 2%) and the maximum dividend of KRW 341(30% of free cash flow), with the minimum dividend criteria 1) and 2) below taken into account. It will be presented as an agenda at the regular shareholders' meeting scheduled for Mar. 26, 2021, and this is not a policy that will continue in the future.

#### 1. Minimum dividend criteria

##### 1) KOSPI average dividend model

① Dividend average of KOSPI and steel shares : 32%

② KRW 6.1 billion of dividend = KRW 19.1 billion of net income X 32% of dividend average

③ Shares with voting rights : 92,525,217 shares



④ Dividend per share : KRW 66 = KRW 6.1 billion/92,525,217 shares

⑤ Face dividend ratio : 1.3% = 66/5,000

## 2) Minimum expected yield model

① Average yield rate of 1-year treasury bond for the past year(2019) : 1.52%

② Average share price of the week prior to the closing dividend price in 2020 : KRW 7,884

③ Dividend per share : KRW 120 = ①X②

④ Face dividend ratio : 2.4% = 120/5,000

## 2. Maximum dividend criteria

### 1) Free cash flow(FCF) X 30%

① EBITDA in 2020: KRW 442.3 billion

② Interest expenses: KRW 77.7 billion

③ CAPEX: KRW 75.8 billion

④ Equity investment cost: KRW 182.8 billion

⑤ Treasury stock purchase: KRW 7.2 billion

⑥ Disposal of treasury stock: KRW 6.4 billion

⑦ FCF: KRW 105.2 billion = ①-②-③-④-⑤+⑥

⑧ Dividend: KRW 31.6 billion = ⑦ X 30%

⑨ Dividend per share: KRW 341 = KRW 31.6 billion/ 92,525,217 shares

⑩ Face dividend ratio: 6.8%

## B. Key dividend indicators

Classification	Type of shares	Current period	Previous period	Before the previous period
		67th Period	66th Period	64th Period

Classification	Type of shares	Current period	Previous period	Before the previous period
		67th Period	66th Period	64th Period
Face value (KRW)		5,000	5,000	5,000
(Consolidated) Net income (KRW million)		65,095	-68,509	-297,855
(Unconsolidated) Net income (KRW million)		19,109	-129,997	-444,923
(Consolidated) EPS (KRW)		700	-725	-3,157
Total cash dividend (KRW million)		18,700	-	-
Total stock dividend (KRW million)		-	-	-
(Consolidated)Dividend pay-out ratio (%)		28.7	-	-
Return on cash dividend (%)	Common	2.5	-	-
	Preferred	-	-	-
Return on stock dividend (%)	Common	-	-	-
	Preferred	-	-	-
Cash dividend per share (KRW)	Common	200	-	-
	Preferred	-	-	-
Stock dividend per share (Won)	Common	-	-	-
	Preferred	-	-	-

※ The consolidated net income is the net income based on the ownership interest of the holding company.

※ The consolidated cash dividend payout ratio is calculated as a percentage of the total cash dividend amount to the consolidated net income.

※ Net income per share is stated as basic earnings per share (loss).

※ The cash dividend yield is calculated by dividing the cash dividend for one week by the average of the closing price of dividends for the past week.

※ Cash(share) dividends in the table above are the amounts before approval at the regular shareholders' meeting, and in the event of a rejection or amendment at the general shareholders' meeting in the future, the contents and reasons will be reflected through the correction report.

## C. Dividend history

(Unit: Number of times, %)

Number of consecutive dividend payouts		Average dividend yield	
Quarterly(intermediate) dividend	Settlement dividend	Recent 3 years	Recent 5 years
-	1	0.8	0.9

※ The above information was calculated based on the general shareholders' meeting (March 26, 2021). The settlement dividend for the 67th fiscal year is prior to approval at the regular shareholders'

meeting, and in case of a rejection or amendment at the general shareholders' meeting in the future, the contents and reasons will be reflected through the correction report.

## 7. The Articles of Incorporation

A. The articles of incorporation attached to the business report contain the agenda items to be proposed as the agenda for the 67th regular shareholders' meeting (to be held on Mar. 26, 2011).

※ The contents of the agenda for changes to be proposed at the 67th regular shareholders' meeting are as follows.

Before amended	After amended	Purpose of amendment
Article 4 (Public notification method)  The Company's announcement is posted on the Company's Internet homepage ( <a href="http://www.dongkuk.co.kr">http://www.dongkuk.co.kr</a> ).	Article 4 (Public notification method)  The Company's announcement is posted on the Company's Internet homepage ( <a href="http://www.dongkuk.com">http://www.dongkuk.com</a> ).	The Internet homepage has been changed to the main domain.
Article 17-2 (electronic registration of rights to be indicated in bonds and preemptive right certificates)  The Company electronically registers the rights to be displayed in bonds and preemptive right certificates in the electronic registration account of an electronic registration institution, instead of issuing bonds and preemptive right certificates  (new clause added)	Article 17-2 (electronic registration of rights to be indicated in bonds and preemptive right certificates)  The Company electronically registers the rights to be displayed in bonds and preemptive right certificates in the electronic registration account of an electronic registration institution, instead of issuing bonds and preemptive right certificates  However, in the case of bonds, electronic registration may not be performed except for listed bonds, etc., for which electronic registration is mandatory according to laws and regulations.	New grounds for not registering electronically for bonds for which electronic registration is not mandatory have been newly established.
Article 28 (Number of Directors) (newly added)	Article 28 (Number of Directors)  ② The board of directors of the Company does not consist of all directors of a specific gender.	The revision of the Capital Markets Act has been reflected.

<p>Article 40 (Composition of the Audit Committee)</p> <p>④ As for the appointment of a member of the Audit Committee who is an outside director, shareholders who have shares in excess of 3/100 of the total number of issued shares with voting rights cannot exercise voting rights on the excess shares.</p> <p>⑤ As for the appointment of a member of the Audit Committee who is not an outside director, if the total number of shares with voting rights owned by the largest shareholder and its related parties to exercise voting rights, the person who holds the shares based on the calculation of the largest shareholder or its related parties, and a person who delegates the voting right to the largest shareholder or its related parties, exceeds 3/100 of the total number of issued shares with voting rights, the shareholder shall not exercise voting rights on the excess shares.</p> <p>(Newly added)</p> <p>(Newly added)</p> <p>⑥ The Audit Committee shall select a person to represent the committee by its resolution. In this case, the chairperson shall be an outside director.</p>	<p>Article 40 (Composition of the Audit Committee)</p> <p>④ As for the members of the Audit Committee, after directors are appointed at the general shareholders' meeting, audit committee members shall be appointed from the elected directors. In this case, one of the members of the Audit Committee, separated from other directors, shall be elected as a member of the Audit Committee, by resolution at the general shareholders' meeting.</p> <p>⑤ Appointment of members of the Audit Committee shall be made by a majority of the voting rights of the shareholders present, but not less than a quarter of the total number of issued shares. However, in cases where voting rights can be exercised electronically pursuant to Article 368-4, Paragraph 1 of the Commercial Act, the appointment of members of the Audit Committee may be resolved by a majority of the voting rights of the shareholders present.</p> <p>⑥ The members of the Audit Committee may be dismissed by resolution at the General Shareholders' Meeting pursuant to Article 434 of the Commercial Act. In this case, the members of the audit committee pursuant to the provision of Section ④ shall lose both the positions of the director and the audit committee member.</p> <p>⑦ As for the appointment and dismissal of members of the Audit Committee, shareholders who have shares in excess of 3/100 of the total number of issued shares excluding shares without voting rights shall not exercise voting rights on the excess shares(In the case of the largest shareholder, when appointing or dismissing a member of the Audit Committee who is not an outside director, the shares owned by its related parties and other persons prescribed by the Enforcement Decree of the Commercial Act shall be summed up).</p> <p>⑧ (the same as the left)</p>	<p>The revision of the Commercial Act including the eased approval criteria, is reflected for adoption of separate election and electronic voting system.</p>
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Supplementary provisions  (Newly added)	Supplementary provisions  Article 1 (Enforcement Date)  These articles of incorporation shall take effect on March 26, 2021. However, the amended content of Article 28, Paragraph 2 shall take effect on August 5, 2022.	-
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## B. History of changes to the Articles of Incorporation

Date of change	Meeting	Major changes	Reason for change
2021.03.26	The 67th general shareholders' meeting	Composition of the Audit Committee, etc.	To reflect the revision of the Commercial Act
2019.03.15	The 65th general shareholders' meeting	Electronic registration of shares, etc.	Due to mandatory electronic registration of shares, etc.

※ The amendment of the Articles of Incorporation is included in the agenda of the regular shareholders' meeting (to be held on March 26, 2022). In case of a rejection or amendment, the contents and reasons will be reflected through the correction report.

## II. Business Profile

### 1. The business profile

Dongkuk Steel Mill Co., Ltd. is a steel manufacturing company as well as the holding company. The Company has operated 50 ton furnaces for the first time among

domestic private industries. It was Dongkuk Steel Mill to open the modern era by introducing electronic furnaces. For the first time in this country, the Company has opened the era of mass production of high-quality reinforced steel and bar by adopting 15 ton alternate current electronic furnaces and direct current electronic ones in the early 1990s. For the first time in this country in 1971, the Company entered the plate business and now Dongkuk Steel's business structure has been reorganized into the boards and the shaped steel. Plates, section steel, bar steel are the flagship products of Dongkuk Steel. Due to the merger with Union Steel on January 1, 2015, it leads with manufacturing and selling cold-rolled steel sheet, and the main products of Dongkuk Steel are a thick plate, section, bar, and cold rolled plates.

Construction of the business according to the criteria adopted to link to K-IFRS has been written focusing on the business which major subsidiary companies (more than 75 billion won in assets) have engaged in, steel division of manufacturing and selling steel/cold-rolled steel sheet (Dongkuk Steel Mill Co., Ltd., Dongkuk Steel China Co., Ltd.), transportation division of freight and loading (Intergis Co., Ltd.), trade division of intermediary trade (DKI, DKC), IT division(Dongkuk Systems Co., Ltd.), and the other division(Ferrum Infra).

## ■ Steel division

### A. Industry status

#### (1) Industry characteristics

Steel industry which major subsidiary companies including the holding company

(Dongkuk Steel Mill Co., Ltd.) have been engaged in as the industry that provides fundamental materials to the whole industries including the automobile, shipbuilding, machine, construction, defense industry. It is also the industry that makes hot rolled, cold rolled, steel pipe, steel reinforcement, bar and section steels from melted iron ore, steel scraps, and as the strategic industry has played the role of locomotive of economic growth of Korea through the harmony with positive political support of the government and private business efforts. The steel industry has had remarkable high growth in the past, however, as many other developed countries have experienced, in the domestic economy the peak of demand has passed and the low-growth shall begin. The environment of the global steel industry including a strong variable of Chinese steel industry shall be changed more competitively. For stable growth of Korea steel industry that faces in the future, it needs to find diversified strategies to seek growth in technology and management and to cope with tightening environmental restraints and future trends.

## (2) Growth in industry

The steel industry has an intimate connection with major industries of automobile, shipbuilding, construction, electronics, machine, defense industry, etc., despite the uncertainty of world economy including European financial crisis, oversupply by China, and a decline in the shipbuilding industry, World crude steel production has steadily increased. Korea's crude steel production market share in the world has increased due to the expansion of steel manufacturing equipment and increase demand for automobiles, construction, and consumer electronics. However, due to COVID-19 in 2020, crude steel production decreased compared to the previous year.

## (3) Characteristics of business fluctuations

The steel industry has a tendency to be easily affected by other industries requiring steel. The industries using steel are the construction, consumer electronics, and automobile industry, which are sensitive to economic changes. The growth of these industries is the driving force for that of the steel industry, the downturn in demand of downstream industries such as recession of construction business, consumer-

electronics and automobile industry would cause a decline in demand of steel products. Normally, the industry enjoys a boom in the early stage of economic recovery, but in the recent low-growth era, it is greatly influenced by the direction of the government's real estate and construction stimulus policies as the economic cycle has shortened and the vertical amplitude has narrowed.

#### (4) Competition factors

The main competitive factors of the steel industry are determined by price fluctuations of iron ore, scrap metal, slab, and hot coil, which are the main raw materials, and it is vital for the industry to improve the productivity through facility automation. Dongkuk Steel Mill Co., Ltd. has promoted stable growth and ensured the momentum of global growth through establishing the blast furnaces in Brazil. In addition, the Company has secured competitiveness through a strategy of the capital investment for higher quality and research and development. Especially, it has the difference in branded finished goods of electronics and construction areas and has an international competitiveness of the world best products for color steel plates.

#### (5) Related laws or regulations

The holding company (Dongkuk Steel Mill Co., Ltd.) was designated as a company subject to monitoring in accordance with Article 30 of the 『Operational Guidelines for Greenhouse Gas Energy Target Management』, and conducted greenhouse gas energy performance evaluation in 2012-2014, achieving the emission targets for all of the years. In addition, in accordance with Article 8 of the 『Act on Allocation and Transaction of Greenhouse Gas Emission Rights』, it was designated as a company to be allocated, and is participating in the emission trading scheme that began in 2015.(See XI. Other Matters Needed to Protect Investors)

#### B. Company status



- Holding company (Dongkuk Steel Mill Co., Ltd)

#### (1) Sales outlook

The difficulties caused by the aftermath of COVID-19 last year were no exception in the steel industry. It was a year in which all of the global steelmakers struggled with the overall sluggish demand. 2021 is expected to be the year to make up for these difficulties. Consumption is expected to increase in the industries with steel demand such as automobile and shipbuilding, which have been suppressed due to COVID-19.

Compared to the same period of the previous year, sales decreased by KRW 441.8 billion, recording KRW 4 trillion and 613.7 billion in sales. Operating income for the current period is KRW 248.7 billion, up KRW 115 billion compared to the same period of the previous year, and net income is KRW 19.1 billion. The sales of the bar/section steel division was KRW 2 trillion and 282.3 billion, the sales of the plate steel division were KRW 583.3 billion, the sales of the cold rolled steel(color/ coated / cold-rolled) division was KRW 1 trillion and 582.8 billion, and the sales of other divisions were KRW 165.3 billion. We are striving to expand our sales volume, focusing on high-yield products (bar/section, cold-rolled) by building a strategic sales portfolio according to the changing market environments.

Recently, the steel industry is not out of excessive supply and lack of consumption. Within such environment, the Company is focusing on securing production cost competitiveness and strengthening high quality with new investments such as investment in coil bar facility at Pohang Works and expansion of premium color steel plate production line at Busan Works. As the Brazil CSP Project, which was the Company's long-cherished business, had been completed, the commercial production had started at Brazil CSP, and the competitiveness of a thick plate of Dongkuk Steel Mill Co., Ltd. is expected to be higher. In the future, the Company will concentrate the marketing capacity to the strategic products and will focus on development and sales of high-valued products as devote on the establishment of new market and development of new products through various consumption

surveys. Especially, the profit of the Company is improving with a focus on marketing and sales abilities to electronics and construction material color products of high-profit products.

## (2) Market shares

(Unit:%)

Classification	2020	2019	2018
Bar(excluding import)	22	24	25
Plate(excluding import)	11	11	11
H-beam(excluding import)	38	31	34
Color	35	35	36
Cold-rolled, Coated	5	5	6

※ Data of bar, plate, and section shown above is the ratio of sales quantity of the Company compared with the companies listed in the Korea Iron & Steel Association. Data of color, CR and Coated steel shown above have been cited from Korea Metal Journal.

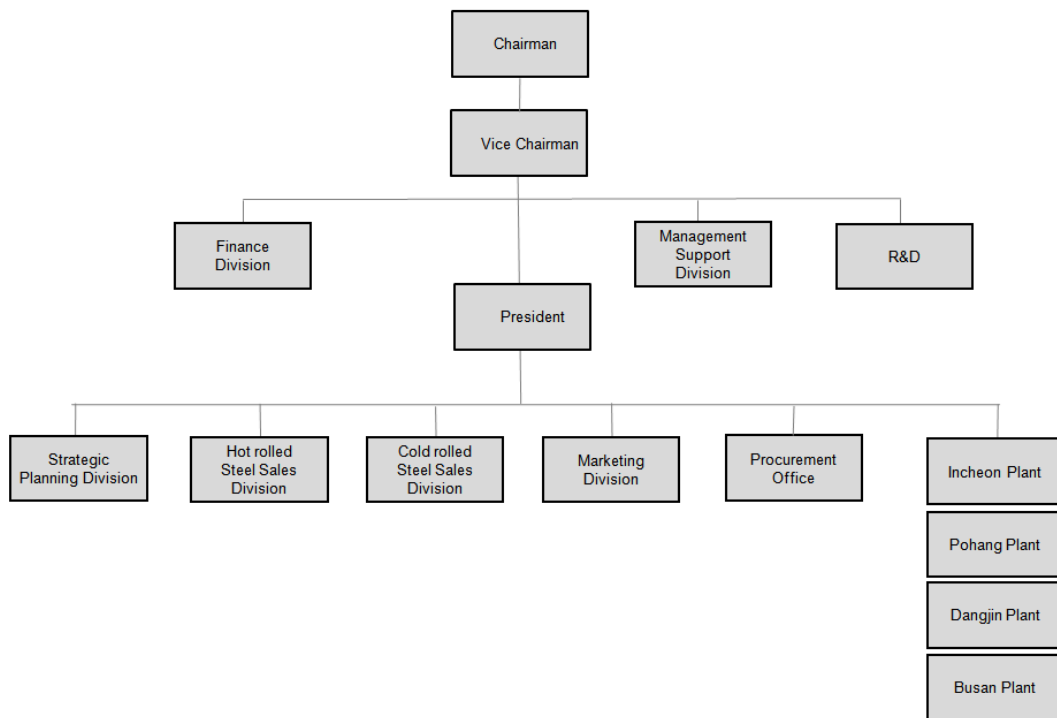
※ Color: CCI, CCEI, CCGI, CCLI, CCAI

Cold-rolled, Coated: PO, FH, CR, EGI, GI, ZnAl coated, GA, AL coated.

## (3) Market characteristics

The Company has its headquarters in Seoul, bar steel business division in Incheon, section business division in Pohang, plate business division in Dangjin and cold-rolled business division in Busan. Main consumers are shipbuilding companies, construction companies, and machinery manufacturers, and it is influenced by such industries. The consumer goods industry of bar and section business is influenced by domestic construction economy and real estate policy of the government. The industry in need of plate steel is construction and shipbuilding but it is facing difficulties caused by economic depression in construction and shipbuilding industries. The cold-rolled business is influenced by electronic appliances and construction markets as its main products are for electronic appliances and construction materials.

## (4) Organization chart



#### <Major consolidated subsidiary companies>

- Dongkuk Steel China Co., Ltd.(DKSC)

#### (1) Sales Overview

In 2020, the domestic prices continued to rise in anticipation of demand for steel materials due to the Chinese government's economic stimulus measures and the stabilization of the COVID-19 crisis. With the spread of COVID-19 in the U.S./Europe and growing global economic uncertainties, the Chinese domestic prices fell sharply in the first quarter due to the impact of COVID-19, but continued to rise from the lows in April. Currently, all products have recovered to the levels before COVID-19, and some products have reached their highest levels since the last eight years. In addition, China's steel inventory, which had soared until early March due to a sharp decline in short-term demand, continued to decline and reached the level before the outbreak of COVID-19. It is believed that the Chinese steel market has already

normalized, and steel prices not only in China but also in other countries such as the US and Europe are rising rapidly.

## (2) Market Share

"As the market share in the Chinese market is insignificant, a further description shall be omitted."

### ■ Transportation division

#### A. Industry status

##### (1) Industry characteristics

Logistics industry has been affected by the economic growth ratio, export and import cargos and the domestic market, especially affected by the market condition of the main industries requiring steel such as steel, shipbuilding, and retail industry. As the volume of the world trade continues to increase, the economic growth of major countries like U.S, Europe, China, and Japan has a significant impact on the domestic logistics industry than ever. In addition, as logistics is recognized as a factor necessary to reinforce the competitiveness of the industries engaged in the similar divisions, the increase of investment by both the governments and corporations for efficient management of logistics is witnessed throughout the world and this trend does not seem to be ceased. Following the principles of supply and demand, the shipping industry is the service industry to transport food, energy, raw materials and necessities to the right place at the right time. At the same time, it is the typical capital-intensive industry to put into large-scale financing to secure the ship. It is an industry in a perfect competition worldwide regardless of national boundaries, and it is one of the key industries in Korea as more than 90% of raw materials and import and export products are transported between Korea and other countries.

##### (2) Growth in industry

As logistics industry has been recognized as one of the most important sources for reducing cost, the investment in manpower and equipment for the industry has been done actively and its importance has been increased compared to the past. It has also been acknowledged as an essential industry for the emergence and the growth of the various new businesses, the potential for growth is very high. The Korean logistics industry continued to grow steadily from the 1990s to the early 2000s until the growth was somewhat stagnant in the 2010s, but it has gradually recovered since 2017. In the wake of COVID-19, uncertainties have been rising with the strengthening of protectionism and the expected change in social structure, but as logistics is important in various industries, future changes are expected to be a new growth engine for the logistics industry.

### (3) Characteristics of business fluctuation

Logistics industry proactively responds to the economic cycle and is responsive to changes in business such as other industries' output and the world trade according to changes in both internal and external business environments. In addition, the large fluctuations in profitability occur with the change of exchange rates, container chartering index or freight index. In terms of costs, revenues are affected significantly by shipping costs or oil prices.

### (4) Competition factors

With the revitalization of private investment and the entry of large companies and foreign capital into the logistics market, domestic companies are striving to enhance competitiveness, and the main competitive factors are price and customer service. The competition is intensifying as entry barriers are low and the boundaries between industries are disappearing. Companies are stepping up their efforts to gain a competitive advantage, and key competitive factors are risk management, responsiveness, eco-friendly capabilities, quality of logistics services combined with IT, etc.

In particular, responsiveness to the paradigm shift in the market after COVID-19 is expected to become important. The shipping industry is a fully competitive market where competition among shipping companies is intensifying due to the enlargement of fleet size and strategic alliances of North America, Europe, Southeast Asia, and Japan. Due to economies of scale, large shipping companies are taking the lead in terms of cost. The price competition is intensifying due to the large-sized ships of major shipping companies and competition for the supply of bottoms.

## B. Company status

### ○ Intergis Co., Ltd.

#### (1) Sales overview

The sales of Intergis Co., Ltd. in 2020 is KRW 418.4 billion, down KRW 12.9 billion compared to the previous period, and the operating income recorded KRW 1.5 billion. As for the sales by business division, the sales of the unloading division recorded KRW 70.1 billion, down KRW 16.3 billion compared to the previous year due to a decrease in import and export cargo. The sales of the transportation division was recorded at KRW 189 billion, up KRW 14.2 billion compared to the previous year due to a sales expansion in the 3PL sector. The shipping division was affected by the global economic downturn and negative market conditions due to the spread of COVID-19, but KRW 84.9 billion of sales were recorded due to the volume increase in the liner sector. Forwarding and other goods and services recorded KRW 74.4 billion of sales.

#### (2) Market Share

"As the transport market has a wide range and no accurate statistic values and the Company's market share is insignificant, a further description shall be omitted."

### (3) Status and prospect of new businesses

#### ① Establishment of a branch office in Vietnam

To promote the 3PL logistics and strengthen the forwarding overseas network, the Vietnam Forwarding Corporation was set up on February 7, 2017, and began operation from March. It aims to create specialized services for marine and aviation logistics and plans to build a regional network in Southeast Asia using the Vietnamese branch as the stepping stone.

#### ② Reinforcement of logistics service and advancement of distribution logistics

The company has newly established and is operating the organization in charge of reinforcing the capacity of collective logistics service and advancing to the distribution logistics. The company is scheduled to reinforce the distribution logistics business by securing the logistics center, developing IT, and adopting a smart operation.

### ■ Trade division

#### A. Industry status

##### (1) Industry characteristics

The steel industry, which is the main business of the holding company, faces increased exports from developing countries and reduced internal demand in developed countries. Trade barriers have increased due to the protectionism of the Trump administration in the United States, and friction is increasing. Accordingly, overseas sales entities are performing various tasks by utilizing the know-how accumulated through foreign transactions and the creditworthiness of overseas networks. They are providing investment functions for trading-related businesses such as manufacturing and logistics, as well as import agency to support production

and sales of overseas retailers and final demand, insurance, finance, and transportation services

## (2) Growth of the industry

The global steel industry has reached a partial oligopoly, so the price negotiation power is lacking when the economy is bad, while an unstable market such as a jobless growth can happen, but despite everything, it is recording a global growth of 3~4% in annual average up until this point. This is due to the fact that steel is deeply connected to other key national industries such as automobile and shipbuilding, while the Middle East and Africa is still full of growth potential and is anticipated to be a promising region for consumption and production in the future, this is expected to bring steady increase of demands despite the slow growth of the overall basic industries.

## (3) Characteristics of business fluctuation

Steel trade is affected by domestic and overseas supply and demand for steel as well as the economy. It has the tendency to increase at the beginning of the year rather than the end of the year, in the summer rather than the winter, and demands usually increase in the developing countries where the economic growth is faster than developed countries. However, as the competition among relevant companies has been intensified due to various products coming from abroad, it becomes more important to have competitiveness in the market with high quality rather than with price. Regarding the nature of trade business, it is greatly influenced by social, economic, and cultural factors in general.

## (4) Competition factors

Securing competitiveness in the steel trade lies on gaining margin through the difference between the cost of the purchases and the selling price. It means that the



improvement in productivity through the modernization of the Korean facilities, the main supplier, can lower the cost raise the quality to ensure its competitiveness in the market.

## B. Company status

### ○ Dongkuk International Inc.(DKI)

#### (1) Sales overview

Sales volume and selling price tend to increase in cases where the price of domestic products in North America is higher than those of imported products because the biggest business variable in import and sales of steel products is the price competitiveness of imported products compared to the domestic ones. A wait-and-see approach is continuing for plates due to oversupply, lack of demand, and inventory burden and Due to an oversupply of the cold rolled, the margin rate is not high, the sales environment are worsening due to the continuous inflow of imported products from Mexico and Southeast Asian countries. The sales in 2020 were KRW 374.5billion, up KRW 14.5 billion compared to the previous year, but operating income increased by KRW 9.6 billion to KRW 16.6 billion due to deteriorating profitability due to a decrease in the unit price.

#### (2) Market share

“As the market share in the U.S. market is insignificant, a further description shall be omitted.”

### ○ Dongkuk Corporation(DKC)

#### (1) Sales overview

The GDP in April-June fell 27.8% compared to the same period of the previous year, due to the spread of COVID-19, the largest decline ever seen.

From the second half of the year, due to the recovery of the overseas economies, the GDP increased mainly in export industries such as automobiles and electricity, but it is not expected to be enough to make up for the decline in April-June.

Meanwhile, the steel industry continued to be in a difficult situation in both price and volume due to declining product unit prices and rising raw material prices caused by oversupply, and increased risk of exchange rate fluctuations due to trade friction between the US and China. In this environment, the company has focused on stable supply of raw and subsidiary materials and domestic sales activities in Japan, and the sales performance for the current year exceeded the sales forecast and the performance of the previous year.

## (2) Market share

“As the market share in the Japanese market is insignificant, a further description shall be omitted.”

### ■ IT division

#### ○ Dongkuk Systems Co., Ltd.

## A. Industry status

### (1) Characteristics of the industry

The IT industry refers to the industry that produces solutions and infrastructure related to hardware, software and communication equipment, and provides related services. Generally, the IT industry is a buyer-oriented market and is operated through mutual cooperation among IT companies. In addition, the IT industry requires corporate investment and has characteristics to precede the economy and support other businesses by contributing to an improvement in productivity.

Compared with other industries, its growth rate and the share of the whole industry have been steadily increasing, and although the growth has slowed recently, it is continuously developing based on the communications service industry such as wireless communications and the Internet. In addition, it has a great impact of promoting entrepreneurship such venture companies and creating jobs as it plays a role of catalyst for other industries.

## (2) Growth of industry

In 2020, the widespread and prolonged COVID-19 infection around the world has caused a deterioration of companies' performance and a instable job market, which led to a long-term economic downturn, and the growth rate is expected to record -4.4%.

The domestic economy also recorded a -1.1% economic growth rate due to the severe contraction of domestic and overseas economic activities caused by the global pandemic in 2020. In 2021, the domestic economy is expected to grow 3.1%, with a significant increase from the previous year due to improved product exports and increased investment by domestic companies.

In 2020, the domestic IT market is expected to show a low growth rate of 0.7% due to a decrease in corporate IT investment caused by the contraction of economic activities and to record KRW 22.7 trillion of market size. In 2021, the domestic IT market is expected to grow compared to 2020 due to the government's full-fledged digital new deal policy and expansion of corporate IT investment.

## (3) Details and prospects of new businesses

"The description shall be omitted as there is no related information"

## (4) Competition factors

The company has a competitive advantage in hardware equipment such as servers and storage and in some software solutions. It has a lot of experiences in the distribution of external systems based on the solid partnership with HP, a global vendor. The company also has strengths in the specialized business solutions such as ERP and e-commerce, which it has built up within and outside the group. In addition, the company has plenty of opportunities and possibilities to lead the creation of a new ecosystem in the process of the ongoing smartization and convergence by promoting new businesses such as the Internet of Things (IoT) and cloud computing. Recently, with the expansion of the untact environment due to COVID-19, even the IT business environment is rapidly changing. The company is focusing its capabilities on discovering and commercializing new solution business, which is a future growth engine.

## B. Company status

### (1) Business Overview

The sale of the current year recorded KRW 176.2 billion, a decrease of KRW 16.9 billion, compared to the same period of the previous year, as the next-generation large-scale public/financial projects were delayed or canceled due to the prolonged COVID-19. Operating income was KRW 4.3 billion, down by KRW 900 million from the same period of the previous year, due to a decrease in sales and intensifying competition in business.

### (2) Market share

"The description shall be omitted as the market share in the IT market is insignificant"

### (3) Details and prospects of new businesses

"The description shall be omitted as there is no related information"

## ■ Other divisions

- Ferrum Infra Co., Ltd.

### A. Industry status

#### (1) Characteristics of the industry

The golf industry, whose demand is greatly increasing due to the spread of golf popularization with the increased level of income and the implementation of a five-day work week system, involves complex factors such as leisure, environment, service, and marketing. In the past, mostly large corporations entered the market, but in recent years, more and more mid-sized companies with high capabilities to mobilize cash are entering the market.

In the case of the MRO business, there are high entry barriers in the initial stage of business, due to the requirement for purchase professionals and considerable investment in IT systems, but it can make a stable growth. This industry can be expanded into various fields, but the risk of strengthening business regulations also exists.

#### (2) Growth potential of the industry

The market size of the golf industry is steadily increasing as golf becomes popular and leisure time increases. However, starting from the global economic downturn in 2008, the increase rate of visitors has been decreasing, and as the competition is intensifying due to the increase in golf courses, it is required to create and provide differentiated customer services through environments and service marketing differentiated from those of ordinary golf courses in the past.

The MRO business can be expanded to B2C e-commerce through the established platform based on the know-how of B2B e-commerce. The established market place

can be utilized for the marketing for products, and customers with overseas branches can be utilized to enter the overseas markets.

### (3) Information and prospects of new businesses

"The description shall be omitted as there is no related information"

## B. Company status

### (1) Business overview

The sales recorded KRW 42.7 billion, increased by KRW 29.8 billion from the same period of the previous year, and the operating income was KRW 5 billion. As for the sales by business segments, the sales from the building operation business recorded KRW 500 million of sales, decreased by KRW 700 million from the previous year, due to the decreased reservations caused by COVID-19. In the leisure business, the number of visitors increased due to the hosting of golf tournaments, and sales increased by KRW 2 billion to KRW 13.3 billion. In the case of the MRO business, which is a new business started in 2020, the business was transferred stably despite the initial phase of the business, resulting in KRW 28.5 billion of sales. Other sales are KRW 400 million.

## C. Summarized information for business segments

### (1) Sales and operating profit by division

(Unit: KRW million)

Reporting division	2020				2019				2018			
	Sales	Ratio (%)	Operating income	Ratio (%)	Sales	Ratio (%)	Operating income	Ratio (%)	Sales	Ratio (%)	Operating income	Ratio (%)
Steel	5,067,052	85.01	257,106	90.71	5,495,069	86.11	140,502	90.79	5,803,805	86.93	117,055	85.15
Transport	471,105	7.90	7,533	2.66	486,404	7.62	6,330	4.09	478,124	7.16	6,015	4.38
Trade	422,440	7.09	18,800	6.63	400,105	6.27	7,931	5.12	394,484	5.91	14,385	10.47
Sub total	5,960,597	100.00	283,439	100.00	6,381,578	100.00	154,763	100.00	6,676,413	100.00	137,455	100.00

Other Divisions(*), removal of internal transactions, etc.	(754,405)	-	11,259	-	(723,147)	-	9,792	-	(711,482)	-	7,506	-
Total	5,206,192	-	294,698	-	5,658,431	-	164,555	-	5,964,931	-	144,961	-

(\*) Other divisions include the operating divisions that do not meet the requirements of the reporting division, and the divisions that perform support activities for the operating divisions.

※ The 66th Period(previous period) : K-IFRS No. 1116, No. 1115, and No. 1109 applied

The 65th Period(the period prior to the previous period) : K-IFRS No. 1115, and No. 1109 applied

## (2) Assets and liabilities by division

(Unit: KRW million)

Reporting divisions	2020.12.31				2019.12.31				2018.12.31			
	Assets	Ratio (%)	Liabilities	Ratio (%)	Assets	Ratio (%)	Liabilities	Ratio (%)	Assets	Ratio (%)	Liabilities	Ratio (%)
Steel	5,500,799	89.71	3,059,642	90.37	5,603,624	87.93	3,305,883	87.13	5,980,589	88.59	3,539,114	88.91
Transport	406,557	6.63	214,567	6.34	440,751	6.92	261,328	6.89	515,523	7.64	280,477	7.05
Trade	224,495	3.66	111,354	3.29	328,462	5.15	226,814	5.98	254,496	3.77	160,883	4.04
Sub total	6,131,851	100.00	3,385,563	100.00	6,372,837	100.00	3,794,025	100.00	6,750,608	100.00	3,980,474	100.00
Other Divisions(*), and removal of internal transactions, etc.	(713,312)	-	(103,255)	-	(933,829)	-	(300,115)	-	(1,020,386)	-	(282,494)	-
Total	5,418,539	-	3,282,308	-	5,439,008	-	3,493,910	-	5,730,222	-	3,697,980	-

※ The 66th Period(previous period) : K-IFRS No. 1116, No. 1115, and No. 1109 applied

The 65th Period(the period prior to the previous period) : K-IFRS No. 1115, and No. 1109 applied

## (3) The consolidated companies' sales for the recent 3 fiscal years by region

(Unit: KRW million)

Region	Sales		
	2020	2019	2018
Korea	4,464,295	4,935,284	5,266,490
The U.S.	247,127	265,755	265,806
China	169,919	121,090	128,140
Japan	40,286	33,798	27,266
Mexico	142,061	139,712	130,851
Etc.	142,504	162,792	146,378
Total	5,206,192	5,658,431	5,964,931

※ The 66th Period(previous period) : K-IFRS No. 1116, No. 1115, and No. 1109 applied

The 65th Period(the period prior to the previous period) : K-IFRS No. 1115, and No. 1109 applied

(4) The consolidated companies' non-current assets for the recent 3 fiscal years by region

(Unit: KRW million)

Region	Non-current assets(*)		
	2020.12.31	2019.12.31	2018.12.31
Korea	3,424,445	3,306,685	3,370,820
The U.S.	1,592	1,679	1,664
China	53,111	65,290	77,124
Japan	721	893	404
Mexico	7,261	8,393	7,614
Etc.	24,213	19,960	16,150
Total	3,511,343	3,402,900	3,473,776

(\*) It is the sum of tangible assets, license assets, intangible assets, and investment properties.

※ The 66th Period(previous period) : K-IFRS No. 1116, No. 1115, and No. 1109 applied

The 65th Period(the period prior to the previous period) : K-IFRS No. 1115, and No. 1109 applied

## 2. Status of main products and raw materials

### A. Current status of main products

(Unit: KRW million, %)

Division	Company	Item	Purpose	Sales	Ratio(%)
Steel	Dongkuk Steel Mill Co., Ltd.	Hot-rolled steel	Construction, structure, shipbuilding, construction structure	2,856,878	49.3
		Cold-rolled steel	Appliances, construction materials, automobile, electricity	1,529,030	26.3
		Etc.	Products, by-products, lease, etc.	227,748	3.9
	DKSC	Zinc-coated steel	Appliances, automobiles	25,938	0.4
		Colored steel	Construction materials, appliances	104,178	1.8
		Byproducts	Recycling	47,377	0.8
Transportation	Intergis Co, Ltd.	Unloading	Bulk, container	70,081	1.2



Division	Company	Item	Purpose	Sales	Ratio(%)
		Land transportation, etc.	Bulk, container	189,055	3.3
		Marine transport	Bulk	84,880	1.5
		Forwarding, etc.	Bulk, container	38,792	0.7
		Products, outsourcing, etc.	Remaining goods, services, etc.	35,580	0.6
IT	Dongkuk Systems Co., Ltd.	SI	System integration, building, etc.	66,225	1.1
		SM	System development, operation, etc.	12,662	0.2
		Maintenance	System maintenance, etc.	12,444	0.2
		Usage fees	S/W license, etc.	1,384	0.0
		Services	Groupware, data center services, etc.	2,156	0.0
		Products	H/W, S/W, etc.	81,366	1.4
Trade	DKI	Plate/CHANNEL/etc.	Construction, structure	34,059	0.6
		Cold-rolled steel	Construction, appliances	340,476	5.9
	DKC	Hot-rolled steel	Production of plate steel	5,874	0.1
		Cold-rolled steel	Production of cold-rolled steel	1,898	0.0
		Hot-rolled steel	Shipbuilding, Construction structure	11,827	0.2
		Cold-rolled steel	Shipbuilding, Construction structure	28,306	0.5
Sum of Major Subsidiaries				5,808,214	100.0
Internal transaction (*1)				(602,022)	
Total				5,206,192	

(\*1) Internal transactions include the removal of internal transactions between consolidated companies and the sales of non-major subsidiaries.

※ The 66th Period(previous period) : K-IFRS No. 1116, No. 1115, and No. 1109 applied

The 65th Period(the period prior to the previous period) : K-IFRS No. 1115, and No. 1109 applied

## B. Price trends of the main products

(Unit: KRW)

Division	Company	Item		2020	2019	2018
Steel	Dongkuk Steel Mill Co., Ltd.	Hot-rolled steel	Export	642,019	765,102	753,981
			Domestic	668,330	711,478	711,623
		Cold-rolled steel	Export	1,079,422	1,205,260	1,184,112
			Domestic	830,949	915,761	931,608
	DKSC	Color steel	Export	1,010,594	1,050,677	1,143,119
			Domestic	1,198,577	1,190,984	1,196,756
		Zinc-coated steel	Export	-	-	939,038

Division	Company	Item		2020	2019	2018
			Domestic	902,977	926,020	972,447
Trade	DKI	Plate/CHANNEL	Domestic	849,420	1,075,004	986,837
		Cold-rolled steel	Domestic	1,339,358	1,451,495	1,384,761
	DKC	Hot-rolled	Export	470,856	646,595	641,939
			Domestic	691,556	752,257	727,881
		Cold-rolled	Export	538,488	573,289	654,041
			Domestic	1,158,505	1,109,710	1,122,532

※ As for Dongkuk Systems Co., Ltd. in the IT section, price trends cannot be measured, so they are not stated here as the most of sales are from services and each project has different customer requirements and business situations.

※ As for Intergis Co., Ltd. in the transportation division, the product prices cannot be calculated, so they are not stated here as its main business is focused on services such as port unloading, land transportation and forwarding.

### C. Calculation methods and factors affecting the product prices

Division	Sales Type	Contents	
Steel	Dongkuk Steel Mill Co., Ltd. (Hot-rolled steel)	Calculation method	Calculate on the average price obtained by dividing gross sales of each product by sales quantity [price = gross sales / sales quantity]
		factors affecting price of the products	Fluctuation of price of scrap iron and slab is mainly caused by the international market price and change of exchange rates.
	Dongkuk Steel Mill Co., Ltd. (Cold-rolled steel)	Calculation method	A simple average (including freight charge) and export local included in the export
		factors affecting price of the products	Steel market and price fluctuations are the main cause.
	DKSC	Calculation method	Calculate on the average price obtained by dividing gross sales of each product by sales quantity [price = gross sales / sales quantity]
		factors affecting price of the products	Prices declined due to COVID-19, rose from the second quarter and are currently at a peak.
Trading	DKI/DKC	Calculation method	Calculate on the average price obtained by dividing gross sales of each product by sales quantity [price = gross sales / sales quantity]
		factors affecting price of the products	DKI : Changes in scrap and slab prices are mainly caused by changes in international prices and exchange rates. DKC: Fluctuations in the slab prices are mainly due to the global oversupply.

#### D. Current situation of raw materials(as of 2020.12.31)

(Unit: KRW million)

Division	Company	Form	Item	Specific purpose	Purchase	Ratio (%)	Remarks
Steel	Dongkuk Steel Mill, Co., Ltd.	Steel Raw Material	Scrap iron, pig iron	Bar/section production	1,147,961	35.6	Gi-jeon Industry (Korea), etc. LIMETREE (Russia), etc.
		Rolled steel raw material	BILLET, SLAB	Bar/plate production	453,377	14.0	JFE STEEL(Japan), etc.
		Cold-Rolled raw material	HOT COIL, zinc, etc.	Cold-rolled steel production	1,157,682	35.8	POSCO, etc.
	Dongkuk Steel China	Raw material	Cold rolled steel	Zinc and color coated steel	127,363	3.9	Yensun, Shagang, Wondae
Transportation	Integis Co., Ltd.	Raw material	Freight charge	Transport	177,334	5.5	Chungwoo transportation etc
			Diesel	Gas station business	9,034	0.3	Hyundai Oil Bank
			Gasoline	Gas station business	389	0.0	Hyundai Oil Bank
IT	Dongkuk Systems Co., Ltd.	Products	H/W, S/W, etc.	Sales	74,481	2.3	Hewlett Packard Korea, etc.
		Services	S/W development, etc.	Sales	83,548	2.6	-

※Integis has no purchase with regard to the loading business; the transportation business has a purchase in order to carry vehicles for the service. As for the gas station business, diesel and gasoline are provided by oil companies.

※Trade division has no relevance with raw material since it is engaged in the intermediate trade business.

#### E. Changes in the cost of the main raw materials

(Unit : KRW/Ton)

Division	Company	Items	2020	2019	2018
Steel	Dongkuk Steel Mill Co., Ltd.	Steel raw material (Scrap iron etc.)	321,375	359,567	388,357
		Hot-Rolled raw material (Slab, Billet etc.)	495,763	583,197	598,305
		Cold-rolled raw material (H/C, semi-finished products, zinc, etc.)	684,051	731,800	782,362
	Dongkuk Steel China	Cold-rolled steel sheet	811,931	747,671	807,177
Transportation	Integis Co., Ltd.	Diesel	1,008	1,143	1,188
		Gasoline	1,214	1,251	1,362

## F. Calculation method and factors affecting the price of the products

Division	Company	Contents	
Steel	Dongkuk Steel Mill Co., Ltd.	Calculation method	Scrap iron, SLAB: Raw material prices are calculated by dividing a total purchasing quantity from the annual total purchase amount [Purchase Price = Total Purchase Amount / Total Number of Purchase] H/C, Half-finished products etc.: Raw material prices are calculated by total amount / total quantity
		factors affecting the price of the products	Scrap iron, SLAB: Steel raw material prices, which declined in the first half of the year due to COVID-19, are gradually recovering. H/C, semi-finished products, etc.: Prices declined due to the impact of COVID-19 and sluggish global steel industry demand
	DKSC	Calculation method	The raw material price is calculated by dividing the annual total purchase amount by the total purchase volume. Total purchased price = total purchase amount/total purchased volume
		factors affecting the price of the products	The price of the rolled steel sheet has been changed due to the price policy of the shaft furnace making companies in China and the international market condition
Transportation	Integris Co., Ltd.	Calculation method	The raw material price is calculated by dividing the annual total purchase amount by the total purchase volume. Total purchased price = total purchased amount/total purchased volume
		factors affecting the price of the products	The prices are on the decline due to oversupply caused by a sharp decline in demand for crude oil and intensifying competition among major oil producing countries.

※ Trade Division(DKI, DKC) has been omitted as it has no relevance.

※ IT Division(Dongkuk Systems Co., Ltd.) has been omitted as it has no relevance.

## 3. Production and facilities

### A. Production capacity and its calculation method

#### (1) Production capacity

(Unit : Ton)

Division	Company	Items	Location	2020	2019	2018
Steel	Dongkuk Steel Mill Co., Ltd.	Bar/Section	Sinpyeong, Incheon, Pohang	3,847,500	3,847,500	3,847,500
		Plate	Dangjin	1,200,000	1,500,000	1,500,000
		Color, coated, cold-rolled steel	Busan	1,900,000	1,900,000	1,900,000
	DKSC	Zinc-coated steel	Jiangin, China	360,000	360,000	360,000
		Color	Jiangin, China	160,000	160,000	160,000
Transportation	Integris Co., Ltd.	Loading	Harbor loading	82,439	83,654	90,852
		Transportation business	Land transportation, etc.	189,278	209,681	189,333

Division	Company	Items	Location	2020	2019	2018
		Shipping	Shipping	100,822	96,606	82,119
		Forwarding	Forwarding, etc.	43,482	50,194	62,214
		Etc.	Products, services, etc.	42,081	41,777	31,866

※No information on the trade division(DKI, DKC) is provided as it has no relevance.

※No information on the IT division(Dongkuk Systems Co., Ltd.) is provided as it has no relevance.

※As for the transportation division(Intergis Co., Ltd.), the annual business plan is presented as it is difficult to calculate production capacity and production performance due to the nature of the industry.

## (2) Standards of calculation of productivity

Division	Company	Contents				
Steel	Dongkuk Steel Mill Co., Ltd.  - Bar/section, plate, color, coated, cold-rolled steel	① capacity of steel manufacture and rolling				
		- Steel manufacture: each 1 of 100T, 120T, 140T electric furnace				
		- Rolling: 5 bar/section steel rolling mills and 1 plate rolling mill				
		-Cold-rolled steel:				
		Cold-rolled steel sheet: 1 PL-TCM				
		Zinc coated steel sheet: 4 CGLs, 2 EGLs				
		Colored steel sheet: 8 CCLs				
		② Output status				
		- Steelmaking				
		Classification	T/CH	CH/day	day/quarter	Ton
		100 ton	100	29	346.8	1,000,000
		120 ton	120	30	346.8	1,200,000
	140 ton	140	30	346.8	1,400,000	
	- Rolling					
	Classification	T/Hr	Hr/quarter	Facilities(ea)	ton	
Bar/section	92.5	8,322	5	3,847,500		
Plate	144.2	8,322	1	1,200,000		
-Cold-rolled:						
Theoretical T/H × operating hours(reverse time-planned downtime-free time)						
Dongkuk steel China	① Standard of calculation: the capacity of plating and coating facilities					
	- Colored steel sheet: 1 CCL					
	- Galvanized steel sheet: 2 CGLs					
	② Calculation method					
	- 1CGL : 168,000 tons					
	- 2CGL : 192,000 tons					
- 1CCL : 160,000 tons						

※No information on the trade division is provided as it has no relevance.

※No information on the IT division(Dongkuk Systems Co., Ltd.) is provided as it has no relevance.

※The transportation division(Intergis Co., Ltd.) is engaged in unloading, transportation, shipping, forwarding and other businesses, and the production capacity and production performance are not stated as it is difficult to

calculated them due to the nature of the business that handles various items.

## B. Actual output and operation rate

### (1) Actual output

(Unit : Ton)

Division	Company	Item	Location	2020	2019	2018
Steel	Dongkuk Steel Mill Co., Ltd.	Bar/Section	Sinpyeong, Incheon, Pohang	3,500,658	3,651,396	3,943,036
		Plate	Dangjin	828,527	919,911	883,430
		Color/coated/cold-rolled	Busan	1,507,679	1,512,888	1,616,213
	Dongkuk Steel China	Color	Jiangin, China	101,013	95,035	103,722
		Zinc-coated		57,433	43,325	78,308
Transportation	Intergis Co., Ltd.	Loading	Harbor loading	70,081	86,342	90,708
		Transportation business	Land transportation, etc.	189,055	174,895	180,527
		Shipping	Shipping	84,880	93,562	70,510
		Forwarding	Forwarding, etc.	38,792	37,221	52,907
		Etc.	Products, services, etc.	35,580	39,237	54,440

※ No information on the trade division(DKI, DKC) is provided as it has no relevance.

※ No information on the IT division(Dongkuk Systems Co., Ltd.) is provided as it has no relevance.

※ As for the transportation division(Intergis Co., Ltd.), the performance against the annual business plan is stated.

### (2) Operation rate

(Unit : Ton)

Division	Company	Item	Capacity	Production	The average rate of operation
Steel	Dongkuk Steel Mill Co., Ltd.	Bar/Section	3,847,500	3,500,658	91.0
		Plate	1,200,000	828,527	69.0
		Color/coated/cold-rolled steel	1,900,000	1,507,679	79.4
	Dongkuk Steel China	Color/coated	520,000	231,782	44.6
Transportation	Intergis Co., Ltd.(unloading)	Loading	82,439	70,081	85.0
		Transportation business	189,278	189,055	99.9
		Shipping	100,822	84,880	84.2
		Forwarding	43,482	38,792	89.2
		Etc.	42,081	35,580	84.6

※ No information on the trade division(DKI, DKC) is provided as it has no relevance.

※ No information on the IT division(Dongkuk Systems Co., Ltd.) is provided as it has no relevance.

※ As for the transportation division(Intergis Co., Ltd.), the average operation rate against the annual business plan is stated.

※ The average operation rate of DKSC was calculated including production performance other than products.

## C. Current situation of production facilities

(Unit: KRW million)

Classification	2020							
	Land	Buildings	Structures	Machinery	Ships	Other tangible assets	Assets under construction	Total
Net book value as of the end of the previous period	1,302,296	463,727	148,916	1,183,887	66,890	66,482	22,604	3,254,802
Acquisition	-	1,544	311	3,563	-	12,923	73,128	91,469
Revaluation(*1)	157,891	-	-	-	-	-	-	157,891
Transfer	(72,785)	2,136	1,082	8,461	-	3,499	(52,796)	(110,403)
Disposal	(167)	(331)	(55)	(5,242)	-	(2,527)	-	(8,322)
Depreciation	-	(19,822)	(8,655)	(142,899)	(11,091)	(11,653)	-	(194,120)
Impairment loss	-	(4,972)	(3,387)	(3,018)	(6,694)	(519)	(146)	(18,736)
Reversal of impairment loss(*2)	-	-	-	8,592	-	-	-	8,592
Changes in the scope of consolidation	135,214	19,467	13,801	211	-	321	3,080	172,094
Differences in foreign currency conversion, etc.	(408)	(527)	128	(444)	-	(377)	(221)	(1,849)
Net book value as of the end of the period	1,522,041	461,222	152,141	1,053,111	49,105	68,149	45,649	3,351,418

(\*1) Land revaluation was conducted during the current period, and KRW 157,891 million was increased.

(\*2) In relation to the sale of part of facilities at Pohang Plant of Dongkuk Steel Mill Co., Ltd., KRW 8,592 million of impairment loss was reversed and it was transferred to non-current assets held for sale.

(Unit: KRW million)

Classification	2019							
	Land	Buildings	Structures	Machinery	Ships	Other tangible assets	Assets under Construction	Total
Net book value as of the end of the previous period	1,332,785	480,485	168,866	1,295,234	85,734	16,892	16,466	3,396,462
Effect of changes in accounting policies	-	-	-	(386)	-	-	-	(386)
Net book value as of the beginning of the current period	1,332,785	480,485	168,866	1,294,848	85,734	16,892	16,466	3,396,076
Acquisition	30	1,490	252	5,286	-	1,234	42,768	51,060
Transfer	(29,656)	2,671	889	30,958	-	54,250	(36,543)	22,569

Classification	2019							
	Land	Buildings	Structures	Machinery	Ships	Other tangible assets	Assets under Construction	Total
Disposal	(275)	(2,477)	(101)	(1,838)	-	(940)	(60)	(5,691)
Depreciation	-	(19,839)	(9,191)	(146,667)	(12,239)	(4,964)	-	(192,900)
Impairment loss	-	-	(12,734)	-	(6,605)	-	-	(19,339)
Changes in the scope of consolidation	-	-	-	-	-	1	-	1
Differences in foreign currency conversion, etc.	(588)	1,397	935	1,300	-	9	(27)	3,026
Net book value as of the end of the period	1,302,296	463,727	148,916	1,183,887	66,890	66,482	22,604	3,254,802

(Unit: KRW million)

Classification	2018								
	Land	Buildings	Structures	Machinery	Ships	Finance lease assets	Other tangible assets	Assets under construction	Total
Net book value as of the beginning of the period	1,325,985	467,894	157,223	1,505,938	125,425	17,102	18,154	36,977	3,654,698
Acquisition	2,135	1,506	3,232	9,236	-	-	1,566	44,842	62,517
Transfer	15	3,517	17,979	31,503	-	-	2,698	(65,573)	(9,861)
Disposal	(2,803)	(1,679)	(145)	(10,857)	(24,446)	-	(636)	(38)	(40,604)
Depreciation	-	(19,280)	(9,013)	(161,447)	(15,245)	(1,775)	(5,425)	-	(212,185)
Impairment loss	-	-	-	(79,149)	-	-	-	-	(79,149)
Changes in the scope of consolidation	7,277	28,424	-	-	-	(15,327)	510	-	20,884
Differences in foreign currency conversion, etc.	176	103	(410)	10	-	-	25	258	162
Net book value as of the end of the period	1,332,785	480,485	168,866	1,295,234	85,734	-	16,892	16,466	3,396,462

※ The 66th Period(previous period) : K-IFRS No. 1116, No. 1115, and No. 1109 applied

The 65th Period(the period prior to the previous period) : K-IFRS No. 1115, and No. 1109 applied



## (1) Plans on new establishment and purchase of facilities

### (A) Future investment plans

(Unit :KRW hundred million)

Division	Company	Plan name	Estimated total investment		Expected amount Investment		Investment effect	Remarks
			Asset shape	Amount	2020	2021		
Steel	Dongkuk Steel Mill Co., Ltd.	New establishment and purchase of facilities, etc.	Machinery, etc.	2,049	758	1,291	Equipment rationalization and improvement of existing equipment	-
Transportation	Intergis, Co., Ltd.	Investment in other companies	Equity investment	3	-	3	Establishment of overseas corporations	-
		New expansion	Facility and equipment investment	30	-	30	New building construction, etc.	-
		Unloading, transportation, shipping	Facility and equipment investment	46	16	30	Purchase of ships, structures, vehicles, etc.	
		Supplies, etc.	Facility and equipment investment	8	4	4	Maintenance(repairs), etc.	-
Etc.	Ferrum Infra Co., Etc.	Lighting facilities	Facilities	11	-	11	Sales expansion	-
Total				2,147	778	1,369	-	-

※ The steel division (DKSC) and the trade division are omitted as they have no relevance.

## 4. Sales

### A. Sales performance

(Unit: KRW million)

Division	Company	Type of sales	Item		2020	2019	2018
Steel	Dongkuk Steel Mill Co., Ltd.	Products	Hot-rolled	Export	172,193	223,329	238,390
				Domestic	2,684,685	3,050,601	3,212,492
			Cold-rolled	Export	899,278	980,691	986,462
				Domestic	629,752	635,155	724,363
		Etc.	Products, By-products, Rent, etc.	Export	78,804	40	-
				Domestic	148,944	165,593	203,140
	DKSC	Products	Color	Export	16,023	33,546	41,476
				Domestic	88,155	74,343	64,401
			Zinc-coated	Export	-	-	17,215
				Domestic	25,938	37,949	46,802
			Other sales	Export	810	1,863	1,288

Division	Company	Type of sales	Item		2020	2019	2018
				Domestic	46,567	3,497	7,088
Transportation	Intergis Co., Ltd.	Services	Harbor unloading	Domestic	70,081	86,342	90,708
			Land transportation, etc.	Domestic	189,055	174,895	180,527
			Shipping	Domestic	84,880	93,562	70,510
			Forwarding	Domestic	38,792	37,221	52,907
		Products, services	Remaining goods, services, etc.	Domestic	35,580	39,237	54,440
IT	Dongkuk Systems Co., Ltd.	SI	Servers, network equipment, S/W license, and development and operation	Domestic	65,552	92,012	53,576
				Export	673	528	94
		SM		Domestic	12,557	11,705	12,256
				Export	105	99	97
		Maintenance		Domestic	12,430	12,914	13,554
				Export	14	18	38
		Usage fees		Domestic	1,384	755	534
				Export	-	-	-
		Services		Domestic	2,156	2,237	2,275
				Export	-	-	-
		Products		Domestic	81,363	59,493	66,802
				Export	3	-	-
		Bulk purchase		Domestic	-	13,322	14,089
				Export	-	-	-
Trade	DKI	Products	Plate/channel	Export	-	-	-
			Cold-rolled steel	Domestic	34,059	44,902	50,779
				Export	-	-	-
			DKC	Semi-products	Hot-rolled	Export	5,874
	Cold-rolled	Domestic			-	-	-
		Export			1,898	2,176	1,812
	Products	Hot-rolled			Domestic	-	-
		Cold-rolled		Domestic	11,827	17,185	17,652
				Export	-	-	-
				Domestic	28,306	15,905	10,999
	Sum of subsidiaries				5,808,214	6,231,052	6,550,007
	Internal transactions(*1)				(602,022)	(572,621)	(585,076)
Total				5,206,192	5,658,431	5,964,931	

(\*1) Internal transactions include the removal of internal transactions between consolidated companies and the sales of non-major subsidiaries.

※ Domestic sales of major overseas subsidiaries refer to the sales within the country.

※ The 66th Period(previous period) : K-IFRS No. 1116, No. 1115, and No. 1109 applied

The 65th Period(the period prior to the previous period) : K-IFRS No. 1115, and No. 1109 applied

## B. Sales channels and process

### ■ Steel

- Holding company (Dongkuk Steel Mill Co., Ltd.)

#### (1) Sales Channels

Domestic sales:

- Direct sales: products: area of production (plant) ⇒ consumers (actual demanders)
- Indirect sales: products: area of production (plant) ⇒ steel dealer (wholesale dealer) ⇒ consumers
- The proportion in the sales (71.84%)

Export:

- Direct sales: area of production (plant) ⇒ overseas buyers (MASTER L/C)
- Local sales: area of production (plant) ⇒ local buyers (LOCAL L/C)
- The proportion in the sales (23.22%)

Etc.: Sales ratio of products, by-products, rent, and construction (4.94%)

#### (2) Ways and conditions for sales

- Domestic: actual demanders' payment by cash or promissory notes
- Export: buyers' payment by irrevocable letters of credit (L/C BASE) or cash

#### (3) Sales strategies

- ① Enhancement of customers' satisfaction and credibility of the company through improvement in quality, production costs, and services
- ② Improvement of the marketing and ordering/sales systems
- ③ Reinforcement of services for the existing customers and promotion of progressive

strategies to create new demand

- ④ Sales and production innovation with electronic commerce and ERP establishment
- ⑤ Focus on sales of high-value products by new consumption and new products
- ⑥ Customer satisfaction service through R&D focusing on consumption

#### (4) Major customers

Major business partners for sales are DKI(USA), POSCO E&C, Samsung C & T, Kummun Steel Co., Ltd., and GS Global Co., Ltd., and proportion of sales in each of these business partners is 5.73%, 3.31%, 1.89%, 1.84%, and 1.78%, respectively. Major selling partners are the top ranking companies with regard to the domestic and export sales as of the end of the reporting period.

< Major consolidated subsidiary companies>

- DKSC

#### (1) Sales channels

-Domestic: area of production (plant) ⇒ consumers (actual demanders or agents)

The proportion in sales (90.52%)

-Export: area of production (plant) ⇒ overseas buyers (MASTER L/C, T/T)

The proportion in sales (9.48%)

#### (2) Ways and conditions for sales

-Domestic: The selling price for the following month is notified at the end of the current month. At the time of conclusion of a contract on the demand price and the quantity requested for the following month, 30% of total amount of sales has to be paid and the rest before the shipment of the products.

-Export: buyers' payment by irrevocable letters of credit (L/C BASE) or T/T

### (3) Sales strategies

- ① Enhancement of customers' satisfaction and credibility of the company through improvement in quality, production costs, and services
- ② Expansion of the market through the development of new demand
- ③ Reinforcement of services for the existing customers and promotion of progressive strategies to create new demand

### (4) Major customers

In the case of exports, Dongkuk Steel Mill. Co., Ltd. makes up most of sales at 9.47%.

## ■ Transportation

- Intergis Co., Ltd.

### (1) Sales channel

The unloading business generates the sales in the form of conducting loading and unloading within the dock for the ships belonging to the ship-owner under contract and charge the service fee in accordance with terms of a contract or an agreement. The Transport Department gets its sales by receiving commissions of transport services via contracts or agreements with domestic shippers or brokers through sales activities, then charging them according to the contract terms. The Marine Transport Department gets its sales directly or via branches by entering into a contract with domestic/international customers, obtains cargo transport order from shippers and ship chartering contract with other marine transport businesses, and receives the shipping charges from marine transports or fees from the ship chartering. The sales portion of the transportation division is 45.2%, the unloading division 16.8%, the shipping division 20.3%, the forwarding division 9.3%, and other divisions 8.5%.

## (2) Ways and conditions for sales

For loading, rates for quantity, cargo regarding unit goods are determined through an annual contract with the shipping company for regular liner while TEU unit for container freight and TON or CBM unit is used to determine to price for bulk freight. For non-regular liner, the contract is signed determining rates for quantity, cargo regarding unit goods through discussions with shipping company based on official rate table and sales is generated whenever the corresponding service is provided. Sales in transport area for big shippers are generally determined through tender and sales are generated based on rate and price given in the bid. For other shippers, differential rates are determined by distance, weight, and condition through discussions with shipper and sales is generated by provided service unit. In marine transport business, winning freight transport service occurs when the lowest fee per ton is proposed after participating in a tender and ship lease contract generates sales when the contract is signed after reviewing direct offer or offers through agent regarding the company's ship to determine the daily shipping fee.

## (3) Sales strategies

- ① Enhance customer satisfaction and improve company credibility through improved handling and transportation services
- ② Establish infrastructures and secure overseas strongpoint
- ③ Strengthen service for existing customers and competitiveness for the creation of new demand
- ④ Increase profitability by attracting high-value cargoes, expand sales by strengthening sales organization

## (4) Major customers

Major customers are Dongkuk Steel Co., Ltd. (55.7%), and POSCO (1.6%). The major selling partners are stated herein.

## ■ Trade

### ○ DKI

#### (1) Sales channels

##### Domestic

-Direct sales: products: area of production (Dongkuk Steel Mill Co., Ltd.) ⇒ customers (actual demanders)

-Indirect sales: products: area of production (Dongkuk Steel Mill Co., Ltd.) ⇒ general trading companies ⇒ customers

#### (2) Ways and conditions for sales

Domestic: actual demanders/general trading companies' payment by cash and credit sales

#### (3) Sales strategies

① Enhancement of customers' satisfaction and credibility of the company through improvement in quality and services

② Reinforcement of services for the existing customers and promotion of progressive strategies to create new demand

#### (4) Major customers

Major customers are DKSM(30%), THREE GM STEEL(7%), PAINTED METAL(6%), LG ELECTRONICS(4%), and DUFERCO STEEL(4%).

- DKC

(1) Sales channel

- Domestic: Dongkuk Steel Mill Co., Ltd. → Japanese customers (plate, H steel section, EGI, etc.)
- Export: DKC → Dongkuk Steel Mill Co., Ltd., etc. (SLAB, H/C, sub-materials, etc. )

(2) Ways and conditions for sales

- Domestic: payment by cash and promissory notes
- Export: transactions by L/C or T/T

(3) Sales strategies

- ① Management of human network and promotion of technology exchange of SLAB
- ② Continuous development of new business partners
- ③ Lock-in of existing customers and sales expansion to high value-added products
- ④ Development of new use of cold-rolled products

(4) Major customers

The major export customer is Dongkuk Steel Mill Co., Ltd. with 98% of sales ratio, and the major import customers are Hanwa Eco Steel, Hanamura Sangyo, TOTO, Panasonic, etc.

■ IT



- Dongkuk Systems Co., Ltd.

#### (1) Sales channel

- Domestic: Products and services are directly provided to customers in most cases.
- Export: Services are directly provided to customers.

#### (2) Ways and conditions for sales

- Domestic: Collect cash or bills according to contract terms of each project
- Export: Sales by cash(T/T Base)

#### (3) Sales strategies

- ① Vitalization of external business through strategic alliances with global vendors
- ② Enhancement of profitability with external growth strategies through continuous customer sales and by switching to high profit businesses such as and storage and services
- ③ Maximization of customer satisfaction through service system innovation and customer value proposition

#### (4) Major customers

The major customers are Dongkuk Steel Mill Co., Ltd., AimToG, and LAN Oasis Co., Ltd., and the ratio of sales is 9.52%, 4.55%, and 4.50%, respectively.

#### ■ Other divisions

- Ferrum Infra

### (1) Sales channel

- ① Real estate management: cafeteria operation, conference room rental
- ② Golf course: admission sales, competition sales
- ③ Integrated purchase: sales of customer products

### (2) Sales method and conditions

- ① Real estate management: sales to users by cash or card
- ② Golf course: sales to users by cash or card
- ③ Integrated purchase: sales to customers by cash or bills

### (3) Sales strategy

- ① Strengthen customer satisfaction and build company reliability through the improvement in quality, cost, and service.
- ② Satisfy customers and create profit through system improvement
- ③ Provide differentiated services through differentiated environments, services, marketing, etc.
- ④ Secure regular customers by establishing an image of a prestigious club

### (4) Major customers

The main customer of the company's integrated purchase business is Dongkuk Steel Mill Co., Ltd., which accounts for 95.1% of sales. In the case of real estate management and golf courses, there are no specific customers due to the nature of the business.

## 5. Current status of orders

### ■ Steel

○ Holding Company (Dongkuk Steel Mill Co., Ltd.)

(Unit : Ton, KRW million)

Item	Contracting party	Contract Date	Due Date	Total order amount		Delivered		Balance	
				Quantity	Amount	Quantity	Amount	Quantity	Amount
Deformed bar	Korean Public Procurement Service	2020.03.26	2022.03.25	505,000	343,691	175,753	119,613	329,247	224,078

■ Transportation

○ Intergis Co., Ltd.

(Unit: KRW million)

Item	Contract Date	Due Date	Total amount		Finished		Balance	
			Quantity	Amount	Quantity	Amount	Quantity	Amount
SLAB shipping	2010.10.05	For 15 years	3 million ton	-	About 2.1 million ton	-	About 0.9 million ton	-
SLAB shipping	2011.08.23	For 14 years	2.8 million ton	-	About 1.95 million ton	-	About 0.85 million ton	-
SLAB shipping	2012.06.04	For 10 years	4 million ton	-	About 2.89 million ton	-	About 1.11 million ton	-
SLAB inland transportation	2017.02.03	For 5 years	About 15.04million ton	-	About 11.74 million ton	-	About 3.3 million ton	-

※ Some part of Information on the amount and quantity of orders is omitted as it is trade secret.

■ Trade

○ DKC

(Unit: Ton, Yen)

Item	Contract Date	Due Date	Total order amount		Delivered		Balance	
			Quantity	Amount	Quantity	Amount	Quantity	Amount
SLAB	2020.01.01	2020.12.31	618,517	25,991,022,041	618,517	25,991,022,041	-	-
Plate	2020.01.01	2020.12.31	7,821	503,279,706	7,821	503,279,706	-	-
H/B, section, coiled rebar	2020.01.01	2020.12.31	9,280	566,972,971	9,280	566,972,971	-	-
Cold-rolled	2020.01.01	2020.12.31	24,432	2,561,502,184	24,432	2,561,502,184	-	-

## ■ IT

### ○ Dongkuk Systems Co., Ltd.

(Unit: KRW million)

Item	Contract Date	Due Date	Total order amount		Delivered		Balance	
			Quantity	Amount	Quantity	Amount	Quantity	Amount
National Institute of Environmental Sciences Environmental Satellite Integrated Management Infrastructure_Osangjaiei	2020.12.24	2021.08.31	-	3,250	-	2,912	-	338
NOKIA_MND MIDDLE RING	2020.09.24	2021.03.31	-	1,667	-	1,275	-	392
NOKIA_K WATER-MIMS ADD	2020.09.25	2021.03.31	-	1,468	-	502	-	966
Integrated supply of Koscom 2020 REDHAT subscription	2020.04.07	2023.06.30	-	1,047	-	996	-	51
KRX_Overseas development system IT infrastructure operation and MA	2020.11.16	2022.11.15	-	953	-	198	-	755
NOKIA_Donghae Line Metropolitan Area	2020.12.07	2021.04.30	-	894	-	553	-	341
NOKIA_SKB GPON	2020.09.18	2021.09.30	-	628	-	277	-	351
Samsung Fire & Marine Insurance 20/24 CLOUDERA CHD and 3 licenses	2020.02.01	2024.12.31	-	625	-	215	-	410
Electronic Land establishment of shopping mall advancement	2020.01.10	2021.01.10	-	624	-	405	-	219
Defense Acquisition Program Administration MIMS network construction project_final volume	2020.06.09	2021.12.31	-	620	-	567	-	53
Samsung Electronics HPN delivery case_Snet system (November)	2020.11.25	2021.02.26	-	508	-	232	-	276
Ministry of Justice Incheon_20 years artificial intelligence demonstration lab_Sungwoo_SI	2020.10.08	2021.01.21	-	469	-	439	-	30
NOKIA_Gyeongbu Line (Chupungryeong~Busan)	2020.11.19	2021.03.31	-	455	-	399	-	56
Hyundai Oil Bank_ERP(2020) Maintenance(SI)_202006	2020.06.01	2021.05.31	-	399	-	261	-	138
Immi-Net (Lotte Global Logis)_Logistics hub system construction	2020.10.29	2021.05.31	-	318	-	295	-	23
Etc.			-	53,330	-	46,215	-	7,115
Total			-	67,255	-	55,742	-	11,513

## 6. Market risk and risk management

The Group's activities are exposed to a variety of financial risks: market risk

(including currency risk, price risk, interest rate risk), credit risk and liquidity risk. Overall risk management policy is focused on the unpredictability of the financial market and on minimizing the potential negative effect on financial performance. The Group uses derivative products to avoid specific risk.

Risk management is conducted under the supervision of the finance department, and the finance department identifies, evaluates, and manages financial risks. The finance department manages foreign exchange risk, interest rate risk, credit risk, the use of derivative and non-derivative financial products, and other specific areas such as the investment that exceeds liquidity.

#### (1) Market risk

##### 1) Foreign exchange risk

The Group engages in international business activities and is exposed to foreign exchange risk arising from various currency exposures. The Group is mainly exposed to foreign exchange risk on US dollar and also exposed to Japanese Yen, Euro, etc.

The Group manages exchange rate change risk by the foreign currency regulation, and its foreign currency risk management target is to provide the foundation of stable business operation by minimizing the changes in income or loss and uncertainty caused by the exchange rate changes.

As of the end of the reporting period, if all other variables are constant and the exchange rate of the functional currency for each foreign currency changes by 10%, the effect on the pre-tax income and equity of the Group is as follows.

(Unit: KRW million)

Classification		Effect on pre-tax income		Effect on equity	
		2020.12.31	2019.12.31	2020.12.31	2019.12.31
US Dollar/Won	Up	(38,630)	(67,609)	(38,630)	(67,609)
	Down	38,630	67,609	38,630	67,609

Classification		Effect on pre-tax income		Effect on equity	
		2020.12.31	2019.12.31	2020.12.31	2019.12.31
Yen/Won	Up	(10,082)	(19,529)	(10,082)	(19,529)
	Down	10,082	19,529	10,082	19,529
Euro/Won	Up	(203)	(159)	(203)	(159)
	Down	203	159	203	159

## 2) Price risk

The Group is exposed to price risk of equity securities because of investments held by the Group and classified on the consolidated statement of financial position either as available-for-sale. The Group has the diversified investments in the portfolio to manage the price risk caused by the investment of financial instruments, and this is made in accordance with the limitation set by the Group. Also, the management of important investment asset within the portfolio is implemented separately.

As of the end of the reporting period, listed stocks held by the Group are traded on the open market and belong to the KOSPI and NIKKEI stock indexes.

As of the end of the reporting period, if all other variables are constant and the stock price fluctuates by 10%, the effect on the Group's pre-tax income and equity (before the income tax effect is reflected) is shown in the table below.

(Unit: KRW million)

Index		Effect on pre-tax income		Effect on equity	
		2020.12.31	2019.12.31	2020.12.31	2019.12.31
KOSPI	Up	-	-	67	65
	Down	-	-	(67)	(65)
NIKKEI	Up	-	-	587	625
	Down	-	-	(587)	(625)

## 3) Interest rate risk

The interest rate risk of the Group is the risk that interest income and interest expense arising from deposits or borrowings fluctuate in accordance with future

market interest rate fluctuations, and this is mainly caused by deposits and borrowings under floating rate terms. The objective of the Group's interest rate risk management is to maximize the value of the company by seeking to minimize uncertainty and net interest expenses caused by interest rate fluctuations.

To this end, the Group minimizes the risks caused by interest rate fluctuations by managing company-wide interest expenses through improvement of borrowing structure, reducing high interest rate borrowing, improving long-term and short-term borrowing structures, maintaining a reasonable ratio of fixed-to-variable interest borrowing conditions, monitoring domestic and international interest rate trends on a weekly and monthly basis, and establishing countermeasures.

As of the end of the reporting period, if all other variables are constant and the interest rate of variable interest borrowings and deposits in financial institutions fluctuates 100bp, the effect on the Group's pre-tax income and equity is as shown in the table below.

(Unit: KRW million)

Classification		Effect on pre-tax income		Effect on equity	
		2020.12.31	2019.12.31	2020.12.31	2019.12.31
Interest rate	Up	(6,748)	(10,003)	(6,748)	(10,003)
	Down	6,748	10,003	6,748	10,003

## (2) Credit risk

Credit risk is managed by the Group. The risk is caused by sales partners including receivables and firm contracts. It also resides in cash and cash and cash equivalent and deposits in banks and financial institutions.

### 1) Risk management

With regard to sales partners, if a sales partner has been independently received a crediting rate, the assessed crediting rate would be used, while other elements such as financial conditions of customers, experiences from the past would be taken into

account in assessing its crediting rate if there is no independent crediting rate for the sales partner. Individual risk limits are determined based on crediting rates assessed internally or externally according to the limit set by the board of directors. The matter of the use of credit limit is under regular review. Also, collateral is set for reinforcing credit depending on the credit of the sales partner and if necessary, payment guarantee is provided by the sales partner's financial institution.

Meanwhile, the Group transacts with financial institutions with excellent credit rating so credit risk from financial institutions is limited.

## 2) Impairment of financial assets

The Group has the following financial assets subject to the expected credit loss model.

- Trade receivables for the provision of goods and services
- Contract assets for service provision
- Other financial assets measured at amortized cost

### (A) Trade receivables and contract assets

The Group applies the simple method to recognize the expected loss of credit for the entire term as provisions for trade receivables and contract assets.

To measure expected credit losses, trade receivables and contract assets were classified based on credit risk characteristics and delinquency dates. As contract assets related to transportation services have similar risk attributes as trade receivables arising from contracts of the same type, the Group has determined that the loss ratio of trade receivables is a reasonable estimate of the loss ratio of contract assets.

Expected credit loss ratio is calculated based on the past credit loss information confirmed, and the historical loss information is adjusted to reflect macroeconomic present and future forecast information that will affect the customer's ability to perform debt.



The provisions for loss on trade receivables and contract assets as of the end of the period are as follows.

(Unit: KRW million)

Classification	Normal	3 months or less	Over 3 months~ 6 months	Over 6 months~12 months	Over 12 months	Bad debts	Total
As of the end of the period							
Expected loss rate	1.85%	0.58%	2.95%	15.37%	23.31%	83.60%	6.41%
Total book value - Trade receivables	613,262	19,639	1,627	1,204	1,450	38,356	675,538
Total book value - Contract assets	16,848	-	-	-	-	-	16,848
Provisions for loss	11,630	113	48	185	338	32,065	44,379

### (B) Other financial assets measured at amortized cost

For other financial assets measured at amortized cost, the identified expected credit loss is not significant. The maximum exposure amount of the Group as of the end of the reporting period is as follows.

(Unit: KRW million)

Classification	2020.12.31	2019.12.31
Cash and cash equivalents	269,062	391,941
Deposits in financial institutions	183,868	40,070
Other financial assets measured at amortized cost(government bonds)	834	817
Other accounts receivable	15,627	49,023

### (3) Liquidity risk

Liquidity risk is defined as the risk that the Group's short-term debt cannot be met in a timely manner due to deterioration in the business environment or financial market. The Group constantly monitors its liquidity forecasts to avoid violating borrowing limits or commitments in order to maintain unused borrowing limits at an appropriate level and to meet operating capital demand. In forecasting liquidity, the Group also

considers external laws and legal requirements, such as its financing plans, contractual compliance, internal financial ratios and currency restrictions.

Meanwhile, as of the end of the reporting period, the contractual amounts of non-discounted financial liabilities with net liquidity that are classified by the remaining maturity from the end of the reporting period to the contract maturity date are as follows. The cash flows shown in the table below are not discounted at present value and include interest payments.

(Unit: KRW million)

Classification	2020.12.31				
	Total	Less than 1 year	2 years or less	5 years or less	Over 5 years
Non-derivatives					
Trade payables	516,303	516,303	-	-	-
Other accounts payable	198,458	197,452	182	51	773
Borrowings(excluding lease liabilities)	2,345,900	2,068,907	227,086	31,344	18,563
Lease liabilities	57,402	15,254	12,694	22,004	7,450
Financial guarantee contracts	849,884	849,884	-	-	-
Total non-derivatives	3,967,947	3,647,800	239,962	53,399	26,786
Derivatives					
Derivatives for trading	4,632	4,632	-	-	-

(Unit: KRW million)

Classification	2019.12.31				
	Total	Less than 1 year	2 years or less	5 years or less	More than 5 years
Non-derivatives					
Trade payables	455,779	455,779	-	-	-
Other accounts payable	215,390	212,857	684	864	985
Borrowings(excluding lease liabilities)	2,728,236	2,164,206	313,029	224,354	26,647
Lease liabilities	68,237	15,038	13,054	32,771	7,374
Financial guarantee contracts	924,544	924,544	-	-	-
Total non-derivatives	4,392,186	3,772,424	326,767	257,989	35,006
Derivatives					
Derivatives for trading	3,160	3,160	-	-	-

#### (4) Capital risk management

The aim of the capital management of the Group as a going entity is to consistently provide the profits to stakeholders and parties concerned and maintain the most appropriate system for the structure of capital for reducing capital costs.

In order to maintain or adjust the capital structure, the Group may consider adjusting the dividends paid to shareholders and issuing new shares and selling assets to reduce debt.

The Group manages equity based on the capital adequacy ratio. The capital adequacy ratio is calculated by dividing the net liabilities by the total assets. The net liabilities are the total borrowings minus cash and cash equivalents, and the total assets are the sum of the equity and the net liabilities on the consolidated statement of financial position.

The capital adequacy ratio as of the end of the reporting period is as follows.

(Unit: KRW million)

Classification	2020.12.31	2019.12.31
Total borrowings	2,239,261	2,618,721
Deduction: cash and cash equivalents	(269,062)	(391,941)
Net liabilities(A)	1,970,199	2,226,780
Total equity(B)	2,136,231	1,945,099
Total assets (C)=(A)+(B)	4,106,430	4,171,879
Capital adequacy ratio(A)/(C)	47.98%	53.38%

## (5) Risk management

### ■ Steel

The Company is fully committed to foreign exchange risk management with the aim of minimizing risks caused by foreign exchange rate fluctuations in foreign currency assets and liabilities. In particular, as the amount of imports is greater than the amount of exports, the Company's risk increases when the won depreciates. To reduce the risks associated with the rise in the value of foreign currency, the Company is trading derivative financial instruments such as forward exchange.

The Company stipulates the organization of the Foreign Exchange Risk Management Committee to manage foreign exchange risks. Its main contents are as follows:

- ① Foreign currency trading is based on real trading and bans speculative trading.
- ② Based on foreign currency import and expenditure plan, HEDGE ratio to foreign exchange exposure is set and operated by the Foreign Exchange Risk Management Committee or internal approval procedures .
- ③ Related matters are managed and operated by the department in charge.

#### ■ Transportation

Its overall risk management policy places a focus on the unpredictability of the financial markets and emphasizes minimization of any effects that may impact its financial performance in a potentially adverse manner. In close cooperation with front offices, the treasury department identifies, evaluates and hedges financial risks. The Board of Directors provides a documented policy concerning not only specific areas such as any investment exceeding certain thresholds in terms of exchange, interest rate, credit, and liquidity risks but also overall risk management.

#### ■ Trade

The trade agency and distribution business of steel are highly dependent on the economic condition of the U.S.A., the change of international steel price, and disputes in trade among countries. In particular, Dumping margins accrued from the anti-dumping tariff of the U.S.A. have a huge impact on the Company's profit; the Company responds to the American anti-dumping tariff with a close collaboration with the departments of international trade in Korea.

#### ■ IT

It is mainly exposed to financial risks caused by fluctuations in exchange rates and interest rates. In order to manage the risks, the Company internally measures currency risks against the Korean Won's exchange rate fluctuations and concludes derivative contracts to manage interest rates and foreign currency risks.

## 7. Current status on derivatives transactions

### ■ Steel

#### ○ Holding company (Dongkuk Steel Mill Co., Ltd.)

(USD: thousand, KRW: million)

Bank	Products	Date of Contract Signing	Date of expiration	Contract amount - gains or losses on transactions	Gains or losses on derivatives transactions	Contract amount -gains or losses on valuation	Gains or losses on derivatives valuation
SC Bank	Currency forward	2019.05.30	2021.07.29	USD 40,000	1,951	USD 20,000	(1,611)
Woori Bank		2019.06.24	2020.12.21	USD 30,000	1,567	-	-
KDB		2019.06.14	2021.08.23	USD 118,000	3,558	USD 38,000	(2,963)
Total				USD 188,000	7,076	USD 58,000	(4,574)

With the purpose of avoiding risks of exchange rate fluctuation related to the trade payables and short-term borrowings in foreign currencies, currency forward contracts have been entered into with financial institutions. The gains and losses on derivatives transactions are KRW 8,398 million and KRW 1,322 million, respectively, and the gains and losses on derivatives valuation are KRW 1 million and KRW 4,575 million, respectively.

### ■ Transportation division

#### ○ Intergis Co., Ltd.

(USD: thousand, KRW: million)

Contract party	Product	Date of signing	Date of expiration	Contract amount - gains or losses on transactions	Gains or losses on derivatives transactions	Contract amount - gains or losses on valuation	Gains or losses on derivatives valuation
Kyobo securities	Commodity forward	2020.01.29	2020.12.31	USD 5,308	(87)	-	-
Hana Financial Investment	Commodity forward	2020.10.02	2020.12.31	USD 497	14	-	-
BNK Investment & Securities	Currency forward	2019.12.16	2020.03.26	USD 5,000	(383)	-	-
Woori Bank	Interest rate swap	2019.10.18	2020.10.30	KRW 24,000	(277)	-	-
KEB Hana Bank	Interest rate swap	2017.09.27	2020.09.27	KRW 5,400	(12)	-	-
Total (USD)				10,805	-	-	-
Total (KRW)				29,400	(745)	-	-

Derivatives contracts were signed for the purpose of avoiding the risk of unit price fluctuations such as inventory purchases, freight rates, and bunkers. Gains on derivatives transactions and losses on derivatives transactions announced during the current year are KRW251 million and KRW996 million, respectively. There is no balance of derivatives as of the date of preparation of the disclosure documents.

## ■ IT

### ○ Dongkuk Systems Co., Ltd.

(Foreign currencies: thousand, KRW: million)

Contract party	Product	Date of signing	Date of expiration	Contract amount - gains or losses on transactions	Gains or losses on derivatives transactions	Contract amount - gains or losses on valuation	Gains or losses on derivatives valuation
Shinhan Bank	Currency forward	2019.12.18	2020.02.10	USD 1,128	34	-	-
KB Kookmin Bank	Currency forward	2020.01.06~ 2020.11.16	2020.01.28~ 2021.01.04	USD 9,507	146	USD 130	(2)
Samsung Futures	Futures	2019.12.16~ 2020.12.31	2020.01.01~ 2020.12.31	USD 26,270	(230)	-	-
			2020.01.01~ 2020.12.31	EUR 8,290	23	-	0
Total				USD 36,906	(27)	USD 130	(2)
				EUR 8,290		-	

As of the end of the reporting period, the contracts on futures and forward exchange were signed for the purpose of minimizing the gains or losses on foreign exchange

differences in foreign currency transactions. Gains on derivatives transaction were KRW 473 million, and losses on derivatives transactions were KRW 500 million. Losses on derivatives valuation were KRW 2 million.

## **8. Major contracts for business**

### **■ Steel**

○ Holding company (Dongkuk Steel Mill Co., Ltd.)

#### **A. MOU for long-term procurement of HRC(hot coil)**

\* Contract counterparty: Benxi Iron & Steel, China

\* Contract period: Jan. 2016 ~ Dec. 2018

\* Purchasing quantity: 240 thousand tons in total

\*Contract purpose and contents: Achieve stable procurement and production cost competitiveness of high-value raw materials through HRC long-term supply contract

#### **B. MOU for long-term procurement of HRC(hot coil)/CR(cold rolled coil)**

\* Contract counterparty: Benxi Iron & Steel, China

\* Contract period: Jan. 2019 ~ Dec. 2019

\* Purchasing quantity: 240 thousand tons in total

\* Contract period: Jan. 2020 ~ Dec. 2020

\* Purchasing quantity: 240 thousand tons in total

\*Contract purpose and contents: Achieve stable procurement and production cost competitiveness of high-value raw materials through HRC/CR long-term supply contract

#### **C. MOU for HRC(hot coil)**

\* Contract counterparty: POSCO

- \* Contract period: Jan. 2019 ~ Dec. 2019
- \* Purchasing quantity: 840 thousand tons in total
- \* Contract period: Jan. 2020 ~ Dec. 2020
- \* Purchasing quantity: 720 thousand tons in total
- \*Contract purpose and contents: Achieve stable procurement and production cost competitiveness of high-value raw materials through HRC long-term supply contract

#### D. MOU for HRC(hot coil)

- \* Contract counterparty: JFE Steel
- \* Contract period: Jan. 2018 ~ Dec. 2018
- \* Purchasing quantity: 250 thousand tons in total
- \* Contract period: Jan. 2020 ~ Dec. 2020
- \* Purchasing quantity: 250 thousand tons in total
- \*Contract purpose and contents: Achieve stable procurement and production cost competitiveness of high-value raw materials through HRC long-term supply contract

#### E. MOU for HRC(hot coil)

- \* Contract counterparty: Bao Steel, China
- \* Contract period: Oct. 2016 ~ Dec. 2019
- \* Purchasing quantity: 150 thousand tons in total
- \* Contract period: Jan. 2020 ~ Dec. 2020
- \* Purchasing quantity: 150 thousand tons in total
- \*Contract purpose and contents: Achieve stable procurement and production cost competitiveness of high-value raw materials through HRC long-term supply contract

#### F. CSP Slab Off-take Contract

- \* Contract counterparty: CSP
- \* Contract period: September 18, 2012
- \* Contract period: the commercial production date ~ Jan. 2018
- \* Procuring quantity: 1.6 million tons annually



\*Contract purpose and contents: Secure competitiveness of production cost of the thick plate by procuring SLAB of high-level steel stably for a long period of time with a discounted price

#### G. MOU for SLAB

\* Contract Counterparty: JFE

\* Contract period: Jan. 2018 ~ Dec. 2018

\* Procuring quantity: 0.8 million tons annually

\* Contract purpose and contents: Secure competitiveness of production cost of the thick plate by procuring SLAB of high-level steel stably for a long period of time with a discounted price

#### H. MOU for SLAB

\* Contract counterparty: JFE

\*Contract period: Jan. 2019 ~ Dec. 2019

\* Procuring quantity: 0.8 million tons in total

\*Contract period: Jan. 2020 ~ Dec. 2020

\* Procuring quantity: 0.8 million tons in total

\*Contract purpose and contents: Secure competitiveness of production cost of the thick plate by procuring SLAB of high-level steel stably for a long period of time with a discounted price

#### I. MOU for SLAB

\* Contract counterparty: CSP

\* Contract period: Feb. 2018 ~ Jan. 2019

\* Procuring quantity: 0.3 million tons in total

\* Contract period: Jan. 2019 ~ Jan. 2020

\* Procuring quantity: 0.3 million tons in total

\*Contract purpose and contents: Secure competitiveness of production cost of the thick plate by procuring SLAB of high-level steel stably for a long period of time with a discounted price

## J. MOU for HRC(HOT COIL)

\* Contract counterparty : Baowu Steel

\* Contract period : Jan. 2020 ~ Dec. 2020

\* Procuring quantity : 150 thousand tons in total

\* Contract purpose and contents : Secure a stable procurement of HRC and cost competitiveness

## ■ Transportation

### ○ Intergis Co., Ltd.

Classification	Date of signing	Contents of the contract	Counterparty	Amount	Remarks
Real estate (land) transfer contract (Part of 633-8,633-3, Amnam-dong, Seo-gu, Busan)	2020.11.20	Contract on transfer of tangibles assets	Amnam Logistics Development Co., Ltd.	KRW 30,000 million	The counterparty was changed as of Dec. 16, 2020.
Real estate (land) transfer contract (1202-1, Munhyeon-dong, Nam-gu, Busan, and other 11 areas)	2020.07.03	Contract on transfer of tangible assets	KCK Development Co., Ltd.	KRW 31,000 million	The counterparty was changed as of Sep. 3, 2020
Intergis TLS platform building	2018.04.16 (~ 2020.03.31)	IT platform deployment	Dongkuk Systems Co., Ltd..	KRW 5,952 million	The corporate name changed from DK UNC Co., Ltd. to Dongkuk Systems Co., Ltd.
Convertible bond contract	2015. 08. 31 (~2020.08.31 )	CB issue	Linderman Global		KRW 7 billion fully repaid in Jul. 2019
Convertible bond contract	2015. 08. 12 (~2020.08.12 )	CB issue	Synergy partners	-	KRW 5 billion fully repaid in Aug. 2017

## 9. R&D

## ■ Steel

### ○ Holding Company (Dongkuk Steel Mill Co., Ltd.)

## A. R&D overview

### (1) R&D organizations

- R&D Center (Research Support Team, Steel Research Team, Bar/Section Steel Research Team, Hot-rolled Facility Technology Team, Cold-rolled Facility Technology Team, Material Research Team, Color Research Team, Smart Logistics TF, S1 CCL Extension TF)

### (2) R&D cost

(Unit: KRW million)

Account		2020	2019	2018	Remarks
Labor		5,445	5,490	5,438	-
Depreciation		1,668	1,730	1,657	-
Outsourcing		297	247	396	-
Etc.		2,877	2,768	3,173	-
R&D total		10,287	10,235	10,664	-
Accounting	Selling, general and administrative expenses	10,287	10,235	10,664	-
R& D Expense / sales ratio [Total R& D cost ÷ sales×100]		0.2%	0.2%	0.2%	-

## B. R&D performance

Classification	Project	Expected effect	Research institution
Steel making Bar/Section steel	Research on technology to improve the quality of semi-finished products of casting	* Cost reduction	Internal
	Development of molten steel superheat optimization technology	* Cost reduction	Internal
	Development of LF process automation system	* Cost reduction	Internal
	Heating furnace Level2 system construction and model development	* Cost reduction	Internal
	Development of □-shaped steel	* Cost reduction	Internal
	heating furnace automatic control	* Cost reduction	Internal

Classification	Project	Expected effect	Research institution
	system construction		
Cold-rolled Zinc-coated Color	Development and stabilization of ultra-high strength steel products	* Order increase	Internal
	Development of thin high-function ceramic steel plate grater	* Order increase	Internal
	Development of natural stone pattern texture steel plate	* Promotion in progress	Internal
	Development of high transparent clear steel plate	* Promotion in progress	Internal
	Development of multi surface print steel plate	* Order increase	Internal

## ■ Transportation

### ○ Intergis Co., Ltd.

There is no separate organization for research and development, but the business development part in the planning team is in charge of expanding logistics network, conducting research activities related to entering the global market, and developing business models for new businesses.

In addition, to prepare for the 4th industrial revolution, the company is accelerating the development of advanced logistics solutions by planning on SCM business strategies and the integrated logistics platform. The planning team of Intergis Co., Ltd. consists of 6 people, and the new investment-related work is reviewed by 3 people.

### **III. Financial Matters**

#### **1. Summary of financial information**

- ※ The 66th Period(previous period) : K-IFRS No. 1116, No. 1115, and No. 1109 applied  
The 65th Period(the period prior to the previous period) : K-IFRS No. 1115, and No. 1109 applied
  
- ※ The below summary of the consolidated/Unconsolidated financial information is the financial statements before the approval of the general shareholders' meeting, and will reflect the details and reasons in the correction report if the agenda for approval on the financial statements is rejected or amended.

#### **A. Summary of the consolidated financial information**

(Unit: KRW million)

Classification	2020	2019	2018
	As of the end of Dec. 2020	As of the end of Dec. 2019	As of the end of Dec. 2018
[Current assets]	1,781,475	1,940,821	2,164,161
Cash and cash equivalents	269,062	391,941	343,099
Deposits in financial institutions	173,555	29,931	40,653
Trade receivables	631,159	667,652	802,797
Inventories	652,975	775,129	879,409
Etc.	54,724	76,168	98,203
[Non-current assets held for sale]	64,766	-	9,700
[Non-current assets]	3,572,298	3,498,187	3,556,361
Tangible assets	3,351,418	3,254,802	3,396,462
License assets	51,491	61,820	-
Intangible assets	52,557	52,320	75,971
Investment properties	55,877	33,959	1,343
Investment in associates and joint ventures	3,693	27,865	24,884
Etc.	57,262	67,421	57,701
Total assets	5,418,539	5,439,008	5,730,222
[Current liabilities]	2,805,753	2,849,257	3,229,128
[Non-current liabilities]	476,555	644,652	468,852
Total liabilities	3,282,308	3,493,909	3,697,980
[Ownership interest of the holding company]	2,033,191	1,849,661	1,925,675
Paid-in capital	690,953	690,953	690,953
Retained earnings	448,494	400,290	483,842
Accumulated other comprehensive income or loss	49,723	(85,248)	(92,786)
Other equity elements	844,021	843,666	843,666
[Non-controlling interest]	103,040	95,438	106,567
Total equity	2,136,231	1,945,099	2,032,242
	Jan.~Dec. 2020	Jan.~Dec. 2019	Jan.~Dec. 2018
Sales	5,206,192	5,658,431	5,964,931
Operating income(loss)	294,698	164,555	144,961
Consolidated net income(loss)	69,455	(81,691)	(304,482)
Net income(loss) attributable to the holding company's ownership equity	65,095	(68,509)	(297,855)
Net income(loss) attributable to non-controlling interest	4,360	(13,182)	(6,627)
Basic earnings per share (KRW)	700	(725)	(3,157)
Diluted earnings per share (KRW)	700	(725)	(3,157)

Classification	2020	2019	2018
The number of companies included in consolidation	27	28	26

## B. Summary of separate financial information

(Unit: KRW million)

Classification	2020	2019	2018
	As of the end of Dec. 2020	As of the end of Dec. 2019	As of the end of Dec. 2018
[Current assets]	1,370,439	1,525,735	1,815,969
Cash and cash equivalents	151,609	302,447	284,300
Deposits in financial institutions	146,866	349	8,626
Trade receivables	501,652	541,656	722,265
Inventories	553,896	639,861	735,736
Etc.	16,416	41,422	65,042
[Non-current assets held for sale]	34,560	-	9,700
[Non-current assets]	3,844,539	3,808,556	3,918,039
Tangible assets	2,919,726	2,905,750	3,085,174
Intangible assets	39,607	44,437	46,766
License assets	81,941	106,023	-
Investment properties	14,295	1,366	1,366
Investment in subsidiaries and associates	742,839	698,240	742,822
Etc.	46,131	52,740	41,911
Total assets	<b>5,249,538</b>	<b>5,334,292</b>	<b>5,743,708</b>
[Current liabilities]	2,520,165	2,538,039	2,913,603
[Non-current liabilities]	366,370	543,199	431,579
Total liabilities	<b>2,886,535</b>	<b>3,081,238</b>	<b>3,345,182</b>
[Paid-in capital]	690,953	690,953	690,953
[Accumulated other comprehensive income or loss]	320,011	209,725	210,521
[Other equity components]	776,315	775,960	775,960
[Retained earnings]	575,724	576,416	721,092
Total equity	<b>2,363,003</b>	<b>2,253,054</b>	<b>2,398,526</b>
Evaluation method for equity investment in subsidies, associates, and joint ventures	Cost Method	Cost Method	Cost Method
	Jan.~Dec. 2020	Jan.~Dec. 2019	Jan.~Dec. 2018
Sales	4,613,656	5,055,409	5,364,846
Operating income	248,698	133,745	113,519
Net income (loss)	19,109	(129,997)	(444,923)

Classification	2020	2019	2018
Basic earnings per share (KRW)	206	(1,375)	(4,716)
Diluted earnings per share (KRW)	206	(1,375)	(4,716)

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**III.2~III.5**  
**skipped**  
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## 6. Other financial information

### A. Matters concerning re-preparation of the financial statements

#### (1) Re-preparation of financial statements

N/A for the disclosure period(recent 3 business years)

#### (2) Matters concerning M&A

N/A for the disclosure period(recent 3 business years)

(3)Matters concerning accounting procedures for asset sales and contingent liabilities related to asset securitization

Please refer to the " Notes to the Consolidated Financial Statements" and the " Notes to the Financial Statements" for other matters concerning accounting procedures for asset sales and contingent liabilities related to asset securitization.

#### (4) Other matters concerning the use of the financial statements

Please refer to the " Notes to the Consolidated Financial Statements" and the " Notes to the Financial Statements" for other matters to be noted for the financial statements.

### B. Status on Provisions for loss



(1) As of the end of the reporting period, the book value and allowance for doubtful accounts for trade receivables and other accounts receivable are as follows.

(Unit: KRW million)

Classification	2020.12.31				
	Amount of receivables	Allowance for doubtful accounts	Present value discount	Book value	Provision ratio
Current portion of trade receivables	675,538	(44,379)	-	631,159	6.6%
Non-current portion of trade receivables	-	-	-	-	-
Current portion of other accounts receivable	16,175	(10,687)	-	5,488	66.1%
Non-current portion of other accounts receivable	11,200	-	(1,061)	10,139	-

(Unit: KRW million)

Classification	2019.12.31				
	Amount of receivables	Allowance for doubtful accounts	Present value discount	Book value	Provision ratio
Current portion of trade receivables	714,181	(46,529)	-	667,652	6.52%
Non-current portion of trade receivables	6,657	(6,657)	-	-	100.00%
Current portion of other accounts receivable	47,862	(10,851)	-	37,011	22.67%
Non-current portion of other accounts receivable	12,805	-	(793)	12,012	-

(Unit: KRW million)

Classification	2018.12.31				
	Amount of receivables	Allowance for doubtful accounts	Present value discount	Book value	Provision ratio
Current portion of trade receivables	823,560	(20,763)	-	802,797	2.52%
Non-current portion of trade receivables	-	-	-	-	-

Classification	2018.12.31				
	Amount of receivables	Allowance for doubtful accounts	Present value discount	Book value	Provision ratio
Current portion of other accounts receivable	34,992	(4,643)	(53)	30,296	13.27%
Non-current portion of other accounts receivable	31,323	-	(7,228)	24,095	-

As of the end of the reporting period, there is no significant difference between the fair value and the book value of trade receivables and other accounts receivables.

## (2) Changes in allowance for doubtful accounts in recent business years

(Unit: KRW million)

Classification	2020	2019	2018
Beginning balance	64,036	25,406	38,430
Bad debt expenses(reversal)	(7,936)	31,100	5,940
Write-off	(952)	(300)	(19,013)
Changes in the scope of consolidation	-	7,739	-
Differences in foreign currency conversion, etc.	(82)	91	49
Ending balance	55,066	64,036	25,406

The allowance set or reversed for impaired receivables is included in selling, general and administrative expenses and other expenses in the consolidated income statement. Loss provisions are generally written off if there is no additional possibility of recovering cash.

## (3) Loss provision policy

The Group applies a simple method of recognizing the expected credit loss for the entire period as a loss provision for trade receivables and contract assets.

To measure expected credit loss, trade receivables and contract assets are classified based on credit risk characteristics and due dates. Since the contract assets related to transportation service have similar risks to those of the trade

receivables arising from the same type of contracts, the Group determined that the loss ratio of trade receivables is a reasonable estimate for the loss rate of the contract assets.

The expected credit loss ratio is calculated based on the verified past credit loss information, and the past loss information is adjusted to reflect the current and future macroeconomic forecast information that will affect the customer's ability to perform debt.

(4) Balance of trade receivables by overdue period as of the end of the reporting period

(Unit: KRW million)

Classification	2020.12.31	2019.12.31	2018.12.31
Normal	613,262	603,536	684,625
Overdue but not impaired(*)			
3 months or less	19,639	52,408	118,448
Over 3 months~6 months	1,627	3,474	3,630
Over 6 months~12 months	1,204	1,470	1,296
Over 12 months	1,450	1,243	804
Sub-total	23,920	58,595	124,178
Impaired	38,356	58,707	14,757
Total	675,538	720,838	823,560

(\*) The receivables overdue but not impaired are related to various independent business counterparts without recent bankruptcy records.

## C. Status on inventories

(1) Inventories in recent business years by division

(Unit: KRW million)

Division	Item	2020	2019	2018
Steel	1. Products	230,052	224,666	241,806
	2. Goods	17,935	34,716	17,693
	3. Semi-finished products	76,883	117,136	83,811
	4. Raw materials and sub-materials	215,483	264,297	255,535
	5. Goods in storage	11,612	16,423	73,645

Division	Item	2020	2019	2018
	6. Goods in transit	48,410	53,640	134,103
	7. Other inventories	5,276	4,772	4,392
	Sub-total	605,651	715,650	810,985
Transportation	1. Products	-	-	-
	2. Goods	-	-	-
	3. Semi-finished products	-	-	-
	4. Raw materials and sub-materials	-	-	-
	5. Goods in storage	1,330	1,084	1,293
	6. Goods in transit	-	-	2,131
	7. Other inventories	381	2,462	502
	Sub-total	1,711	3,546	3,926
Trade	1. Products	25,920	33,919	35,141
	2. Goods	7,836	12,601	16,712
	3. Semi-finished products	-	-	-
	4. Raw materials and sub-materials	-	-	-
	5. Goods in storage	-	-	-
	6. Goods in transit	-	-	-
	7. Other inventories	6	13	32
	Sub-total	33,762	46,533	51,885
Etc.	1. Products	-	-	-
	2. Goods	9,790	8,335	9,060
	3. Semi-finished products	-	-	-
	4. Raw materials and sub-materials	-	-	-
	5. Goods in storage	82	-	-
	6. Goods in transit	1,979	1,065	3,553
	7. Other inventories	-	-	-
	Sub-total	11,851	9,400	12,613
Total	1. Products	255,972	258,585	241,806
	2. Goods	35,561	55,651	43,465
	3. Semi-finished products	76,883	117,136	83,811
	4. Raw materials and sub-materials	215,483	264,297	255,535
	5. Goods in storage	13,024	17,507	74,938
	6. Goods in transit	50,389	54,705	174,928

Division	Item	2020	2019	2018
	7. Other inventories	5,663	7,248	4,926
	Total	652,975	775,129	879,409
The ratio of inventories to total assets (%) [total inventories ÷ total ending assets×100]		12.1%	14.3%	15.3%
A turnover ratio of inventories (number of times) [annually converted cost of sales÷{(beginning inventories + ending inventories)÷2}]		6.5 times	6.2 times	6.6 times

※ The amounts shown above do not include the internal transactions among consolidated companies.

## (2) Physical counting on inventories

- Date of physical counting for the holding company (Dongkuk Steel Mill Co., Ltd.):  
2021.01.05 ~ 2021.01.12

Date of physical counting for a major subsidiary (Dongkuk Systems Co., Ltd.):  
2021.01.02

- The physical counting is conducted at the beginning of each year in the presence of auditors. The inventory of the Company has been determined by the continuation method and the actual inventory survey as of the date of the financial statements. It is evaluated based on the cost calculated by the monthly total average method (the individual method for goods in transit).

- According to the internal regulations of each consolidated company, auditing is conducted each quarter or at the end of June and December.

## D. Fair value assessment

### (1) Fair value of financial instruments

The book value and fair value of financial instruments are as follows.

(Unit: KRW million)

Classification	2020.12.31		2019.12.31	
	Book value	Fair value	Book value	Fair value
Financial assets				

Classification	2020.12.31		2019.12.31	
	Book value	Fair value	Book value	Fair value
Cash and cash equivalents	269,062	269,062	391,941	391,941
Deposits in financial institutions	183,868	183,868	40,070	40,070
Trade receivables	631,159	631,159	667,652	667,652
Other accounts receivable(*1)	15,627	15,627	47,227	47,227
Other financial assets				
Financial assets at amortized cost	834	834	817	817
Financial assets measured at FVTOCI	13,135	13,135	15,138	15,138
Financial assets measured at FVTPL	6,908	6,908	3,310	3,310
Derivative financial assets	-	-	90	90
Sub-total	1,120,593	1,120,593	1,155,641	1,155,641
Financial liabilities				
Trade payables	516,303	516,303	455,779	455,779
Borrowings(*2)	2,239,261	2,239,261	2,618,721	2,618,721
Other accounts payable	198,229	198,229	214,932	214,932
Other financial liabilities				
Derivative financial liabilities	4,632	4,632	3,160	3,160
Sub-total	2,958,425	2,958,425	3,292,592	3,292,592

(\*1) KRW 1,796 million of lease receivables were excluded in the previous period.

(\*2) With the application of K-IFRS No.1116 'Lease', lease liabilities are presented separately, excluded from borrowings, from the previous period(see Note 12).

## (2) Fair value hierarchy

Items measured or disclosed at fair value are classified in accordance with the fair value hierarchy, and the defined levels are as follows.

Classification	Contents
Level 1	Quoted (unadjusted) market prices in active market with access to identical assets or liabilities at the measurement date.
Level 2	Fair value measured with Input variables that can be observed directly or indirectly for assets or liabilities other than the quoted price of Level 1
Level 3	Fair value measured with unobservable input variables for assets or liabilities

The fair value hierarchy of the financial assets and financial liabilities measured or

disclosed at fair value as of the end of the reporting period are as follows.

(Unit: KRW million)

Classification	2020.12.31			
	Level 1	Level 2	Level 3	Total
Financial instruments measured at fair value				
Financial assets measured at FVTOCI	10,885	-	2,250	13,135
Financial assets measured at FVTPL	409	6,057	442	6,908
Derivative financial assets	-	-	-	-
Derivative financial liabilities	-	4,632	-	4,632
Non-financial instruments measured at non-repetitive fair value				
Land(tangible assets)	-	-	1,522,041	1,522,041
Non-financial instruments with disclosed fair value				
Investment properties	-	-	69,381	69,381
Classification	2019.12.31			
	Level 1	Level 2	Level 3	Total
Financial instruments measured at fair value				
Financial assets measured at FVTOCI	12,633	-	2,505	15,138
Financial assets measured at FVTPL	-	2,877	433	3,310
Derivative financial assets	90	-	-	90
Derivative financial liabilities	-	3,160	-	3,160
Non-financial instruments measured at non-repetitive fair value				
Land(tangible assets)	-	-	1,302,296	1,302,296
Non-financial instruments with disclosed fair value				
Investment properties	-	-	55,647	55,647

### (3) Valuation techniques and input variables

The Group uses the following valuation techniques and the input variables regarding fair values classified as Level 2 and Level 3 in the fair value hierarchy.

(Unit: KRW million)

2020.12.31	Fair value	Level	Valuation technique	Input variables	Range of input variables
Financial assets measured at FVTOCI					
Unlisted shares, etc.	2,250	3	Cash flow discount model	Discount rate	-
Financial assets measured at FVTPL					
Beneficiary certificates	6,057	2	Cash flow discount model	Discount rate	-
Debt securities	442	3	Cash flow discount model	Discount rate	-
Derivative financial liabilities	4,632	2	Cash flow discount model, etc.	Quoted price of futures, etc.	-
Tangible assets					
Land(tangible assets)	1,522,041	3	Public noticed land price method	Individual factors	1.0
Investment properties					
Land	69,072	3	Public noticed land price method	Individual factors	1.0
Buildings	309	3	Re-procurement cost method	Residual depreciation rate	-
2019.12.31	Fair value	Level	Valuation technique	Input variables	Range of input variables
Financial assets measured at FVTOCI					
Unlisted shares, etc.	2,505	3	Cash flow discount model	Discount rate	-
Financial assets measured at FVTPL					
Beneficiary certificates	2,877	2	Cash flow discount model	Discount rate	-
Debt securities	433	3	Cash flow discount model	Discount rate	-
Derivative financial liabilities	3,160	2	Cash flow discount model, etc.	Quoted price of futures, etc.	-
Tangible assets					
Land(tangible assets)	1,302,296	3	Public noticed land price method	Individual factors	1.0
Investment properties					
Land	52,587	3	Public noticed land price method	Individual factors	1.0
Buildings	3,060	3	Re-procurement cost	Residual	-



2019.12.31	Fair value	Level	Valuation technique	Input variables	Range of input variables
			method	depreciation rate	

#### (4) Valuation procedures for fair value measurements classified as Level 3

The Group measures the fair value for financial reporting purposes, and these measurements include the fair value measurements classified as Level 3

#### E. Issuance of debt securities

(As of Dec. 31, 2020)

(Unit: KRW million, %)

Issuer	Type	Issuance method	Issuance date	Total par value(electronic registration)	Interest rate	Credit Rating (Credit Rating Agency)	Maturity	Redeemed or not	Lead manager
Dongkuk Steel Mill Co., Ltd.	Corporate paper securities	Private	2020.03.23	10,000	4.30%	-	2020.06.23	Yes	IBK Capital
Dongkuk Steel Mill Co., Ltd.	Corporate paper securities	Private	2020.06.23	10,000	4.30%	-	2020.09.23	Yes	IBK Capital
Dongkuk Steel Mill Co., Ltd.	Corporate paper securities	Private	2020.04.20	7,100	5.50%	-	2020.07.17	Yes	Hanyang Securities
Dongkuk Steel Mill Co., Ltd.	Corporate paper securities	Private	2020.04.23	1,500	5.50%	-	2020.07.23	Yes	Hanyang Securities
Dongkuk Steel Mill Co., Ltd.	Corporate paper securities	Private	2020.04.21	3,000	5.50%	-	2020.07.21	Yes	Hanyang Securities
Dongkuk Steel Mill Co., Ltd.	Corporate paper securities	Private	2020.05.15	3,800	5.50%	-	2020.08.14	Yes	Hanyang Securities
Dongkuk Steel Mill Co., Ltd.	Corporate paper securities	Private	2020.05.06	3,100	5.50%	-	2020.08.06	Yes	Hanyang Securities
Dongkuk Steel Mill Co., Ltd.	Corporate paper securities	Private	2020.05.12	5,000	5.50%	-	2020.08.12	Yes	Hanyang Securities
Dongkuk Steel Mill Co., Ltd.	Corporate paper securities	Private	2020.05.19	5,500	5.50%	-	2020.08.19	Yes	Hanyang Securities
Dongkuk Steel Mill	Corporate paper	Private	2020.06.08	4,500	5.50%	-	2020.09.08	Yes	KB Investment Securities

Co., Ltd.	securities								
Dongkuk Steel Mill Co., Ltd.	Corporate paper securities	Private	2020.06.10	8,000	5.35%	-	2020.09.10	Yes	Hanyang Securities
Dongkuk Steel Mill Co., Ltd.	Corporate paper securities	Private	2020.06.05	15,600	5.50%	-	2020.09.04	Yes	Hanyang Securities
Dongkuk Steel Mill Co., Ltd.	Corporate paper securities	Private	2020.06.10	5,000	5.35%	-	2020.09.10	Yes	Head Office of Shinhan Financial Investment
Dongkuk Steel Mill Co., Ltd.	Corporate paper securities	Private	2020.06.24	6,000	5.20%	-	2020.09.24	Yes	Hanyang Securities
Dongkuk Steel Mill Co., Ltd.	Corporate paper securities	Private	2020.06.24	5,500	5.30%	-	2020.09.24	Yes	KB Investment Securities
Dongkuk Steel Mill Co., Ltd.	Corporate paper securities	Private	2020.09.23	10,000	4.20%	-	2020.12.23	Yes	IBK Capital
Dongkuk Steel Mill Co., Ltd.	Corporate paper securities	Private	2020.09.08	4,500	4.30%	-	2020.12.08	Yes	KB Investment Securities
Dongkuk Steel Mill Co., Ltd.	Corporate paper securities	Private	2020.09.10	5,000	4.30%	-	2020.12.10	Yes	Head Office of Shinhan Financial Investment
Dongkuk Steel Mill Co., Ltd.	Corporate paper securities	Private	2020.09.24	5,500	4.25%	-	2020.12.24	Yes	KB Investment Securities
Dongkuk Steel Mill Co., Ltd.	Corporate paper securities	Private	2020.07.10	15,000	4.60%	-	2020.10.08	Yes	Hanyang Securities
Dongkuk Steel Mill Co., Ltd.	Corporate paper securities	Private	2020.07.24	20,000	4.55%	-	2020.10.26	Yes	SPV(Special Purpose Vehicle)
Dongkuk Steel Mill Co., Ltd.	Corporate paper securities	Private	2020.08.28	20,000	4.35%	-	2020.11.30	Yes	SPV
Dongkuk Steel Mill Co., Ltd.	Corporate paper securities	Private	2020.09.25	10,000	4.20%	-	2020.12.28	Yes	SPV
Dongkuk Steel Mill Co., Ltd.	Corporate bonds	Private	2019.07.31	10,000	4.70%	-	2021.01.31	No	KB Investment Securities
Dongkuk Steel Mill Co., Ltd.	Corporate bonds	Private	2019.09.27	25,000	4.50%	-	2021.03.27	No	KB Investment Securities
Dongkuk Steel Mill Co., Ltd.	Electronic Short-term Bonds	Private	2020.06.15	8,000	5.30%	-	2021.06.15	No	Hanyang Securities
Dongkuk Steel Mill Co., Ltd.	Corporate paper securities	Private	2020.12.23	10,000	4.00%	-	2021.03.23	No	IBK Capital
Dongkuk	Corporate	Private	2020.10.26	20,000	4.20%	-	2021.01.26	No	SPV

Steel Mill Co., Ltd.	paper securities								
Dongkuk Steel Mill Co., Ltd.	Corporate paper securities	Private	2020.11.30	20,000	4.20%	-	2021.03.02	No	SPV
Dongkuk Steel Mill Co., Ltd.	Corporate paper securities	Private	2020.12.28	10,000	4.00%	-	2021.03.29	No	SPV
Intergis Co., Ltd.	Corporate paper securities	Private	2020.02.13	5,000	4.25%	-	2020.05.14	Yes	IBK Capital
Intergis Co., Ltd.	Corporate paper securities	Private	2020.05.13	5,000	4.50%	-	2020.08.14	Yes	IBK Capital
Intergis Co., Ltd.	Corporate paper securities	Private	2020.08.13	5,000	4.00%	-	2020.11.16	Yes	IBK Capital
Intergis Co., Ltd.	Corporate bonds	Private	2020.01.23	5,000	6BBR+1.63%	-	2023.01.23	No	Kyongnam Bank
Intergis Co., Ltd.	Corporate paper securities	Private	2020.11.13	5,000	4.00%	-	2021.02.15	No	IBK Capital
Total	-	-	-	311,600	-	-	-	-	-

## (2) Details of bond management contracts

After completing the repayment of the Korean Won Public Offering Bond No. 81-2 as of October 23, 2017, there is no existing contract for bond management as of the end of the reporting period.

### (3)-1 Outstanding balance of commercial paper securities[consolidated]

(As of Dec. 31, 2020)

(Unit: KRW million)

Time to maturity		~ 10 days	Over 10 days ~ 30 days	Over 30 days ~ 90 days	Over 90 days ~ 180 days	Over 180 days ~ 1 year	Over 1 year ~ 2 years	Over 2 years ~ 3 years	Over 3 years	Total
Outstanding balance	Public offering	-	-	-	-	-	-	-	-	-
	Private offering	-	20,000	45,000	-	-	-	-	-	65,000
	Total	-	20,000	45,000	-	-	-	-	-	65,000

### (3)-2 Outstanding balance of commercial paper securities [unconsolidated]

(As of Dec. 31, 2020)

(Unit: KRW million)

Time to maturity		~ 10 days	Over 10 days ~ 30 days	Over 30 days ~ 90 days	Over 90 days ~ 180 days	Over 180 days ~ 1 year	Over 1 year ~ 2 years	Over 2 years ~ 3 years	Over 3 years	Total
Outstanding balance	Public offering	-	-	-	-	-	-	-	-	-
	Private offering	-	20,000	40,000	-	-	-	-	-	60,000
	Total	-	20,000	40,000	-	-	-	-	-	60,000

#### (4)-1 Outstanding balance of short-term bonds[consolidated]

(As of Dec. 31, 2020)

(Unit: KRW million)

Time to maturity		~ 10 days	Over 10 days ~ 30 days	Over 30 days ~ 90 days	Over 90 days ~ 180 days	Over 180 days ~ 1 year	Total	Issuance limit	Remaining limit
Outstanding balance	Public offering	-	-	-	-	-	-	-	-
	Private offering	-	-	-	8,000	-	8,000	-	-
	Total	-	-	-	8,000	-	8,000	-	-

#### (4)-2 Outstanding balance of short-term bonds[unconsolidated]

(As of Dec. 31, 2020)

(Unit: KRW million)

Time to maturity		~ 10 days	Over 10 days ~ 30 days	Over 30 days ~ 90 days	Over 90 days ~ 180 days	Over 180 days ~ 1 year	Total	Issuance limit	Remaining limit
Outstanding balance	Public offering	-	-	-	-	-	-	-	-
	Private offering	-	-	-	8,000	-	8,000	-	-
	Total	-	-	-	8,000	-	8,000	-	-

#### (5)-1 Outstanding balance of corporate bonds [consolidated]

(As of Dec. 31, 2020)

(Unit: KRW million)

Time to maturity		~ 1 year	Over 1 year ~ 2 years	Over 2 years ~ 3 years	Over 3 years ~ 4 years	Over 4 years ~ 5 years	Over 5 years ~ 10 years	Over 10 years	Total
Outstanding balance	Public offering	-	-	-	-	-	-	-	-
	Private offering	35,000	-	5,000	-	-	-	-	40,000
	Total	35,000	-	5,000	-	-	-	-	40,000

#### (5)-2 Outstanding balance of corporate bonds [unconsolidated]

(As of Dec. 31, 2020)

(Unit: KRW million)

Time to maturity		~ 1 year	Over 1 year ~ 2 years	Over 2 years ~ 3 years	Over 3 years ~ 4 years	Over 4 years ~ 5 years	Over 5 years ~ 10 years	Over 10 years	Total
Outstanding balance	Public offering	-	-	-	-	-	-	-	-
	Private offering	35,000	-	-	-	-	-	-	35,000
	Total	35,000	-	-	-	-	-	-	35,000

## (6) Outstanding balance of hybrid securities

(As of Dec. 31, 2019)

(Unit: KRW million)

Time to maturity		~ 1 year	Over 1 year ~ 5 years	Over 5 years ~ 10 years	Over 10 years ~ 15 years	Over 15 years ~ 20 years	Over 20 years ~ 30 years	Over 30 years	Total
Outstanding balance	Public offering	-	-	-	-	-	-	-	-
	Private offering	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-

## (7) Outstanding balance of conditional capital securities

(As of Dec. 31, 2018)

(Unit: KRW million)

Time to maturity		~ 1 year	Over 1 year ~ 2 years	Over 2 years ~ 3 years	Over 3 years ~ 4 years	Over 4 years ~ 5 years	Over 5 years ~ 10 years	Over 10 years~ 20 years	Over 20 years ~ 30 years	Over 30 years	Total
Outstanding balance	Public offering	-	-	-	-	-	-	-	-	-	-
	Private offering	-	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-	-

# IV. Directors' Management Diagnosis and Analytic Opinion

## 1. Precautions for prediction information

Activities, events, or phenomena that the Company expects to anticipate in the future in this Business Report reflect the Company's views on the events and financial performance at the time of writing the disclosure documents. The forecast information is based on various assumptions related to the future business environment, and these assumptions may turn out to be inaccurate as a result. In addition, these assumptions include risks, uncertainties, and other factors that can

lead to significant differences between the expected and actual results stated in the forecast information. Factors that can cause these important differences include, but are not limited to, factors related to the Company's internal management and factors related to the external environment. The Company is not obliged to disclose a correction report that corrects the items described in the forecast information to reflect the risk or uncertainty that occurs after the forecast information is prepared, and the Company cannot provide the confidence that the results or matters expected by the Company in the business report will be realized or the effects expected initially by the Company will actually take place.

## **2. Overviews**

As economies and industries around the world were hit hard by last year's COVID-19 pandemic crisis, the global steel demand still had a difficulty in fully recovering to the pre-pandemic levels. Economic activities in most countries resumed, but it was difficult to make up for the decline in steel demand that occurred during the lockdown period. The slowdown in global economic growth and high unemployment rates due to continued social distancing were also factors that slowed the recovery of steel demand.

In the case of the domestic steel market, the decline in demand was not significant due to the temporary effect of the Chinese government's stimulus for steel, but the collapse of the supply chain and the lack of labor had a major negative impact on the early stage of the pandemic. Fortunately, however, it was a year that suffered less damage compared to other businesses as the government started public projects to stimulate the economy,

Even in 2021, global steel demand, excluding China, is unlikely to fully recover to pre-pandemic levels. As low growth and uncertainties together with the pandemic of COVID-19 seem to dominate the environment of the Korean steel industry for years to come, the Company plans to focus on profit-oriented sales and cost reduction through thorough analysis and future forecasting, and it will also actively respond to

the intact environments. In addition to efforts to improve profitability in sales and production, the Company will strengthen business operation to improve the debt ratio.

### 3. Financial position and business performance

#### - Consolidated financial position

67th Period :as of Dec. 31, 2020

66th Period : as of Dec. 31, 2019

(Unit: KRW million)

Account	2020	2019	Increase/ Decrease	Increase/Decrease rate(%)
[Current assets]	1,781,475	1,940,821	-159,346	-8.2%
Cash and cash equivalents	269,062	391,941	-122,879	-31.4%
Deposits in financial institutions	173,555	29,931	143,624	479.9%
Trade receivables	631,159	667,652	-36,493	-5.5%
Inventories	652,975	775,129	-122,154	-15.8%
Etc.	54,724	76,168	-21,444	-28.2%
[Non-current assets held for sale]	64,766	-	64,766	-
[Non-current assets]	3,572,298	3,498,187	74,111	2.1%
Tangible assets	3,351,418	3,254,802	96,616	3.0%
License assets	51,491	61,820	-10,329	-16.7%
Intangible assets	52,557	52,320	237	0.5%
Investment properties	55,877	33,959	21,918	64.5%
Investment in associates and joint ventures	3,693	27,865	-24,172	-86.7%
Etc.	57,262	67,421	-10,159	-15.1%
Total assets	5,418,539	5,439,008	-20,469	-0.4%
[Current liabilities]	2,805,753	2,849,257	-43,504	-1.5%
[Non-current liabilities]	476,555	644,652	-168,097	-26.1%
Total liabilities	3,282,308	3,493,909	-211,601	-6.1%
[Ownership interest of the holding company]	2,033,191	1,849,661	183,529	9.9%

Paid-in capital	690,953	690,953	0	0.0%
Earnings surplus	448,494	400,290	48,204	12.0%
Accumulated other comprehensive income or loss	49,723	-85,248	134,971	-158.3%
Other equity elements	844,021	843,666	355	0.0%
[Non-controlling interests]	103,040	95,438	7,602	8.0%
Total equity	2,136,231	1,945,099	191,132	9.8%

### - Consolidated business performance

67th Period :from Jan. 1, 2020 to Dec. 31, 2020

66th Period : from Jan. 1, 2019 to Dec. 31, 2019

(Unit : KRW million)

Account	67th Period	66th Period	Increase/ Decrease	Increase/Decrease rate(%)
Sales	5,206,192	5,658,431	-452,239	-8.0%
Cost of sales	4,609,840	5,150,267	-540,427	-10.5%
Gross profit	596,351	508,165	88,186	17.4%
Selling, general and administrative expenses	301,654	343,609	-41,955	-12.2%
Operating income	294,698	164,555	130,143	79.1%
Other income	146,471	48,428	98,043	202.5%
Other expenses	100,944	114,430	-13,486	-11.8%
Financial income	58,111	42,689	15,422	36.1%
Financial expenses	143,024	170,320	-27,296	-16.0%
Gains or losses on investment in associates and joint ventures	-127,624	-53,409	-74,215	139.0%
Net income(loss) before income tax expenses	127,688	-82,486	210,174	Turned to surplus
Income tax expenses(income)	58,233	-795	59,028	-
Net income(loss)	69,455	-81,691	151,146	Turned to surplus
Attribution of net income(loss)				
Ownership interest of the holding company	65,095	-68,509	133,604	Turned to surplus
Non-controlling interest	4,360	-13,182	17,542	Turned to surplus
Earnings per share on				



Account	67th Period	66th Period	Increase/ Decrease	Increase/Decrease rate(%)
ownership interest of the holding company				
Earnings per share	700	-725		
Diluted earnings per share	700	-725		

The sales of Dongkuk Steel Co., Ltd., which accounts for the largest proportion of the consolidated company, decreased by KRW 441.8 billion, recording KRW 4 trillion and 613.7 billion. The operating income for the current year was KRW 248.7 billion, increased KRW 115 billion from the same period of the previous year, and the net income was KRW 19.1 billion. The sales of the bar/section steel division were KRW 2 trillion and 282.3 billion, the sales of the heavy plate division were KRW 583.3 billion, the sales of the cold-rolled division (color/coated/cold-rolled steel sheets) were KRW 1 trillion and 582.8 billion, and the sales of other divisions were KRW 165.3 billion. By establishing a strategic sales portfolio according to the changing market environments, the Company is making efforts to expand sales volume, focusing on high-profit product lines(bar/section, cold rolled steel).

※ Details of impairment recognition for investments in associates

As of the end of the reporting period, the Group identifies a number of cash-generating units, and conducted an impairment assessment in accordance with K-IFRS No.1036 as it determined that there are signs of impairment in the cash-generating units of the holding company and some subsidiaries. As a result of the impairment assessment, an impairment loss was recognized in some cash-generating units, and some changes have been made including applying the average value over a longer observation period for the market risk premium in order to eliminate the effect that the abnormal increase or decrease in market volatility caused by COVID-19 is reflected in the discount rate.

The Group classified the cash-generating units into bar/section steel, heavy plate, cold-rolled steel, and individual ships that do not belong to a specific cash-generating unit, according to the management's business observation method, production method, and minimum identification method of cash inflow. When calculating the usable value, an impairment assessment for each cash-generating unit was performed using the estimated cash flow based on the 5-year budget approved by the management.

- Sales and operating income by operating divisions

(Unit: KRW million)

Reporting division	2020			2019		
	Sales	Operating income	Depreciation and amortization (tangible/intangible assets, investment properties, license assets)	Sales	Operating income	Depreciation and amortization (tangible/intangible assets, investment properties, license assets)
Steel	5,067,052	257,106	199,413	5,495,069	140,502	199,348
Transportation	471,105	7,533	15,330	486,404	6,330	15,026
Trade	422,440	18,800	589	400,105	7,931	557
Etc. (*)	180,844	5,729	2,866	198,162	6,565	3,128
Adjustment of internal transactions	(935,249)	5,530	(2,843)	(921,309)	3,227	(3,593)
Total	5,206,192	294,698	215,355	5,658,431	164,555	214,466

(\*) Other divisions include the operating divisions that do not meet the requirements for the reporting division, and the divisions that perform support activities for the operating divisions.

- Steel division

The steel industry is not getting out of the recession due to the downturn in demand industries such as shipbuilding and construction and low growth due to an excess of steel supply. The Company aims for qualitative growth rather than quantitative growth, implementing a profit-oriented production and sales strategy. In 2020, sales decreased by KRW 428 billion from the previous year, but through profit-oriented operations such as expanding sales of high value-added products, operating income increased by KRW 116.6 billion from the previous year to KRW 257.1 billion, maintaining a surplus.

#### - Transportation division

In 2020, sales in the transportation division decreased by KRW 15.3 billion. The accumulated sales for 2020 of Intergis Co., Ltd., which is a major subsidiary that accounts for a significant portion of the sales and income in the transportation division, recorded KRW 418.4 billion, decreased by KRW 12.9 billion from the previous year, and its operating income was KRW 1.5 billion. By business sectors, the unloading sector's sales decreased by KRW 16.3 billion from the previous year to KRW 70.1 billion due to a decrease in import and export cargo. The transportation sector achieved KRW180 billion in sales, increased by KRW 14.2 billion from the previous year, due to the expansion of sales in the 3PL business. The shipping sector was affected by the global economic downturn and negative market conditions due to the spread of COVID-19 infection, but sales of KRW 84.9 billion were realized due to the increase in the volume in the liner business. The sales of forwarding and other goods and services amounted to KRW 74.4 billion.

#### - Trade division

In the steel industry, a difficult situation in both price and volume continued due to a decrease in product prices and a rise in raw material prices caused by oversupply, and an increase in the risk of exchange rate fluctuations due to trade friction between the US and China. In this environment, by focusing on stable supply of raw and subsidiary materials and domestic sales activities in Japan, sales performance for the year exceeded both the forecasting and the performance of the previous year. The sales of the trading division were KRW 422.4 billion, increased by KRW 22.3 billion compared to the previous year, and the operating income was KRW 18.8 billion, increased by KRW 10.9 billion.

### **4. Liquidity, financing, and expenditure**

Interest payments for the current year amounted to KRW 95.6 billion, but about KRW 734.8 billion was generated in cash from operations, resulting in a total of KRW 631.6 billion of cash inflow from operating activities. In addition, KRW 34.3 billion of cash was reduced due to investment activities such as acquisition of tangible assets and investment in associates for the year, and KRW 434.7 billion of cash outflow occurred due to financial activities such as debt repayment. This resulted in a total reduction of KRW 117.4 billion of cash equivalents.

The Group is investing surplus funds in financial instruments such as interest-bearing current deposit, time deposit, money market deposit account, and marketable securities, which provide appropriate maturity or sufficient liquidity to ensure sufficient liquidity. In addition, by holding an appropriate level of deposits in financial institutions such as deposit accounts, it is dealing with liquidity risks that may arise due to fund crunch in the future. As of the end of the reporting period, the amount of cash and cash equivalents and deposits in financial institutions among current assets is KRW 442,616 million(as of the end of the previous period: KRW 442,616 million).

As of the end of the reporting period, the Company has been granted the credit rating of A3- from Korea Ratings Corporation and NICE Credit Ratings Co., Ltd.

## A. Liquidity

### 1) Cash and cash equivalents and deposits in financial institutions

#### (1)Details of cash and cash equivalents

(Unit: KRW million)

Classification	2020.12.31	2019.12.31
Cash on hand	957	450
Bank deposits, etc.(* )	268,105	391,491
Total	269,062	391,941

(\* ) It includes time deposits, etc. whose maturity arrives within 3 months as of the acquisition date.

(2) As of the end of the reporting period, the amount of deposits in financial institutions that has been restricted in use due to provision of collateral related to contract performance guarantee is as follows.

(Unit: KRW million)

Classification	2020.12.31	2019.12.31
Deposits in financial institutions restricted in use	27,680	27,335

## B. Details of borrowings

### 1) Short-term borrowings

(Unit: KRW million)

Type of borrowings	Lender	Maximum maturity date	Annual interest rate(%) 2020.12.31	Book value	
				2020.12.31	2019.12.31
Banker's Usance	KDB, etc.	2021.12.03	0.20~3.75	179,610	595,440
General loans(*1)	KDB, etc.	2021.12.31	0.50~5.30	1,460,992	1,218,691
Syndication loan	Shanghai Pudong Development Bank, etc.	2021.06.23	4.79	28,049	28,109
Total				1,668,651	1,842,240

(\*)KRW 19,766 million(as of the end of the previous period: KRW 42,492 million) of borrowings with collateral related to the transfer of trade receivables, which have not been entirely removed, are included(see Note 6(5)).

### 2) Long-term borrowings

(Unit: KRW million)

Type of borrowings	Lender	Maximum maturity date	Annual interest rate(%) 2020.12.31	Book value	
				2020.12.31	2019.12.31
Rental housing funds	KB Kookmin Bank	2025.04.04	2.30~3.42	21,806	911
Facility loans	KDB, etc.	2024.07.01	1.61~3.81	109,403	118,322
Syndication loans	KDB, etc.	2022.07.10	2.93~5.23	272,867	349,747
Operating funds	KEB Hana Bank, etc.	2025.07.16	1.00~5.00	48,557	156,113
Ship funds(*)	Kamco Ship Co., Ltd., etc.	2026.12.21	4.10~6.50	30,888	35,462
Sub-total				483,521	660,555
Deduction: transfer to liquidity				(232,740)	(173,792)

Type of borrowings	Lender	Maximum maturity date	Annual interest rate(%) 2020.12.31	Book value	
				2020.12.31	2019.12.31
Total				250,781	486,763

(\*) The ships(see Note 10), ship-related insurance, long-term cargo transportation contracts, and ship operation income accounts of the Group are provided as collaterals.

### 3) Bonds

(Unit: KRW million)

Type of borrowings	Issuer	Bonds	Maturity date	Annual interest rate(%) 2020.12.31	2020.12.31		
					Value in KRW	Current portion	Non-current portion
Fixed-rate bonds in KRW	Dongkuk Steel Mill Co., Ltd.	The 98th Korean Won Private Bonds	2021.01.31	4.70%	10,000	10,000	-
Fixed-rate bonds in KRW	Dongkuk Steel Mill Co., Ltd.	The 99th Korean Won Private Bonds	2021.03.27	4.50%	25,000	25,000	-
Fixed-rate bonds in KRW	Dongkuk Steel Mill Co., Ltd.	The 100th Korean Won Private Bonds	2021.06.15	5.30%	8,000	8,000	-
Floating - rate bonds in KRW	Dongkuk Steel Mill Co., Ltd.	Private bonds in KRW	2023.01.23	2.32%	5,000	-	5,000
Sub-total					48,000	43,000	5,000
Deduction : Bond discount					(11)	(11)	-
Total					47,989	42,989	5,000

Type of borrowings	Issuer	Bonds	Maturity date	Annual interest rate(%) 2019.12.31	2019.12.31		
					Value in KRW	Current portion	Non-current portion
Fixed-rate bonds in KRW	Dongkuk Steel Mill Co., Ltd.	The 98th Korean Won Private Bonds	2021.01.31	4.70%	10,000	-	10,000
Fixed-rate bonds in KRW	Dongkuk Steel Mill Co., Ltd.	The 99th Korean Won Private Bonds	2021.03.27	4.50%	25,000	-	25,000
Fixed-rate bonds in KRW	Intergis Co., Ltd.	Private bonds in KRW	2020.09.09	4.80%	5,000	5,000	-
Fixed-rate bonds in KRW	Intergis Co., Ltd.	Private bonds in KRW	2020.09.17	4.80%	5,000	5,000	-
Fixed-rate bonds in KRW	Intergis Co., Ltd.	Private bonds in KRW	2020.09.17	4.80%	3,000	3,000	-

Type of borrowings	Issuer	Bonds	Maturity date	Annual interest rate(%) 2020.12.31	2020.12.31		
					Value in KRW	Current portion	Non-current portion
KRW							
Fixed-rate bonds in KRW	Intergis Co., Ltd.	Private bonds in KRW	2020.09.30	4.80%	5,000	5,000	-
Fixed-rate bonds in KRW	Intergis Co., Ltd.	Private bonds in KRW	2020.09.30	4.80%	5,000	5,000	-
Floating - rate bonds in KRW	Intergis Co., Ltd.	Private bonds in KRW	2020.01.23	3.10%	5,000	5,000	-
Sub-total					63,000	28,000	35,000
Deduction : Bond discount					(42)		(42)
Total					62,958	28,000	34,958

#### 4) Convertible bonds

The 88th convertible bonds issued by the holding company were fully repaid as the maturity arrived during the current period.

### 5. Off-book transactions

Please refer to "3. Contingent liabilities, etc." in "XI. Other matters needed to protect investors" for more information on off-book transactions of the Company

### 6. Other matters needed for investment decision-making

#### A. Matters on derivatives and risk management policies

##### 1) Details of derivatives

The group enters into derivatives contracts for the purpose of avoiding related exchange risks such as purchase of inventories, but does not apply hedge

accounting. As of the end of the current and previous periods, the details of derivative financial instruments are as follows.

(Unit: KRW million)

Classification	2020.12.31		2019.12.31	
	Assets	Liabilities	Assets	Liabilities
Current				
Derivatives for trading	-	4,632	90	3,160

Please refer to "40. Financial risk management" in "3. Notes on consolidated financial statements" under "III. Financial matters" for the information on the risk management of the Company

#### B. Important accounting policies and estimates

Please refer to "3. Notes on consolidated financial statements" in "III. Financial matters" for the information on important accounting policies and estimates of the Company.

#### C. Matters on executives and employees

Please refer to "1. Current status on executives and employees" in "VIII. Matters on executives and employees, etc. for the information on executives and employees.

#### D. Matters on statutory regulations

Please refer to "3. Contingent liabilities, etc." and "4. Sanctions and other matters" in "XI. Other matters needed to protect investors" for the information on statutory regulations of the Company.



## V. Auditor's Opinion

### 1. The name and opinion of the auditor

Business year	Auditor	Opinion	Findings	Key audit areas
67th (current period)	Samil PricewaterhouseCoopers	Unqualified	Uncertainties due to the COVID-19	1. Separate audit report - Impairment assessment on cash generating units

Business year	Auditor	Opinion	Findings	Key audit areas
			infection	- Impairment assessment on investment in subsidiaries and associates  2. Consolidated audit report - Impairment assessment on cash generating units
66th (previous period)	Samil PricewaterhouseCoopers	Unqualified	N/A	1. Separate audit report - Impairment assessment on cash generating units - Impairment assessment on equity investment in overseas associates  2. Consolidated audit report - Impairment assessment on cash generating units of the domestic steel division
65th (the period prior to the previous period)	Samil PricewaterhouseCoopers	Unqualified	N/A	1. Separate audit report - Impairment assessment on tangible/intangible assets - Impairment assessment on equity investment in overseas associates  2. Consolidated audit report - Impairment assessment on tangible/intangible assets of the domestic steel division

※ The financial statements have been reviewed, and nothing has been found that has not been fairly presented in terms of materiality.

## 2. The status on audit service contracts

(As of Mar. 18, 2021)

(Unit : KRW million)

Business year	Auditor	Description	Audit contract		Actual execution	
			Fees	Hours	Fees	Hours
67th (current period)	Samil PricewaterhouseCoopers	Audit on the review on quarterly, semi-annual, annual/consolidated financial	1,150(*)	10,721	1,150(*)	11,886

		statements				
66th (previous period)	Samil PricewaterhouseCoopers	Audit on the review on quarterly, semi-annual, annual/consolidated financial statements	1,150	10,943	1,150	10,946
65th (the period prior to the previous period)	Samil PricewaterhouseCoopers	Audit on the review on quarterly, semi-annual, annual/consolidated financial statements	700	8,418	700	8,418

※ The above table is the data as of the date of report submission.

※ The above fees are the amounts of annual fees(KRW million).

※ (\*) It is the amount including the fees for issue of the English report.

### 3. The status on non-audit service contracts with the auditor

(As of Dec. 31, 2020)

(Unit : KRW million)

Business year	Date of contract signing	Service	Service period	Fees	Remarks
67th (current period)	2020.5.6	-Tax advisory service(tax adjustment)	'20.05.06 ~ '21.03.31	30	VAT excluded
	2020.6.8	-Tax advisory service	'20.06.15 ~ '20.07.10	63	
	2020.7.29	-Tax advisory service	'20.08.05 ~ '20.08.31	15	
	2020.10.30	-BEPS service	'20.10.30 ~ '20.12.31	35	
66th (previous period)	2019. 4. 30	-Tax advisory service(tax adjustment)	'19.04.30 ~ '20.03.31	30	VAT excluded
	2019.7.22	-BEPS service	'19.07.22 ~ '19.12.31	35	
65th (the period prior to the previous period)	2018. 5. 30	-Tax advisory service	'18.07.01~ '18.12.31	5	VAT excluded
	2018. 7. 18	-BEPS Service	'18.07.18~ '18.12.31	40	
	2018. 7. 31	-Tax advisory service	'18.07.01~ '18.12.31	40	
	2018. 7. 31	-Tax advisory service (tax adjustment)	'18.07.31 ~ '19.03.31	30	

### 4. Discussions between the internal audit body with the auditor

(As of Mar. 18, 2021)

(Unit : KRW million)

	Date	Participants	Type of meeting	Main discussions
--	------	--------------	-----------------	------------------

1	2020.02.28	The Company : 3 audit committee members The external auditor: 2 persons including the engagement partner	Face-to-face meeting	Audit progress (key audit matters and internal accounting control system audit, etc.),  Key communication at the conclusion of the audit, such as the independence of auditors
2	2020.05.07	The Company : 5 audit committee members The external auditor: 2 persons including the engagement partner	Face-to-face meeting	Key communication at the audit planning stage, such as annual audit plan, introduction of key audit matters, expected schedule for communication with the governing body, report on review for the first quarter, and independence of auditors
3	2020.08.06	The Company : 5 audit committee members The external auditor: 2 persons including the engagement partner	Face-to-face meeting	Annual audit progress, preliminary selection of key audit matters, internal accounting control system audit progress, report on semiannual review, etc.
4	2020.11.12	The Company : 5 audit committee members The external auditor: 2 persons including the engagement partner	Face-to-face meeting	Annual audit progress, preliminary selection of key audit matters, internal accounting control system audit progress, report on review for the third quarter, etc.
5	2021.03.17	The Company : 5 audit committee members The external auditor: 4 persons including the engagement partner	Face-to-face meeting	Key communication at the conclusion of the audit, such as progress of the audit (key audit matters, audit of the internal accounting control system, etc.), independence of auditors, etc.

※ The above table is the data as of the date of report submission.

## 5. Audit opinion on subsidiaries

N/A

## 6. Information on the details of the reconciliation council and discrepancies in financial statements

N/A

## 7. Changes in auditors

N/A

## 8. Audit and review opinion of the external auditor on the internal accounting control system

Business year	Auditor	Audit opinion	Findings
67th (Current period)	Samil PricewaterhouseCoopers	[Audit Opinion] The auditor expressed the opinion that no significant weaknesses in the design and operation of the internal accounting control system were found.	N/A
66th (Previous period)	Samil PricewaterhouseCoopers	[Audit Opinion] The auditor expressed the opinion that no significant weaknesses in the design and operation of the internal accounting control system were found.	N/A
65th (The period prior to the previous period)	Samil PricewaterhouseCoopers	[Audit Opinion] The auditor expressed the opinion that no significant weaknesses in the design and operation of the internal accounting control system were found.	N/A

## VI. The Company's Bodies including the Board of Directors

### 1. The board of directors

#### A. Outside directors

(Unit : person)



No.	Date	Agenda	Approved or not	Name of Director (Attendance rate)										
				Yi-Bae Kim (96%)	Sang- Cheol Joo (96%)	Dong- Jun Min (93%)	Dong- Kuk Nam (96%)	Yong- Sang Kim (93%)	Jong- Won Lee (100%)	Se- Wook Jang (96%)	Yeon- Geok Kim (82%)	Won- Chan Choi (96%)	Byung- Hwa Moon (100%)	Jin- Soo Kwak (100%)
				Agree or Disagree										
		66th period (2019)												
		2. Approval on the sales report for the 66th period(2019)	Approved	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	-
		3. Report on the operation of the internal accounting control system in 2019	Approved	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	-
4	2020.02.28	1.Recommendation of candidates for director	Approved	Agree	Agree	Absent	Absent	Agree	Agree	Agree	Agree	Agree	Agree	-
		2. Convening the 66th General Shareholders' meeting and resolution on the agenda	Approved	Agree	Agree	Absent	Absent	Agree	Agree	Agree	Agree	Agree	Agree	-
		3. Assessment report on operation of the internal accounting control system in 2019	Approved	Agree	Agree	Absent	Absent	Agree	Agree	Agree	Agree	Agree	Agree	-
		4. Extension of payment guarantee for the Chinese corporation DKSC	Approved	Agree	Agree	Absent	Absent	Agree	Agree	Agree	Agree	Agree	Agree	-
5	2020.03.06	1. Extension of payment guarantee for the American corporation	Approved	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Absent	Agree	Agree	-
6	2020.03.11	1. Purchase of treasury stock	Approved	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	-
7	2020.03.13	1. The extension of SC Bank's credit limit	Approved	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	-
		2. Signing a loan contract with SC Bank, etc.	Approved	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	-
8	2020.03.20	1. Appointment of the representative director	Approved	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	-	Agree
		2. Approval on dual position as director and non-registered executive	Approved	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	-	Agree
9	2020.04.02	1. The capital increase in operating funds of the Chinese corporation.	Approved	Agree	Absent	Agree	Agree	Agree	Agree	Agree	Agree	Agree	-	Agree
10	2020.04.21	1. Extension of payment guarantee for the Chinese	Approved	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Absent	Agree	-	Agree

[illegible]



No.	Date	Agenda	Approved or not	Name of Director (Attendance rate)										
				Yi-Bae Kim (96%)	Sang- Cheol Joo (96%)	Dong- Jun Min (93%)	Dong- Kuk Nam (96%)	Yong- Sang Kim (93%)	Jong- Won Lee (100%)	Se- Wook Jang (96%)	Yeon- Geok Kim (82%)	Won- Chan Choi (96%)	Byung- Hwa Moon (100%)	Jin- Soo Kwak (100%)
				Agree or Disagree										
		corporation(DKC)												
21	2020.09.02	1. Borrowing of facility loans of the Korea Development Bank	Approved	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	-	Agree
22	2020.10.08	1. Extension of general loans of the Korea Development Bank	Approved	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	-	Agree
23	2020.10.29	1. Setting the loan limit for import funds of the Export-Import Bank of Korea	Approved	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	-	Agree
24	2020.11.12	1. Sale of facilities of Pohang Plate Plant 2	Approved	Agree	Agree	Agree	Agree	Absent	Agree	Agree	Absent	Agree	-	Agree
		2. Payment guarantee for the Indian corporation(DKSI)	Approved	Agree	Agree	Agree	Agree	Absent	Agree	Agree	Absent	Agree	-	Agree
		3. Appointment of the compliance officer	Approved	Agree	Agree	Agree	Agree	Absent	Agree	Agree	Absent	Agree	-	Agree
25	2020.11.25	1. Exercise of put option and purchase contract for shares of Ferrum Infra	Approved	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	-	Agree
		2. Extension of general loans of the Korea Development Bank	Approved	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	-	Agree
26	2020.12.04	1. Sale of facilities of Pohang Plate Plant 2	Approved	Agree	Agree	Agree	Agree	Absent	Agree	Agree	Agree	Agree	-	Agree
		2. Appointment of executives	Approved	Agree	Agree	Agree	Agree	Absent	Agree	Agree	Agree	Agree	-	Agree
27	2020.12.15	1. Disposal of treasury stocks	Approved	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	-	Agree
		2. Performance-based payment for executives	Approved	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	-	Agree
28	2020.12.24	1. New bill discount limit of IBK Capital	Approved	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	-	Agree
		2. Sale of facilities of Pohang Plate Plant 2	Approved	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	Agree	-	Agree

#### D. Sub-committees under the Board of Directors

Committee	Member	Director Name	Purpose and authority	Remarks
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Committee	Member	Director Name	Purpose and authority	Remarks
Outsider Director Nomination Committee	1 inside director, 3 outside directors	Yeon-Keok Kim, Yi-Bae Kim, Dong-Jun Min, Yong-Sang Kim	- Recommend outside director candidates	-
Audit Committee	5 outside directors	Yi-Bae Kim, Sang-Chul Joo, Dong-Jun Min, Dong-Kuk Nam, Jong-Won Lee	- Audit the Company's accounting and business - Require reporting on sales - Investigate the Company's business and property status	-

## E. Activities of the Outside Director Nomination Committee

Committee	Date	Agenda	Approved or not	Name of inside director	Name of outside directors		
				Yeon-Keok Kim (Attendance rate: 100%)	Yi-Bae Kim (Attendance rate: 100%)	Dong-Jun Min (Attendance rate: 100%)	Yong-Sang Kim (Attendance rate: 100%)
				Agree or disagree			
Outside Director Nomination Committee	Feb. 14, 2020	- Recommendation of outside director candidates - Recommendation of audit committee member candidates	Approved	Agree	Agree	Agree	Agree

## F. Independence of Directors

The recommendation and reasons for appointment for 10 directors of the Company are as follows. Under relevant laws, the Articles of Incorporation, and BOD regulations, the Company's Nomination Committee established to recommend the candidates for outside directors shall have outside directors not less than half of the total members in accordance with article 542-8 of the Commercial Act, and it is composed of 4 inside directors, and 6 outside directors.

Classification	Name	Recommended by	Reason for appointment	Activity	Transaction with the Company	Relations with the largest shareholder	Remarks	Term of office	Re-appointment	Re-appointment (times)
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Classification	Name	Recommended by	Reason for appointment	Activity	Transaction with the Company	Relations with the largest shareholder	Remarks	Term of office	Re-appointment	Re-appointment (times)
Inside Director	Se-Wook Chang	BOD	To stably perform general/external affairs	CEO	-	Brother	-	'20.3~'22.3	Reappointed	9
	Yeon-Keuk Kim	BOD	To efficiently perform business as a COO	COO	-	-	-	'19.3~'21.3	Newly appointed	-
	Won-Chan Choi	BOD	To efficiently perform hot rolled sales	Head of Hot Rolled Sales Department	-	-	-	'19.3~'21.3	Newly appointed	-
	Jin-Soo Kwak	BOD	To efficiently perform strategic and planning business	Head of Planning Division	-	-	-	'20.3~'22.3	Newly appointed	-
Outside Director	Yi-Bae Kim	Outside Director Nomination Committee	To advise on management-related matters as a business management expert	Management advisor	-	-	-	'20.3~'22.3	Reappointed	2
	Sang-Chul Joo	Outside Director Nomination Committee	Legal advice as a legal expert	Legal advisor	-	-	-	'19.3~'21.3	Reappointed	1
	Dong-Jun Min	Outside Director Nomination Committee	To advise on technical issues as a technical expert	Technical advisor	-	-	-	'19.3~'21.3	Newly appointed	-
	Dong-Kuk Nam	Outside Director Nomination Committee	To advise on management-related matters as a tax expert	Management advisor	-	-	-	'19.3~'21.3	Newly appointed	-
	Yong-Sang Kim	Outside Director Nomination Committee	Legal advice as a legal expert	Legal advisor	-	-	-	'19.3~'21.3	Newly appointed	-
	Jong-Won Lee	Outside Director Nomination Committee	Legal advice as legal expert	Legal advisor	-	-	-	'19.3~'21.3	Newly appointed	-

## G. Expertise of outside directors

### (1) Supporting organizations for outside directors

Team	No. of employees	Position (service years)	Main activities
Support Team	2	Bujang(20 years on average)	- Support for general shareholders' meetings and BOD
Ethical Management Team	2	Bujang(12 years on average)	-Support for General Shareholders' Meetings and BOD

## (2) Training for outside directors

Date	Conducted by	Present	Reason for absence	Contents
2020.02.28	Samil PricewaterhouseCoopers	Yi-Bae Kim, Sang-Chul Joo, Jong-Won Lee, Yong-Sang Kim	External schedule)	- Explanation on Key Audit Matters(KAM) and 2020 audit trends ※ KAM : Key Audit Matters
2020.05.07	Samil PricewaterhouseCoopers	Yi-Bae Kim, Sang-Chul Joo, Dong-Jun Min, Jong-Won Lee, Dong-Kuk Nam, Yong-Sang Kim	-	- Explanation on Key Audit Matters(KAM) and audit trends for Q1, 2020
2020.08.06	Samil PricewaterhouseCoopers	Yi-Bae Kim, Sang-Chul Joo, Dong-Jun Min, Jong-Won Lee, Dong-Kuk Nam, Yong-Sang Kim	-	- Explanation on Key Audit Matters(KAM) and audit trends for Q2, 2020
2020.11.12	Samil PricewaterhouseCoopers	Yi-Bae Kim, Sang-Chul Joo, Dong-Jun Min, Jong-Won Lee, Dong-Kuk Nam, Yong-Sang Kim	-	- Explanation on Key Audit Matters(KAM) and audit trends for Q3, 2020

## 2. Audit system

### A. Audit Committee

#### (1) Personal information on Audit Committee members

Name	Outside director or not	Career	Expertise in accounting and finance	
			Expertise	Related experience

Name	Outside director or not	Career	Expertise in accounting and finance		
			Expertise		Related experience
Yi-Bae Kim	Yes	<ul style="list-style-type: none"> <li>-Bachelor of Business Administration, Seoul National University</li> <li>-MBA, Seoul National University</li> <li>-Ph.D., Accounting, Graduate School, Soongsil University</li> <li>-Member of the Financial Services Commission</li> <li>-Present) President, Korean Accounting Association</li> <li>-Present) Professor, Department of Accounting, Duksung Women's University</li> <li>-Certified Public Accountant (AICPA)</li> </ul>	Yes	CPA	<ul style="list-style-type: none"> <li>-2010 ~ 2014: Assistant Professor, Department of Accounting, Duksung Women's University (4 years)</li> <li>-2014 ~ 2019: Associate Professor, Department of Accounting, Duksung Women's University (5 years)</li> </ul>
Sang-Chul Joo	Yes	<ul style="list-style-type: none"> <li>-Bachelor of Business Administration, Korea University</li> <li>-Samil Accounting Firm, Yale Accounting Firm</li> <li>-Certified Public Accountant, Tax Accountant, Attorney</li> <li>-Present) Managing Director, Yale Accounting Firm</li> <li>-Present) Law Firm 'Sei-sang' Lawyer</li> <li>-Present) Member of public enterprise subsidies evaluation</li> <li>-Present) Chunghwa Art University Audit</li> </ul>	Yes	CPA	<ul style="list-style-type: none"> <li>-2001: Acquired the license of Certified Public Accountant</li> <li>-2001 ~ 2005: Samil PricewaterhouseCoopers(4 years)</li> <li>-2006 ~ 2007: Yale Accounting Corporation (2 years)</li> </ul>
Dong-Jun Min	Yes	<ul style="list-style-type: none"> <li>-BS, Metal Engineering, Yonsei University</li> <li>-MS, Metal Engineering, Graduate School, Yonsei University</li> <li>-Ph.D., Metallurgical Engineering, Graduate School, Tokyo University, Japan</li> <li>-Former) Dean &amp; President, College of Engineering, Yonsei University</li> <li>-Former) Chairman, The Korean Institute of Metals and Materials</li> <li>-Present) Professor of Advanced Materials Engineering, Yonsei University</li> <li>-Present) Outside Director, Simpack Metal</li> <li>-Present) Yonsei University Executive Vice President(administration / external relations)</li> </ul>	-	-	-
Jong-Won Lee	Yes	<ul style="list-style-type: none"> <li>-Bachelor of Law, Seoul National University</li> <li>-Former) Integrity Ombudsman, Korea Mineral Resources Corporation</li> <li>-Former) Outside Director, Jindo</li> <li>-Present) Lawyer of the law firm 'Daeruk Aju'</li> <li>-Present) Arbitrator, Korea Commercial Arbitration Board</li> <li>-Present) Member of Ethics Committee, Korean Bar Association</li> </ul>	-	-	-

Name	Outside director or not	Career	Expertise in accounting and finance		
			Expertise		Related experience
Dong-Kuk Nam	Yes	- Bachelor of Business Administration, Korea National Open University -Korea University Graduate School of Policy (Master of Economics) -Former) Chief of Jinju Tax Office -Former) Inspector General, IRS -Former) Head of Investigation Division 3 , Seoul Regional Tax Office -Former) 39th Director, Daegu Regional Tax Office -Present) Chairman of the tax office 'The Tax' (2016~)	-	-	-

## (2) Independence of audit committee members

### (2)-1 Composition of the Audit Committee

[Article 40 of the Articles of Incorporation]

- ① The Company shall have an audit committee under Article 37.
- ② The Audit Committee shall consist of three or more directors.
- ③ At least two thirds of the members shall be outside directors, and members who are not outside directors shall satisfy the requirements of Article 542-10, Paragraph 2, of the Commercial Act. (amended on Mar. 13, '09)
- ④ In the appointment of a member of the Audit Committee, who is an outside director, shareholders who hold more than 3/100 of the total number of shares with voting rights shall not exercise their voting rights on such excess shares.
- ⑤ In the appointment of a member of the Audit Committee, who is not an outside director, if the sum of shares with voting rights held by the largest shareholder and its related parties to exercise the voting rights, those who hold shares in the calculation of the largest shareholder or its related parties, and those who delegate voting rights to the largest shareholder or its related parties, exceeds 3/100 of the total shares with voting rights, such shareholders shall not exercise voting rights on such excess shares.

⑥ The Audit Committee shall select a person to represent the committee through a resolution in the committee, and in this case, the head of the Audit Committee shall be an outside director.

## (2)-2 Duties of the Audit Committee

[Article 40-2 of the Articles of Incorporation]

- ① The Audit Committee shall audit the accounting and business of this company.
- ② The Audit Committee shall, if necessary, indicate in its letter the purpose of the meeting and the reason for it to be convened, and refer to the director(or a person authorized to call up the BOD) to call up the BOD.
- ③ If the director does not convene the BOD without delay even after making the claim under paragraph ②, the Audit Committee may convene the BOD.
- ④ The Audit Committee may request the convening of an extraordinary meeting by submitting a letter to the BOD stating the purpose of the meeting and the reason for the meeting.
- ⑤ The Audit Committee may required a subsidiary to report on its business when it is necessary in order to perform its jobs. If the subsidiary does not report without delay or when it is necessary to check the contents of the report, the subsidiary's business and property status may be investigated.
- ⑥ The Audit Committee approves the appointment of outside auditors.
- ⑦ The Audit Committee shall handle matters delegated by the BOD in addition to paragraphs ①and⑥.
- ⑧ The BOD cannot decide again on the resolution of the Audit Committee.
- ⑨ The Audit Committees may seek professional help at the expense of the Company.

## (2)-3 Appointment of audit committee members

Name	Background for appointment	Recommended by	Term of office	Reappointment (No. of times)	Relation with the Company	Relation with the largest shareholder or significant shareholders
Yi-Bae Kim	As a professor of accounting and an accounting expert serving as the president of the Korean Government Accounting Association, he served as the chairman of the audit committee, fulfilling its roles and responsibilities so that the committee can perform an independent function. In addition, it is evaluated that it has contributed significantly to the stable operation and development of the Company through accurate analysis and preliminary risk checks on agendas of the board of directors and the committee from an accounting point of view.	Outside Directors Nomination Committee	'20.3 ~ '22.3	2 times	None	None
Sang-Chul Joo	As a legal and accounting expert serving as an accounting firm executive, lawyer, and public corporation subsidy project evaluation committee member, he has a wealth of experience and knowledge in related fields with excellent ability to perform duties as an outside director, and is expected to contribute to the operation and development of the board of directors and the committee.	Outside Directors Nomination Committee	'19.3 ~ '21.3	1 time	None	None
Dong-Jun Min	As an expert in the field of technology, serving as vice-president of the university, president of the Korean Institute of Metals and Materials, and professor of the Department of Advanced Materials Engineering, he has a wealth of experience and knowledge in related fields, and is expected to contribute to the operation and development of the board of directors and the committee.	Outside Directors Nomination Committee	'19.3 ~ '21.3	First appointment	None	None
Jong-Won Lee	As a legal expert serving as a member of the Ethics Committee of the Korean Bar Association and an attorney, he has a wealth of experience and knowledge in related fields, and is expected to contribute to the operation and development of the board of directors and the committee.	Outside Directors Nomination Committee	'19.3 ~ '21.3	First appointment	None	None
Dong-Kuk	As a tax expert who served as the head of Jinju Tax Office and the inspector in	Outside Directors	'19.3 ~ '21.3	First appointment	None	None



Name	Background for appointment	Recommended by	Term of office	Reappointment (No. of times)	Relation with the Company	Relation with the largest shareholder or significant shareholders
Nam	charge of the National Tax Service, he has a wealth of experience and knowledge in related fields, and is expected to contribute to the operation and development of the board of directors and the committee.	Nomination Committee				

### (3) Activities of the Audit Committee

Committee	Date	Agenda	Approved or not	Name of outside director				
				Yi-Bae Kim (Attendance rate:100%)	Sang-Chul Joo (Attendance rate:100%)	Dong-Jun Min (Attendance rate:80%)	Jong-Won Lee (Attendance rate:100%)	Dong-Kuk Nam (Attendance rate:80%)
				Agree/Disagree				
Audit Committee	2020.02.06	-Report on the operation status of the internal accounting control system	Approved	Agree	Agree	Agree	Agree	Agree
	2020.02.28	-Final submission of the audit report for the fiscal year 2019 -Evaluation of the operation status of the internal accounting control system in 2019 -Report on key audit matters of Samil PricewaterhouseCoopers	Approved	Agree	Agree	Absent	Agree	Absent
	2020.05.07	-The financial statements for the first quarter of 2020 -Report on the annual schedule for internal accounting control -Report on key audit matters of Samil PricewaterhouseCoopers	Approved	Agree	Agree	Agree	Agree	Agree
	2020.08.06	-The financial statements for the second quarter of 2020 -Report on the progress of the internal accounting control system -Evaluation of external auditors -Report on key audit matters of Samil PricewaterhouseCoopers	Approved	Agree	Agree	Agree	Agree	Agree
	2020.11.12	-The financial statements for the 3rd quarter of 2020 -Report on the progress of the internal accounting control system -2020 regular audit plan and result report -Report on key audit matters of Samil PricewaterhouseCoopers	Approved	Agree	Agree	Agree	Agree	Agree

#### (4) Training for the Audit Committee

Date	Conducted by	Present	Reason for absence	Contents
2020.02.28	Samil Pricewaterhouse Coopers	Yi-Bae Kim, Sang-Chul Joo, Jong-Won Lee	External schedule	- Explanation on Key Audit Matters(KAM) and 2020 audit trends ※ KAM : Key Audit Matters
2020. 05.07	Samil Pricewaterhouse Coopers	Yi-Bae Kim, Sang-Chul Joo, Dong-Jun Min, Jong-Won Lee, Dong- Kuk Nam	-	- Explanation on Key Audit Matters(KAM) and audit trends for Q1, 2020
2020. 08.06	Samil Pricewaterhouse Coopers	Yi-Bae Kim, Sang-Chul Joo, Dong-Jun Min, Jong-Won Lee, Dong- Kuk Nam	-	- Explanation on Key Audit Matters(KAM) and audit trends for Q2, 2020
2020.11.12	Samil Pricewaterhouse Coopers	Yi-Bae Kim, Sang-Chul Joo, Dong-Jun Min, Jong-Won Lee, Dong- Kuk Nam	-	- Explanation on Key Audit Matters(KAM) and audit trends for Q3, 2020

#### (5) Training plan for the Audit Committee

Date	Conducted by	Audit Committee members	Contents
2021.05.13	Samil Pricewaterhouse Coopers	Yi-Bae Kim, Sang-Chul Joo, Dong-Jun Min, Jong- Won Lee, Dong-Kuk Nam	- Explanation on Key Audit Matters and accounting trends for Q1, 2021
2021.08.12	Samil Pricewaterhouse Coopers	Yi-Bae Kim, Sang-Chul Joo, Dong-Jun Min, Jong- Won Lee, Dong-Kuk Nam	- Explanation on Key Audit Matters and accounting trends for the 1st half of 2021
2021.11.11	Samil Pricewaterhouse Coopers	Yi-Bae Kim, Sang-Chul Joo, Dong-Jun Min, Jong- Won Lee, Dong-Kuk Nam	- Explanation on Key Audit Matters and accounting trends for Q3, 2021

#### (6) Support organization for the Audit Committee

Team	No. of employees (persons)	Position (service years)	Main activities
Support Team	2	Bujang (20 years on average)	- Support audit committee meetings.
Ethical Management Team	3	Bujang (12 years on average)	-Support audit committee meetings.

## B. Compliance officers

### (1) The status on compliance officers

In accordance with Article 542-13 of the Commercial Act, the Company appoints a compliance officer, and the personal information and major career of the compliance officer are as follows.

Name	Date of birth	Position	Major career	Term of service
Woo-Chul Jo	1974.02	Bujang of Legal Team, Dongkuk Steel Mill Co., Ltd.	'01 .02 Bachelor of Law, Kookmin University '01 .07 ~ '09 .12 Legal Team leader, Dongyang Major (Legal Department, Dongyang Group) '10 .01 ~ '11 .03 Legal Team, Dongbu Hannong (Dongbu Hitech) '11 .05 ~ '17 .12 Legal Team, Dongkuk Steel Mill Co., Ltd. (Current) -Legal team leader -General legal affairs, Compliance, Secretariat of Shared Growth Committee -More than 5 years of experience related to audit, audit committee member, compliance officer and legal team.	'20.12.14 ~ '23.12.13 (3 years of term) (reappointed 1 time)

※ The compliance officer meets the criteria required by Article 41 of the Enforcement Decree of the Commercial Act.

### (2) Major activities of the compliance officer

Date	Inspection	Result
'20.01.08 ~ '20.03.31	Regular compliance inspection in Q1, 2020	Compliance
'20.05.15 ~ '20.06.30	Regular compliance inspection in Q2, 2020	Compliance
'20.07.10 ~ '20.09.29	Regular compliance inspection in Q3, 2020	Compliance
'20.10.12 ~ '20.11.30	Regular compliance inspection in Q4, 2020	Compliance

※ By establishing a compliance autonomous inspection system, the compliance officer constantly encourages and manages the entire departments to voluntarily check for violations of the law and comply with laws and regulations that must be observed in the course of business.

### (9) Support organization for the compliance officer

Team	No. of employees	Position (service years)	Main activities
Legal team	6	Bujang: 4 persons (10 years on average) Kwajang: 2 person (6 years on average)	-Check compliance with overall company business activities -Compliance check & Compliance program operation -Compliance training -Regular legal advice

### 3. Voting rights of shareholders

#### A. Voting system

The Company did not use the concentrated voting system, or documentary voting system.

In order to enhance the convenience of exercising shareholders' voting rights, the board of directors decided to introduce and implement the electronic voting system on March 4, 2021, and it has been operated since the 67th general shareholders' meeting.

※ Related laws: Article 368-4, Paragraph 1 of the Commercial Act (Exercise of voting rights by electronic method)

#### B. The exercise of minority stockholders

The Company did not exercise minority stockholders during the disclosure period.

#### C. Takeover

The Company did not undergo takeover competition during the disclosure period.

## VII. Shareholders

### 1. Details of shareholders

#### A. Stock ownership of the largest shareholder and related parties

(As of Dec. 31, 2020)

(Unit: Share, %)

Name	Relations with the largest shareholder	Type of shares	No. of shares and shareholding ratio		Remarks
			Beginning	Ending	

			No. of shares	Ratio	No. of shares	Ratio	
Se-Joo Chang	The largest shareholder	Common	12,900,000	13.52	13,300,000	13.94	-
Se-Wook Chang	Brother	Common	8,900,000	9.33	9,000,000	9.43	-
Yoon-Hee Chang	Sister	Common	563,593	0.59	563,593	0.59	-
Moon-Kyung Chang	Sister	Common	356,818	0.37	356,818	0.37	-
Sun-Ik Chang	Son	Common	479,540	0.50	790,703	0.83	-
Sook-Ja Kim	Mother	Common	148,684	0.16	140,000	0.15	-
Hee-Jung Nam	Wife	Common	243,943	0.26	243,943	0.26	-
Seung-Ik Chang	Son	Common	240,570	0.25	260,570	0.27	-
Hoon-Ik Chang	Relative	Common	120,000	0.13	140,000	0.15	-
Hyo-Jin Chang	Relative	Common	120,000	0.13	140,000	0.15	-
Chul Lee	Relative	Common	16,000	0.02	16,000	0.02	-
Sang-Min Lee	Relative	Common	250	0.00	250	0.00	-
Yeon-Keuk Kim	Executive of the affiliated company	Common	12,280	0.01	12,280	0.01	-
Jin-Soo Kwak	Executive of the affiliated company	Common	0	0.00	547	0.00	-
Byung-Hwa Moon	Executive of the affiliated company (unregistered)	Common	35	0.00	0	0.00	Resigned from registered executive, and excluded from related parties
Total		Common	24,101,713	25.26	24,964,704	26.16	-
		Preferred	-	-	-	-	-

The largest shareholder: Se-Joo Chang

Related parties: 13 persons

※ The number of shares in the employee stock ownership account is not included in the number of shares above.

## B. Major career and overview on the largest shareholder

### [Information on the largest shareholder ]

(As of Dec. 31, 2020)

Name	Position	Registered or not	Major career (Recent 5 years)		
			Period	Career	Multiple position
Se-Joo Chang	Chairman	Non-registered officer	'15.07~ present	-Chairman of Dongkuk Steel Mill Co., Ltd.	N/A

Name	Position	Registered or not	Major career (Recent 5 years)		
			Period	Career	Multiple position
			'12.04~ present	-Vice-chairman of the Korea-Japan Economic Association	
			'01.09~'15.06	-Representative director and Chairman of Dongkuk Steel Mill Co., Ltd.	

## C. Stock ownership

(As of Dec. 31, 2020)

(Unit: Share)

Classification	Name	Number of Shares	Ratio	Remarks
Shareholders with more than 5% of ownership	Se-Joo Chang	13,300,000	13.94%	-
	Se-Wook Chang	9,000,000	9.43%	-
	JFE Steel	8,309,404	8.71%	-
Employee Stock Ownership Association		756,354	0.79%	-

## D. Minority shareholders

(As of Dec. 31, 2020)

(Unit: Share)

Classification	Shareholders			Shares			Remarks
	Number of minority shareholders	Total number of shareholders	Ratio (%)	Number of minority shares	Total number of issued shares	Ratio (%)	
Minority shareholders	51,440	51,449	99.98	55,947,960	95,432,737	58.63	-

※ As of December 31, 2020, which is the most recent closing date of the shareholder list

## 2. Administration of stocks

<p>Stock issuance and allocation in accordance with the Articles of Incorporation</p>	<p>1. When the company issues new stock under the under the resolution of the board of directors, all possible methods are listed as follows.</p> <p>① All the shareholders shall be given a fair opportunity to allocating the issued new stocks based upon the number of shares that each individual is holding.</p> <p>② For the purpose of successful achievement in management such as introducing new technologies, improving the financial structure, and so forth, offering an opportunity to allocate the issued new stocks to specified people(including shareholders of this company) exploiting the methods other than the method mentioned on the item 1, without exceeding 50 percent of the total issued stocks.</p> <p>③ To share an opportunity to allocate the newly issued stocks to many and unspecified people (including shareholders of this company), exploiting the methods other than the method mentioned on item 1, without exceeding 50 percent of the total issued stocks.</p> <p>2. When the newly issued stocks have been allocated using the method mentioned in item 3 of clause 1, the allocation new stocks must utilize one of the methods listed below.</p> <p>① To give an opportunity to allocate new stocks toward many and unspecified people regardless of type classification procedure.</p> <p>② To give an opportunity to allocate new stocks that includes the remaining stocks from the allocation of employee stockholders in accordance with relevant laws, toward many and unspecified people.</p> <p>③ To give an opportunity to allocate new stocks and remaining stocks from the allocation of stockholders toward many and unspecified people.</p> <p>④ To give an opportunity to allocate new stocks to specified people that meet the legitimate standards which have been stated in accordance with the demand analysis and forecast from investment dealer or investment intermediary as an acceptor or a forwarder.</p> <p>3. When the newly issued stocks have been allocated using the method mentioned on item 2 and 3 of clause 1, particular points decided based on Article 416 of Commercial Act (item 1, item 2, item 3, and item 4) must be notified to the stockholders or announced two weeks before the due date. But, according to the Article 165 of Capital market and Financial investment Law (item 9), the company shall provide an official management report to Finance Services Commission and Korea Stock Exchange in substitution for the public announcement or notification.</p> <p>4. In order to issue new stocks using one of the three methods listed in clause 1, types, quantity, and price of new stocks shall only be determined under the resolution of the board of directors.</p> <p>5. When the allocation process of the newly issued stocks confront the difficulties such as poor subscription until the due date, failure to pay the right amount, and etc., these difficulties shall be resolved as prescribed in the relevant laws followed by the conclusion from the resolution of the board of directors.</p> <p>6. The determination of the method to deal with odd-lot stocks generated from the allocation process of the new stocks shall be finalized by the resolution of the board of directors.</p> <p>7. The Company shall publish the certificate of preemptive right to new stocks to the stockholder in case of the allocation of the new stocks under the condition of item 1 of clause 1.</p>		
Closing date	Dec.31	General S/H meeting	In March

Closing date of the shareholder list	<p>1. The Company suspends a change of the stockholders from the Jan. 1 until Jan. 31 of every year.</p> <p>2. The Company allows all the shareholders named on the list, as of Dec. 31 to exercise their voting rights on the annual meeting of shareholders.</p> <p>3. When temporary shareholders meeting is needed, under the resolution of the board of directors it shall be notified at least 2 weeks ahead, and shall not exceed 3 months to either suspend the rewriting of the list or choose the right date. However, if it is deemed necessary by the board of directors, the suspension of the rewriting of the list and the base date can be set together.</p>		
Type of share certificates	In accordance with the 「Act on Electronic Registration of Stocks, Bonds, etc.」, the type of share certificates is not indicated as the rights to be displayed on share certificates and preemptive rights certificates are mandatorily registered electronically.		
Agent	Hana Bank Securities Agency (02-368-5860)		
Privilege of shareholders	N/A	Notice	The Company notice is normally posted on the website of the Company ( <a href="http://www.dongkuk.co.kr">http://www.dongkuk.co.kr</a> ). However, if it is not possible to announce it on the Company's Internet homepage due to a computer failure or other unavoidable reasons, it will be posted on the Maeil Business Daily issued by the Seoul Metropolitan Government.

### 3. Stock prices & stock transactions in recent 6 months

#### A. Domestic stock market

(As of Dec. 31, 2020)

(Unit: KRW, Share)

Type		2020. 07	2020. 08	2020. 09	2020. 10	2020. 11	2020. 12
Common shares	Maximum	6,340	6,670	6,350	7,300	8,180	8,180
	Minimum	5,310	5,930	5,970	6,060	6,160	7,290
	Average	5,847	6,267	6,163	6,711	7,032	7,822
Transaction volume	Maximum(day)	2,377,650	2,655,749	883,346	4,388,050	8,191,194	3,659,664
	Minimum(day)	398,853	301,372	259,632	341,331	226,535	542,053
	Monthly transaction volume	20,878,075	19,020,698	11,055,817	21,416,236	32,141,242	27,808,584

※ The average price is based on the simple arithmetic mean of the month.



## VIII. Executives and Employees

### 1. Status on executives and employees

#### A. Executives

(As of Mar. 18, 2021)

(Unit: Share)

Name	Gender	Date of birth	Position	Registered or not	Standing or not	Tasks	Career	Number of shares		Relations with the largest shareholder	Term of service	Term expiration
								With voting right	Without voting right			
Se-Wook Chang	M	1962.12	Vice-Chairman	Registered	Standing	CEO	Southern California University(master degree)	9,000,000	-	Brother	21 years 2months	2022.03.19
Yeon-Keuk Kim	M	1962.04	President	Registered	Standing	COO	Hongik University Former) Head of Plate Business Headquarters	13,000	-	-	9years 3months	2023.03.25
Won-Chan Choi	M	1960.03	Executive Director	Registered	Standing	Head of the Hot-rolled Steel Sales Department	Hongik University Former) Head of Steel Bar Business Headquarter	20,000	-	-	10years 3months	2023.03.25
Jin-Soo Kwack	M	1968.04	Managing Director	Registered	Standing	Head of the Strategy Department	Yongnam University  Former) Head of Incheon Plant  '14.03 ~ '17.05 DK Aztec (* )Other non-standing director  **'17.04 Excluded from the affiliated due to court rehabilitation	547	-	-	6years 2months	2022.03.19
Yi-Bae Kim	M	1963.07	Outside director	Registered	Non-standing	Outside director (Audit Committee)	Soongsil University(Doctor's degree)  Current) Professor of Accounting at Deoksung Women's University	-	-	-	5years 0month	2022.03.19
Sang-Chul Joo	M	1974.12	Outside director	Registered	Non-standing	Outside director (Audit Committee)	Korea University  Current) Managing Director, Yale Accounting Corporation  Current)Lawyer, Law firm 'Sei-Sang'	-	-	-	4years 0month	2023.03.25

Name	Gender	Date of birth	Position	Registered or not	Standing or not	Tasks	Career	Number of shares		Relations with the largest shareholder	Term of service	Term expiration
								With voting right	Without voting right			
Dong-Jun Min	M	1956.07	Outside director	Registered	Non-standing	Outside director (Audit Committee)	Tokyo University (Doctor's degree)  Current) Professor of metal engineering at Yonsei University.	-	-	-	2years 0month	2023.03.25
Dong-Kuk Nam	M	1957.10	Outside director	Registered	Non-standing	Outside director (Audit Committee)	Korea Open University  Former) head of the Daegu Regional Tax Office  Current) Chairman, Tax firm 'The Tax'	-	-	-	2years 0month	2023.03.25
Jong-Won Lee	M	1973.05	Outside director	Registered	Non-standing	Outside director (Audit Committee)	Seoul National University  Current) Lawyer, Law firm 'Daeruk Aju'	-	-	-	2years 0month	2023.03.25
Yong-Sang Kim	M	1963.05	Outside director	Registered	Non-standing	Outside director	Seoul National University  Former) Seoul High Court Head Judge  Current) Lawyer, Law firm 'Kim & Chang'	-	-	-	2years 0month	2023.03.25
Se-Joo Chang	M	1953.11	Chairman	Non-registered	Standing	Chairman	Tawson State University (Doctor's degree)	13,300,000	-	The largest shareholder	33years 7months	2022.12.31
Sam-Yong Choi	M	1965.07	Executive Director	Non-registered	Standing	Head of Incheon Plant	Yongnam University  Former)Head of Pohang Plant	15,346	-	-	7years 3months	2021.12.31
Byung-Moon Im	M	1965.02	Managing Director	Non-registered	Standing	Director of the Central Institute of Technology	Pusan National University (Doctor's degree)	551	-	-	8years 3months	2022.12.31
Yong-Jun Joo	M	1967.01	Managing Director	Non-registered	Standing	Head of Busan Plant	Yongnam University  Former) in charge of cold-rolled steel sales	762	-	-	8years 3months	2022.12.31
Sang-Hoon Park	M	1967.10	Managing Director	Non-registered	Standing	Head of the Cold-rolled Steel Sales Department	Sungkyunkwan University(Master's degree)  Former)Head of Busan Plant	32	-	-	7years 3months	2021.12.31
Dong-Chul	M	1961.12	Managing Director	Non-registered	Standing	Head of Marketing	Hankuk University of Foreign Studies	60	-	-	8years 3months	2022.12.31

Name	Gender	Date of birth	Position	Registered or not	Standing or not	Tasks	Career	Number of shares		Relations with the largest shareholder	Term of service	Term expiration
								With voting right	Without voting right			
Lee						Department	(Master's degree) former) Head of the Japanese corporation					
Yong-Jun Shin	M	1966.12	Managing Director	Non-registered	Standing	Head of Pohang Plant	Yongnam University  Former) Head of Bar/Section Steel Production Team	-	-	-	4years 3months	2022.12.31
Sung-Kook Hah	M	1965.08	Managing Director	Non-registered	Standing	Head of Purchase Department	Busan University	-	-	-	4years 3months	2022.12.31
Dae-Sik Lee	M	1968.11	Managing Director	Non-registered	Standing	Head of the Plate Steel Sales Team	Dong-A University  Former) In charge of Marketing	10,000	-	-	5years 8months	2022.12.31
Sun-Ik Jang	M	1982.12	Managing Director	Non-registered	Standing	Production of Incheon Plant	Hitotsubashi University(Master's degree)	790,703	-	Son	4years 3months	2022.12.31
Oh-Yoon Kwon	M	1970.09	Managing Director	Non-registered	Standing	Head of the Bar/Section Steel Sales Team	Yonsei University(Master's degree)	720	-	-	3years 3months	2021.12.31
Chan-Hee Lee	M	1968.03	Director	Non-registered	Standing	Management of Incheon Plant	Kookmin University Former) Labor-Management team head	-	-	-	4years 3months	2022.12.31
Jang-Han Joo	M	1969.08	Director	Non-registered	Standing	Management of Busan Plant	Busan National University Former)Head of Cold-rolled plating production team	42	-	-	4years 3months	2022.12.31
Do-Yeon Kim	M	1971.04	Director	Non-registered	Standing	Head of the Cold-rolled Sales Team	Yongnam University  Former) Color Steel Sales	-	-	-	3years 3months	2021.12.31
Sang-Jae Kim	M	1970.05	Director	Non-registered	Standing	Production of Pohang Plant	Southern California University(Master's degree)  Former)Head of the Bar Steel Production Team	3,768	-	-	3years 3months	2021.12.31
Ji-Hoon Kim	M	1972.01	Director	Non-registered	Standing	Head of the Business Support Department	Kyongbuk University(Master's degree)	720	-	-	2years 8months	2021.12.31
Ji-Tak Kim	M	1971.01	Director	Non-registered	Standing	Head of Dangjin Plant	Military Academy	-	-	-	2years 8months	2021.12.31
Soon-Wook Chung	M	1969.04	Director	Non-registered	Standing	Head of Finance Department	Yonsei University(Master's degree)	550	-	-	3months	2022.12.31
Don-Woo Nam	M	1971.01	Director	Non-registered	Standing	Production of Busan Plant	Busan University(Master's degree)	550	-	-	3months	2022.12.31

※The number of shares above includes the number of shares in the Employee Stock Ownership Association account.

※The above table is the current status before the approval of the general shareholders' meeting. If the agenda related to the appointment of directors is rejected or amended at the general shareholders' meeting, the details and reasons will be reflected in the correction report.

## B. Candidates for appointment of registered executives and those subject to dismissal

(As of Mar. 18, 2021)

Appointment/ dismissal	Name	Gender	Date of birth	Candidate	Major career	Date of appointment	Relation with the largest shareholder
Appointment	Yeon- Keuk Kim	Male	1962.04	Inside director	Head of Bar Steel Division of Dongkuk Steel Mill Co., Ltd.  Head of Plate Steel Division of Dongkuk Steel Mill Co., Ltd.  [Current] President of Dongkuk Steel Mill Co., Ltd.	2021.03.26	None
Appointment	Won- Chan Choi	Male	1960.03	Inside director	Head of Bar Steel Division of Dongkuk Steel Mill Co., Ltd.  Sales of hot-rolled steel of Dongkuk Steel Mill Co., Ltd.  [Current] Head of Hot-rolled Steel Sales Department of Dongkuk Steel Mill Co., Ltd.	2021.03.26	None
Appointment	Sang- Chul Joo	Male	1974.12	Outside director	Certified Public Accountant of Samil PricewaterhouseCoopers  [Current] Managing Director of Yeil Accounting Company  [Current] Lawyer of the law firm 'Sei-Sang'	2021.03.26	None
Appointment	Dong- Jun Min	Male	1956.07	Outside director	President of the Korean Institute of Metals and Materials  Vice president of Public Administration and Foreign Affairs, Yonsei University  [Current] Professor of Department	2021.03.26	None

Appointment/ dismissal	Name	Gender	Date of birth	Candidate	Major career	Date of appointment	Relation with the largest shareholder
					of Materials Science and Engineering, Yonsei University		
Appointment	Dong-Kuk Min	Male	1957.01	Outside director	Inspector of National Tax Service  Head of Daegu Regional Tax Office  [Current] Chairman of The Tax, a tax corporation	2021.03.26	None
Appointment	Yong-Sang Kim	Male	1963.05	Outside director	Senior Judge of Seoul High Court  Member of the Central Land Acceptance Committee  [Current] Attorney at Kim&Chang	2021.03.26	None
Appointment	Jong-Won Lee	Male	1973.05	Outside director	Arbitrator of the Korea Commercial Arbitration Agency  Integrity Ombudsman of Korea Mineral Resources Corporation  [Current] Attorney at the law firm 'DR&AJU'	2021.03.26	None

※ The above table is the status before approval at the general shareholders' meeting, and if the agenda related to the appointment of directors is rejected or amended at the general shareholders' meeting in the future, the contents and reasons will be reflected through the correction report.

### C. Status of employees

(As of Dec. 31, 2020)

(Unit: KRW million)

Employees									Non-employees			Remarks	
Business division	Gender	No. of employees				Average service years	Total annual salary	Average salary per employee	Male	Female	Total		
		Employees for open period		Fixed-term employees									Total
		Total	Short-term	Total	Short-term								

Employees										Non-employees			Remarks
Business division	Gender	No. of employees					Average service years	Total annual salary	Average salary per employee	Male	Female	Total	
		Employees for open period		Fixed-term employees		Total							
		Total	Short-term	Total	Short-term								
1 <sup>st</sup> Steel Manufacture	M	2,379	-	33	-	2,412	16.00	198,497	82	1,107	37	1,144	-
1 <sup>st</sup> Steel Manufacture	F	111	-	3	2	114	8.87	6,446	57				-
Total		2,490	-	36	2	2,526	15.68	204,943	81				-

## D. Remuneration of non-registered executives

(As of Dec. 31, 2020)

(Unit: KRW million)

Classification	No. of persons	Total annual salary	Average salary per person	Remarks
Non-registered executives	19	8,108	427	-

## 2. Remuneration of executives

<Remuneration of directors and internal auditors>

### 1. Amount approved in the general shareholders' meeting

(Unit: KRW million)

Classification	Number of persons	Amount approved in the general shareholders' meeting	Remarks
Registered directors, outside directors, members of the Audit Committee, and internal auditors	10	10,000	-

### 2. The paid amount of remuneration

## 2-1. Remuneration for directors and internal auditors

(Unit: KRW million)

No. of persons	Total amount of remuneration	Average remuneration per person	Remarks
10	4,854	485	-

## 2-2. Details

(Unit: KRW million)

Classification	Number of persons	Total amount of remuneration	Average remuneration per person	Remarks
Registered directors (Excluding outside directors and members of the Audit Committee)	4	4,539	1,135	-
Outside directors (Excluding members of the Audit Committee)	1	53	53	-
Audit Committee members	5	263	53	-
Internal auditors	-	-	-	-

※ All of the 5 members of the Audit Committee are outside directors at the same time.

## <Directors and internal auditors with the remuneration of KRW 500 million or more>

### 1. Individual remuneration

(Unit: KRW million)

Name	Title	Total amount of remuneration	The amount not included in total remuneration
Se-Wook Chang	Representative director Vice Chairman	3,318	
Yeon-Keok Kim	Representative director President	598	-

### 2. Calculation criteria and method

(Unit: KRW million)

Name	Type of remuneration		Total amount	Calculation
Se-Wook Chang	Earned income	Salaries	2,006	1. Basic salary The annual salary is set to KRW 2 billion and equally paid by KRW 167 million per month reflecting roles, responsibilities, and performance contribution, based on the “initial salary table for each executive position” in the Regulations on Executive Management of Dongkuk Steel Mill Co., Ltd. set forth under the BOD resolution.  2. Allowance for position N/A
		Bonuses	1,302	KRW 1,302 million of recognition bonus
		Gains on exercise of stock option	-	N/A
		Other earned income	10	KRW 10 million won paid for medical examination, sabbatical vacation, etc.
	Retirement income		-	N/A
	Other income		-	N/A

(Unit: KRW million)

Name	Type of remuneration		Total amount	Calculation
Yeon-Keuk Kim	Earned income	Salaries	402	1. Basic salary The annual salary is set to KRW 400 million and equally paid by KRW 33 million per month reflecting roles, responsibilities, and performance contribution, based on the “initial salary table for each executive position” in the Regulations on Executive Management of Dongkuk Steel Mill Co., Ltd. set forth under the BOD resolution.  2. Allowance for position N/A
		Bonuses	184	Irregular bonuses other than performance-based bonuses for 2020 and summer vacation
		Gains on exercise	-	N/A



Name	Type of remuneration		Total amount	Calculation
		of stock option		
		Other earned income	12	KRW 12 million paid for school expenses, medical check-up, etc.
	Retirement income		-	N/A
	Other income		-	N/A

<Individual remuneration for top 5 out of those paid KRW 500 million or more>

## 1. Individual remuneration

(Unit: KRW million)

Name	Title	Total amount of remuneration	The amount not included in total remuneration
Se-Joo Chang	Chairman	4,101	-
Se-Wook Chang	Representative director Vice chairman	3,318	-
Yeon-Keuk Kim	Representative director President	598	-
Byung-Hwa Moon	Executive director	589	-

※ Executive director Byung-Hwa Moon resigned as of Dec. 11, 2020, and the retirement benefit is included in the total amount of remuneration.

## 2. Calculation criteria and method

(Unit: KRW million)

Name	Type of remuneration		Total amount	Calculation
Se-Joo Chang	Earned income	Salaries	2,475	<p>1. Basic salary</p> <p>The annual salary is set to KRW 2.47 billion and equally paid by KRW 206 million per month reflecting roles, responsibilities, and performance contribution, based on the “initial salary table for each executive position” in the Regulations on Executive Management of Dongkuk Steel Mill Co., Ltd. set forth under the BOD resolution.</p>

Name	Type of remuneration		Total amount	Calculation
				2. Allowance for position N/A
		Bonuses	1,608	KRW 1,608 million of recognition bonus
		Gains on exercise of stock option	-	N/A
		Other earned income	18	KRW 18 million paid for medical examination, summer vacation, medical expenses, etc.
	Retirement income		-	N/A
	Other income		-	N/A

(Unit: KRW million)

Name	Type of remuneration		Total amount	Calculation
Se-Wook Chang	Earned income	Salaries	2,006	1. Basic salary The annual salary is set to KRW 2 billion and equally paid by KRW 167 million per month reflecting roles, responsibilities, and performance contribution, based on the "initial salary table for each executive position" in the Regulations on Executive Management of Dongkuk Steel Mill Co., Ltd. set forth under the BOD resolution.  2. Allowance for position N/A
		Bonuses	1,302	KRW 1,302 million of recognition bonus
		Gains on exercise of stock option	-	N/A
		Other earned income	10	KRW 10 million paid for medical examination, sabbatical vacation, etc.
	Retirement income		-	N/A

Name	Type of remuneration	Total amount	Calculation
	Other income	-	N/A

(Unit : KRW million )

Name	Type of remuneration		Total amount	Calculation
Yeon-Keuk Kim	Earned income	Salaries	402	1. Basic salary The annual salary is set to KRW 400 million and equally paid by KRW 33 million per month reflecting roles, responsibilities, and performance contribution, based on the “initial salary table for each executive position” in the Regulations on Executive Management of Dongkuk Steel Mill Co., Ltd. set forth under the BOD resolution. 2. Allowance for position N/A
		Bonuses	184	Irregular bonuses other than performance-based bonuses for 2020 and summer vacation
		Gains on exercise of stock option	-	N/A
		Other earned income	12	KRW 12 million paid for school expenses, medical check-up, etc.
	Retirement income		-	N/A
	Other income		-	N/A

(Unit : KRW million)

Name	Type of remuneration		Total amount	Calculation
Byung-Hwa Moon	Earned income	Salaries	251	1. Basic salary The annual salary is set to KRW 250 million and equally paid by KRW 21 million per month reflecting roles, responsibilities, and performance contribution, based on the “initial salary table for each executive position” in the Regulations on Executive Management of Dongkuk Steel Mill Co., Ltd. set forth under the BOD resolution.  2. Allowance for position N/A
		Bonuses	2	Irregular bonuses other than the bonus for summer vacation

Name	Type of remuneration		Total amount	Calculation
		Gains on exercise of stock option	-	N/A
		Other earned income	5	KRW 5 million paid for medical check-up, etc.
	Retirement income		331	In accordance with the executive retirement payment regulations, KRW 331 million was paid based on the monthly salary of KRW 21 million at the time of retirement multiplied by the rate of payment for each position(Executive Director: 200%) for 8 service years.
	Other income		-	N/A

## IX. Affiliated Companies

### 1. The Group and the names of the included companies

- The name of the Group : Dongkuk Steel Mill Co., Ltd.

As of the end of the reporting period, there are a total of 12 domestic affiliates in the Group of Dongkuk Steel Mill Co., Ltd. designated by the Fair Trade Commission. Among them, there are 2 listed companies including the Company and 10 unlisted companies.

Classification	Number of companies	Company Name	Corporate Registration No.
Listed	2	Dongkuk Steel Mill Co., Ltd.	110111-0031338
		Intergis Co., Ltd	180111-0001973
Unlisted	10	Ferrum Infra Co., Ltd.	110111-4199330
		Dangjin Godae Dock Management Co., Ltd.	165011-0034347
		Dongkuk Systems Co., Ltd.	110111-1462524
		I&K New Port Co., Ltd.	180111-0742296
		Intergis New Port Center Co., Ltd.	180111-0650027
		Intergis Ungdong Center Co., Ltd.	180111-0783779
		Intergis Central Pier Co., Ltd.	180111-0034065
		Jeju Shipping and Logistics Co., Ltd	220111-0155804
		GAONST Co., Ltd.	200111-0286744
		JB Dangjin Ferrumville Private Investment Limited Company	165014-0001168
Total	12	-	-

※ As of May 1, 2020, Dongkuk Steel Mill Co., Ltd. was designated as a “Group subject to Disclosure” (a group with total assets of over KRW 5 trillion).

※ Jeju Shipping and Logistics Co., Ltd. was included, acquired by Intergis Co., Ltd.(2018.05.01)

※ GAONST Co., Ltd. was included by securing equity through investment conversion(2018.09.01).

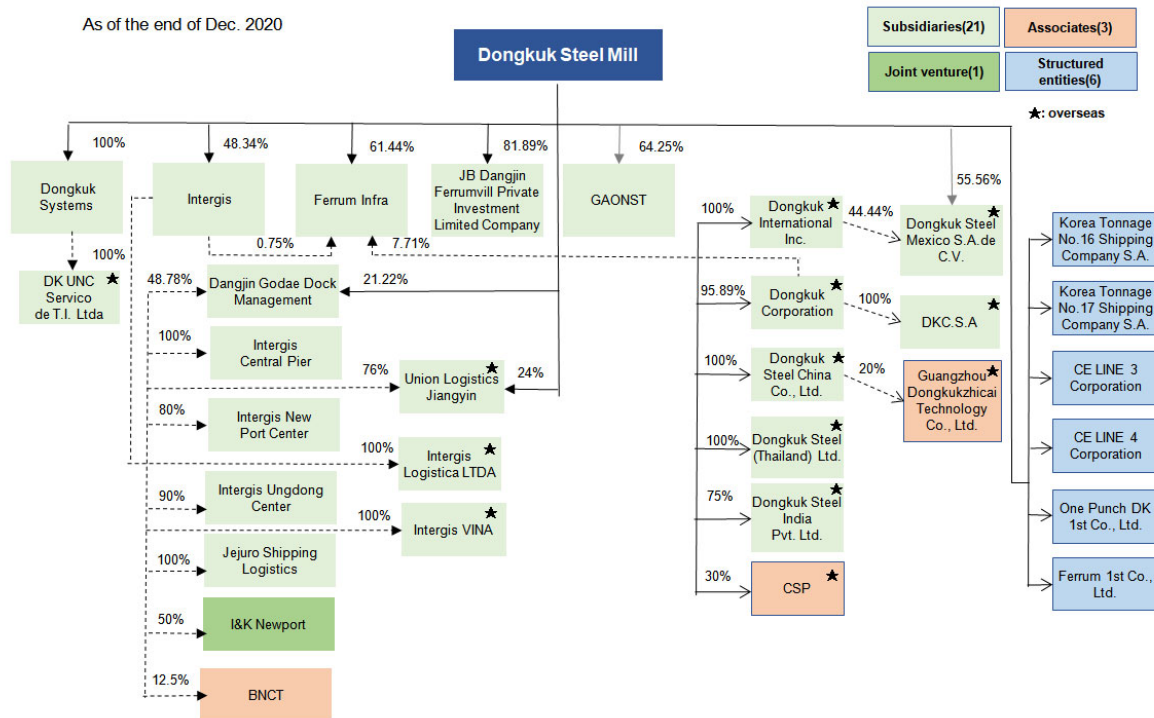
※ JB Dangjin Ferrumville Private Investment Limited Company was included by securing equity(2018.12.01).

※ The name of DK UNC has changed into Dongkuk Systems Co., Ltd.(2020.02.03)

※ There was the resolution on dissolution of Jeju Shipping and Logistics Co., Ltd. (2020.02.10)

## 2. Group structure

Group Structure of Dongkuk Steel Mill Co., Ltd.(2020.12.31)



※ It is the accounting-based group structure of Dongkuk Steel Mill Co., Ltd.

For more details, please refer to 「G. Matters related to the Affiliated Companies」 of 「1. Overview of the Company」.

## 3. Executives with the multiple position

(As of Dec. 31, 2020)

Name	Title in the Company	Title in the affiliated company	
	Title(Standing or not)	Affiliated company	Title(Standing or not)
Jin-Soo Kwak	Executive Director(Standing)	Dongkuk Systems Co., Ltd.(*1)	Auditor(Non-standing)
Jin-Soo Kwak	Executive Director(Standing)	Ferrum Infra	Director(Non-standing)
Ji-Tak Kim	Director(Standing)	Dangjin Godae Dock Management Co., Ltd.	Director(Non-standing)

(\*1)The company name of DK UNC changed into Dongkuk Systems Co., Ltd. as of Feb. 3, 2020.

## 4. Investment in other companies

(As of Dec. 31, 2020)

(Unit :KRW million, Share, %)

Company	Initial acquisition date	Purpose	Initial acquisition amount	Beginning			Increase (Decrease)			Ending			Financial performance of the recent business year	
				Quantity	Ratio(%)	Book value	Acquisition (disposal)		Valuation gains or loss	Quantity	Ratio (%)	Book value	Total assets	Net Income or loss
							Quantity	Amount						
Intergis Co., Ltd. (listed)	2000.03.31	Control	4,178	14,380,402	48.34	89,833	-	-	-12,148	14,380,402	48.34	77,685	342,590	1,194
Dongkuk Int'l Inc (Unlisted)	-	Control	213	1,402	100.00	28,188	-	-	-	1,402	100.00	28,188	93,351	15,764
Dongkuk Corporation (Unlisted)	1980.06.21	Control	56	886,000	95.89	32,669	-	-	-	886,000	95.89	32,669	131,144	615
Dangjin Godae Dock Management (Unlisted)	2011.04.21	Control	550	169,756	21.22	849	-	-	-	169,756	21.22	849	8,071	99
Dongkuk Systems Co., Ltd. (Unlisted)(*4)	2011.09.16	Control	4,000	1,078,067	100.00	18,984	-	-	-	1,078,067	100.00	18,984	88,912	2,519
Dongkuk Steel China (Unlisted) (*1)	2015.01.02	Control	-	-	100.00	-	-	46,434	-10,919	-	100.00	35,515	120,817	-11,024
Union Logistics Jiangyin Co., Ltd. (Unlisted) (*1)	2015.01.02	Control	5,660	-	24.00	-	-	-	-	-	24.00	-	18,541	2,878
Dongkuk Steel Mexico S.A. de C.V. (Unlisted) (*2)	2015.01.02	Control	4,729	-	55.56	8,129	-	-	-	-	55.56	8,129	63,770	2,323
Dongkuk Steel India Pvt. Ltd. (Unlisted)	2015.01.02	Control	15,192	26,313,862	75.00	6,573	-	-	-	26,313,862	75.00	6,573	31,244	38
Dongkuk Steel (Thailand) Ltd. (Unlisted)	2015.01.02	Control	12,892	341,298	100.00	11,589	-	-	-	341,298	100.00	11,589	34,576	1,456
Ferrum Infra Co., Ltd. (Unlisted)	2009.11.02	Control	400	2,839,818	11.76	7,100	12,000,000	42,279	-	14,839,818	61.44	49,379	187,351	-
CSP (Unlisted)	2008.02.14	Control	1,447	1,832,379,798	30.00	483,141	393,248,250	94,067	-115,115	2,225,628,048	30.00	462,093	3,142,831	-623,381
JB Dangjin Ferrumville Limited Company (Unlisted) (*1)	2016.10.26	Investment	1,500	1,040,000	81.89	11,185	-	-	-	1,040,000	81.89	11,185	38,199	333
GAONST Co. Ltd. (Unlisted)	2018.06.30	Conversion of investment	-	40,807	64.25	-	-	-	-	40,807	64.25	-	854	-133
Samho Steel Co., Ltd. (Unlisted) (*5)	2020.09.30	Conversion of investment	-	-	-	-	9,589	192	-192	9,589	13.70	-	-	-
Korea Construction Cooperative (Unlisted) (*3)(*6)	2019.03.07	License	138	94	0.00	138	-	-	5	94	0.00	143	7,045,154	153,327
Korea Specialty Construction Cooperative (Unlisted) (*3)(*6)	2015.01.02	License	100	112	0.00	100	-	-	4	112	0.00	104	5,536,773	145,167
Woongjin (Listed)(*6)	2016.01.08	Conversion of investment	740	215,794	0.36	334	-	-	-100	215,794	0.36	234	475,161	-104,994
STX Heavy Industries (Listed)(*6)	2017.01.13	Conversion of investment	180	4,204	0.01	13	-	-	3	4,204	0.01	16	447,396	-34,767

Company	Initial acquisition date	Purpose	Initial acquisition amount	Beginning			Increase (Decrease)			Ending			Financial performance of the recent business year	
				Quantity	Ratio(%)	Book value	Acquisition (disposal)		Valuation gains or loss	Quantity	Ratio (%)	Book value	Total assets	Net Income or loss
							Quantity	Amount						
Tokyo Steel (Listed)	2018.02.23	Investment	618	1,430,000	0.92	12,014	-	-	-1,943	1,430,000	0.92	10,071	2,016,417	155,998
Total				-	-	710,839	-	182,972	-140,405	-	-	753,406	-	-

※ The initial acquisition year for Dongkuk Int'l Inc. is 1984.

※ The recent business year refers to the end of 2020(\* as of the end of Mar. 2020 for Tokyo Steel whose settlement date is the end of Mar.)

(\*1) Shares not issued as a limited company.

(\*2) Shares not issued as a joint stock company.

(\*3) Invested for the purpose of acquiring a construction-related license issued by the cooperative.

(\*4) The company name of DK UNC changed into Dongkuk Systems Co., Ltd. as of Feb. 3, 2020.

(\*5) Samho Steel Co., Ltd. is bankrupt as of the report date, so the financial status for the recent business year is omitted.

(\*6) As it is before the announcement of 2020 settlement performance, the financial status of the recent business year is as of the end of 2019.



## **X. Transactions with Stakeholders**

### **1. Credit exposure to major shareholders**

#### A. Status on debt guarantee

Please refer to [B. Status of debt guarantee in 3. Contingent liabilities, [XI. Other Matters Needed to Protect Investors](#)].

## XI. Other Matters Needed to Protect Investors

### 1. Progress and changes related to disclosures

- N/A

### 2. Summary of the minutes of the general shareholders' meetings

Date	Agenda	Resolution	Remarks
66th (2019) General Shareholders' Meeting (2020.03.20)	1. Approval on the 66th(2019) financial statements(including deficit statement)	Approval on the revised agenda	-
	2. Appointment of directors (2 inside directors, 1 outside director)	Agenda No. 2-1 : Appointment of inside director (candidate: Se-Wook Chang) Agenda No. 2-2 : Appointment of inside director (candidate: Jin-Soo Kwack) Agenda No. 2-3 : Appointment of outside director (candidate: Yi-Bae Kim)	-
	3. Appointment of members of the Audit Committee	Agenda No. 3-1: Appointment of Audit Committee members(Outside Director) (candidate: Yi-Bae Kim)	-
	4. Approval on director remuneration limits	KRW 10 billion	-
65th (2018) General Shareholders' Meeting (2019.03.15)	1. Approval on the 65th(2018) financial statements(including deficit statement)	Approval on the revised agenda	-
	2. Partial amendment to the Articles of Incorporation	Approval on the revised agenda	-
	3. Appointment of directors (3 inside directors, 5 outside directors)	Agenda No. 3-1 : Appointment of inside director (candidate: Yeon-Keuk Kim) Agenda No. 3-2 : Appointment of inside director (candidate: Won-Chan Choi) Agenda No. 3-3 : Appointment of inside director (candidate: Byung-Hwa Moon) Agenda No. 3-4 : Appointment of outside director (candidate: Sang-Chul Joo) Agenda No. 3-5 : Appointment of outside director (candidate: Dong-Jun Min) Agenda No. 3-6 : Appointment of outside director (candidate: Dong-Kuk Nam) Agenda No. 3-7 : Appointment of outside director (candidate: Yong-Sang Kim) Agenda No. 3-8 : Appointment of outside director (candidate: Jong-Won Lee)	-
	4. Appointment of members of the Audit Committee	Agenda No. 4-1 : Appointment of Audit Committee members(Outside Director) (candidate: Sang-Chul Joo) Agenda No. 4-2 : Appointment of Audit Committee members(Outside Director) (candidate: Dong-Jun Min) Agenda No. 4-3 : Appointment of Audit Committee members(Outside Director) (candidate: Dong-Kuk Nam)	-

Date	Agenda	Resolution	Remarks
		Agenda No. 4-4 : Appointment of Audit Committee members(Outside Director) (candidate: Jong-Won Lee)	
	5. Approval on director remuneration limits	KRW 10 billion	-
The 64th (2017) General Shareholders' Meeting (2018.03.16)	1. Approval on the 64th(2017) financial statements(including the disposition statement of retained earnings)	Approval of the revised agenda	-
	2. Appointment of directors(2 inside directors, 1 outside director)	Appointment of inside directors (2 persons) 2-1. Appointment of Director Se-Wook Chang 2-2. Appointment of Director Dong-Kyu Im  Appointment of outside directors (1 person) 2-3. Appointment of Director Yi-Bae Kim	-
	3. Appointment of Audit Committee members (1 person)	3-1. Appointment of Audit Committee member Yi-Bae Kim	-
	4. Approval on director remuneration limits	KRW 10 billion	-
	5. Amendment of regulations on executive retirement payment	Amendment of regulations on calculation of retirement allowance and transfer to affiliated companies	-

### 3. Contingent liabilities, etc.

#### A. Major lawsuits

As of the end of the reporting period, there are 6 pending lawsuits that occurred in the normal business process, with the Company as a defendant, and the litigation value is KRW 7,346 million. At this time, the prospect of these lawsuits is unpredictable, and it is unclear whether, how much, and when resources are released in relation to such lawsuits.

Meanwhile, as of the end of the reporting period, there is 1 case under arbitration with the ship owner, shipper, and insurance company in connection with the maritime transport claim of the Group and the related amount is KRW 10,118 million (as of the end of the previous period: KRW 10,768 million).

## (1) Major lawsuit of Dongkuk Steel Mill Co., Ltd(the holding company)

### ① Litigation for cancellation of the penalty imposed by the Fair Trade Commission

(As of Mar. 18, 2021)

Classification	Contents
Date of case submission	- 2021. 3. 10
Concerned parties	- Plaintiff : Dongkuk Steel Mill Co., Ltd., Defendant: Fair Trade Commission
Summary of lawsuit	-Under the Monopoly Regulation and Fair Trade Act, the Company was imposed with the penalty for collusion on the sale of steel bars(2018.12.20) and has paid the penalty in full (2019.3.4). In response, the Company filed a lawsuit against the Fair Trade Commission for cancellation of the corrective order and penalty payment order.
Litigation value	- KRW 1,050,000,000
Progress	- The plaintiff's litigation agent, Kim & Chang , submitted a letter of attorney on Mar. 11, 2021
Litigation schedule and reaction plan	- No litigation schedule
The effect of the litigation result on the Company	1)In case of winning the case : The original verdict will be reversed and remanded. 2)In case of losing the case : No additional impact

### ② Violation of the Industrial Safety and Health Act

(As of Mar. 18, 2021)

Classification	Contents
Date of case submission	- 2020.12.01
Concerned parties	- Dongbu Branch of the Busan District Prosecutors' Office
Summary of lawsuit	- The Dongbu Branch of the Busan District Prosecutors' Office summarily indicted the Company on Jan. 13, 2020 on charges of violating the Industrial Safety and Health Act on the death of a worker of a Busan plant partner "Baekwoon", but the court in charge referred it to a formal trial on Dec. 1, 2020.
Litigation value	- As a criminal case, no litigation is calculated separately.
Progress	- The legal agent of the Company, Yulha , submitted the appointment of attorney to the responsible court on Jan. 7, 2021.
Litigation schedule and reaction plan	- Trial date: Apr. 8, 2021
The effect of the litigation result on the Company	- Highly likely to be sentenced to penalties

## (2) Major lawsuit of Intergis Co., Ltd.(subsidiary)

### ① Claim for damages (MV Great Prosperity)

Classification	Contents
Date of case submission	- 2015. 10. 26.
Concerned parties	- Plaintiff : United Bulk Carriers International (UBCI) Defendant :Intergis Co., Ltd. - Litigation in progress based on the contract chain(Back to Back(BTB) voyage charter contract) ※ Litigation in progress: Xiamen C&D (sender) ⇒ Sinotrans (Shipowner) ⇒ Beibu Gulf Shipping (transporter) ⇒ (Hyundai Merchant Marine Co. and 2 others) ⇒ Jaldhi Overseas ⇒ UBCI ⇒ INTERGIS ⇒ Marubeni (consignor /trader)
Summary of lawsuit	- A dispute of damaged cargo based on the marine transport contract between the plaintiff and Jaldhi Overseas. - Claim for all damages and costs for all liabilities for compensation (wet damage)
Litigation value	- USD 9,300,000 (RMB 58,596,000)
Progress	-2015. 10. 26. Filed for an arbitration at the ACAS (UBCI ⇒ the Company) -2015. 10. 29. Filed for an arbitration at the ACAS (the Company ⇒ Marubeni) -The company club (Charterers P&I Club) offered LOU of over \$ 7.45 million to the UBCI - Disputes settled at \$1.38 million in Jul. 2018.
Litigation schedule and reaction plan	-Will proceed with the arbitration according to contract chain arbitration process . - Expected to take about 3 years as the contract chain involves 10 companies.
The effect of the litigation result on the Company	- The Company has joined Time Characters Liability to Charterer's P&I Club in regard of this case and is scheduled to claim on the sub-contractor, Marubeni, after paying for the insurance amount through the Company's insurance agency (Club) according to BTB contract chain if the liability of the ship owner is admitted.

## B. Status of debt guarantees

(Unit : KRW million, foreign currency : thousand)

2020.1.1 ~ 2020.12.31	Debtor	Relationship	Guaranteed by	Guarantee period	Purpose	Transaction details (balance)					Debt guarantee limit	
						Beginning Balance	Increase	Decrease	Ending balance	Currency	Local currency	KRW
Dongkuk Steel Mill Co., Ltd.	DKSC	Affiliate	KDB	2019.10.30 ~ 2020.07.23	Payment guarantee/ Operating funds	12,000	-	(12,000)	-	CNY	Expired	
	DKSC	Affiliate	The Export-Import Bank of Korea	2019.05.03 ~ 2020.05.04	Payment guarantee/ Operating funds	25,000	-	(25,000)	-	USD	Expired	
	DKSC	Affiliate	KDB	2019.09.20 ~ 2020.06.19	Payment guarantee/ Operating funds	13,500	-	(13,500)	-	CNY	Expired	
	DKSC	Affiliate	KDB	2019.04.19 ~ 2020.04.20	Payment guarantee/ Operating	6,000	-	(6,000)	-	USD	Expired	

					funds							
	DKSC	Affiliate	KDB	2019.03.08 ~ 2020.03.13	Payment guarantee/ Operating funds	15,000	-	(15,000)	-	USD	Expired	
	DKI	Affiliate	BANK OF HOPE	2018.12.26 ~ 2020.04.30	Payment guarantee/ trade financing	29,575	-	(29,575)	-	USD	Expired	
	DKC	Affiliate	TOKYO STAR BANK	2019.07.31 ~ 2020.07.31	Payment guarantee/ trade financing	5,879,554	-	(5,879,554)	-	JPY	Expired	
	DKSC	Affiliate	The Export- Import Bank of Korea	2020.04.29 ~ 2021.04.29	Payment guarantee/ Operating funds	-	20,000	-	20,000	USD	20,000	21,760
	DKSC	Affiliate	KDB	2020.03.06 ~ 2021.03.06	Payment guarantee/ Operating funds	-	15,000	-	15,000	USD	15,200	16,537
	DKI	Affiliate	HANMI BANK	2020.05.18 ~ 2021.05.18	Payment guarantee/ trade financing	-	6,453	-	6,453	USD	32,000	34,816
	DKC	Affiliate	TOKYO STAR BANK	2020.08.25 ~ 2021.08.31	Payment guarantee/ trade financing	-	1,210,381	-	1,210,381	JPY	3,000,000	31,628
	CSP(*1)	Affiliate	The Export- Import Bank of Korea, etc.	2015.05.11 ~ 2031.09.30	Payment guarantee/ Operating funds	1,117,162	3,955	-	1,121,117	USD	345,752	376,178
	CSP(*1)	Affiliate	Korea Trade Insurance Corporation, etc.	2015.05.11 ~ 2031.09.30	Payment guarantee/ Operating funds	677,906	2,374	-	680,280	USD	210,322	228,830
	CSP(*1)	Affiliate	BNDES	2015.05.11 ~ 2031.09.30	Payment guarantee/ Operating funds	469,616	19,038	-	488,654	USD	151,671	165,018
	CSP(*1)	Affiliate	BNDES	2015.05.11 ~ 2031.09.30	Payment guarantee/ Operating funds	1,108,098	62,907	-	1,171,005	BRL	363,462	76,134
Intergis Co., Ltd.	BNCT(*2)	Affiliate	Kyongnam Bank	2019.12.13 ~ 2020.12.13	Performance guarantee / implementation of operating contracts	3,709	-	(3,709)	-	KRW	Expired	
	BNCT(*2)	Affiliate	Kyongnam Bank	2020.12.11 ~ 2021.12.13	Performance guarantee / implementation of operating contracts	-	3,724	-	3,724	KRW	-	3,724
	Intergis Logistica Ltda.	Subsidiary	KEB Hana Bank	2020.01.17 ~ 2021.01.17	Payment guarantee/ Operating funds	-	628	-	628	KRW	3,000(*3)	628
Total												955,253

※ DKI : Dongkuk International Inc. / DKC : Dongkuk Corporation / DKSC : Dongkuk Steel China Co. Ltd.(\*1)

(\*1)CSP is a related company where Dongkuk Steel Mill Co., Ltd. has 30% of the shares.

The transaction details refer to the total balance of borrowings of the relevant guarantee contracts(including

incidental expenses and interest expenses), and the debt guarantee limit is the amount equivalent to the Company's shareholding ratio for CSP.

(\*2) BNCT is a related company where Intergis Co., Ltd. has 12.5% of the shares. The debt guarantee has been eliminated as the debt was repaid through refinancing of BNCT. Transaction details indicate the amount subject to the performance guarantee contract, and the debt guarantee limit is the amount guaranteed by the Company.

(\*3) The currency of the amount is Brazilian real.

## C. Other contingencies and commitments

### [Contingencies]

(1) As of the end of the reporting period, the Group has entered into agreements on payment guarantee and import payment loans to a limit of KRW 960,595 million(USD 882,899 thousand/ as of the end of the previous period: KRW 1,188,328 million(USD 1,026,368 thousand)) with financial institutions such as Korea Development Bank in connection with the establishment of a letter of credit for importing raw materials, etc.

(2) As of the end of the reporting period, the Group has entered into agreements on general operating loans and facility loan limit with Korea Development Bank, etc. for KRW 1,360,774 million(as of the end of the previous period: KRW 1,195,481 million). In addition, as of the end of the reporting period, the Group has entered into an agreement on bank overdraft limit for KRW 482 million(as of the end of the previous period: KRW 493 million) with Busan Bank, etc., and an agreement on currency-related derivatives limit for KRW 40,321 million(as of the end of the previous period: KRW 42,264 million) with the Korea Development Bank, etc.

(3) As of the end of the reporting period, the Group has entered into an electronic credit sales collateral loan agreement for purchase payment with Nonghyup Bank, etc. to a limit of KRW 72,000 million (as of the end of the previous period: KRW 87,000 million), and has entered into a discount agreement on trade receivables with IBK Capital, etc. for KRW 53,398 million (as of the end of the previous period: KRW 103,389 million).

(4) As of the end of the reporting period, the Group is provided with payment

guarantee from Kyongnam Bank, Seoul Guarantee Insurance, etc. in relation to contract performance, etc. to a limit of KRW 105,092 million (as of the end of the previous period: KRW 93,089 million). Also, the Group is providing a joint guarantee of KRW1,102 million(as of the end of the previous period: KRW 1,149 million) to its customers in relation to the business activities.

(5) As of the end of the reporting period, the Group has invested in CSP, its associate, concluding the syndicated loan agreements worth KRW 383,728 million with 2 financial institutions including the Korea Development Bank with regard to a new business of opening a steel mill in Brazil, and there is a trigger clause of maintaining a debt ratio at less than 200% and EBITDA/interest expenses at 1 or higher. The executed loan balance is 268,610 million KRW(as of the end of the previous period: 345,355 million KRW). In addition, as of the end of the reporting period, its subsidiary Dongkuk Steel China Co., Ltd. has signed the syndicated loan agreements to a limit of KRW 33,392 million (CNY 200,000 thousand / as of the end of the previous period: KRW 33,148 million (CNY 200,000 thousand)) with 4 financial institutions including Shanghai Pudong Development Bank with regard to working capital loans. The executed loan balance executed is KRW 32,306 million(CNY 193,500 thousand / as of the end of the previous period: KRW 32,501 million (CNY 196,100 thousand)).

(6) As of the end of the reporting period, in addition to the syndication loans above, the Group has borrowings from financial institutions of KRW 500,362 million that includes a trigger cause related to a decline in credit rating.

(7) The Company has loan-related agreements with financial institutions, and there is a trigger clause of maintaining the debt ratio at 200% or less, the interest compensation ratio at 1 or higher, and EBITDA at KRW 250 billion or more.

(8) As of the end of the reporting period, there are 6 pending lawsuits that occurred in the normal business process, with the Company as a defendant, and the litigation value is KRW 7,346 million. At this time, the prospect of these lawsuits is unpredictable, and it is unclear whether, how much, and when resources are



released in relation to such lawsuits.

Meanwhile, as of the end of the reporting period, there is 1 case under arbitration with the ship owner, shipper, and insurance company in connection with the maritime transport claim of the Group and the related amount is KRW 10,118 million (as of the end of the previous period: KRW 10,768 million).

In addition, the Company received a claim for damages from the ship owner regarding the hull damage, and the results of the agreement and arbitration on this case are not predictable at this moment.

#### [Commitments]

(1) As of the end of the reporting period, the Group has entered into the agreement for mutually possessing about 1% of shares with Tokyo Steel Co., Ltd. the electric furnace steel company in Japan, and holds 1,430,000 shares of Tokyo Steel Co., Ltd.

(2) As of the end of the reporting period, the Group has entered into a shareholder agreement with VALE S.A. and POSCO, the shareholders of its associate CSP, to provide payment guarantees for the equivalent amount of the ownership interest in relation to the borrowings of CSP. The Group also has received solidarity guarantee from VALE S.A. in connection with the payment guarantee for long-term borrowings of CSP equivalent to the amount of the ownership interest, and has entered into an agreement to secure the tangible assets of its Pohang and Dangjin Plants or its CSP shares as collateral if requested by VALE S.A. In addition, to support CSP's stable business, the Group decided to invest a total of USD 150,000 thousand from 2019 to 2021 in the board of directors' meeting on May 13, 2019, of which USD 45,000 thousand (KRW 53,028 million) was invested on Jul. 24, 2019, USD 45,000 thousand (KRW 56,434 million) in Mar. 23, 2020, USD 34,500 thousand (KRW 37,633 million) in Dec. 15, 2020. USD 25,500 thousand will be invested in Mar. 2021.

(3) As of the end of the reporting period, the Group has signed the basic agreement

on the construction and operation of Gyeongin Inland Container, and has the right to use the facilities for 30 years.

(4) As of the end of the reporting period, the Group has entered into a contract to provide integrated logistics services with CSP, a related party, to provide logistics services from Jan. 2020 to the end of Dec. 2021.

(5) The Group disposed of its headquarters building and land(Ferrum Tower), and entered into a lease agreement for the portion used by the Group prior to the previous period, and the contractual maturity of lease liabilities related to such lease as of the end of the reporting period is as follows.

(Unit: KRW million)

Classification	Total	Within 1 year	~ 2 years	~3 years	~4 years	~ 5 years
Lease liabilities	34,680	7,018	7,504	8,014	8,550	3,594

In addition, as of the end of the reporting period, the Group has the right to purchase on the terms and conditions presented by the landlord in preference to a third party if the landlord wants to sell Ferrum Tower in connection.

(6) As of the end of the reporting period, the contract amount for acquiring tangible assets which have not occurred, is as follows.

(Unit: KRW million)

Classification	2020.12. 31	2019.12.31
Tangible assets	46,254	7,777

(7) The Group signed an agreement with government agencies such as the Ministry of Land, Transport and Maritime Affairs on the use of docks. As of the end of the reporting period, the carrying amount of intangible assets related to the right to use the docks is KRW 31,014 million and the period of use is 16-47 years.

#### 4. Other information including punitive sanctions

[Dongkuk Steel Mill Co., Ltd.]

Date	Imposed to	Imposed by	Punitive measures	Reasons	Related laws	Actions	Countermeasures
2018-04-02	Head of Incheon Plant of Dongkuk Steel Mill Co., Ltd.	Incheon District Court	KRW 2 million of penalty (Company KRW 1 million of penalty) (Head of plant KRW 1 million of penalty)	Failure to comply with safety and health measures	Articles 71, 67, 23 of the Industrial Safety and Health Act	Conviction confirmed. Payment of penalty	Complete corrective measures.
2018-05-29	Dongkuk Steel Mill Co., Ltd. (Busan)	Nam-gu Office, Busan Metropolitan City	KRW 1.6 million of penalty	Violation of the Air Environment Conservation Act during an unannounced inspection	Violation of Article 39, Paragraph 1 of the Air Environment Conservation Act and Article 52 of the enforcement regulations	Payment of penalty	Strengthen internal control
2018-07-13	Dongkuk Steel Mill Co., Ltd. (Incheon)	Dongu-gu Office, Incheon Metropolitan City	KRW 1.6 million of penalty	A crack in the 100-ton steel-making building, dust leakage through the door	Article 31, Paragraph 1(3) of the Air Environment Conservation Act	Payment of penalty	Repair the worn-out part of outer wall of 100-ton steel-making building
2018-08-24	Dongkuk Steel Mill Co., Ltd. (Busan)	Ministry of Employment and Labor Busan Regional Office	KRW 19.76 million of penalty	Violation of the Industrial Safety and Health Act as a result of supervision for serious disaster	Article 21 of the Industrial Safety and Health Act, etc.(safety measures)	Payment of penalty	Establish the plan to prevent recurrence of serious disasters
2018-11-15	Dongkuk Steel Mill Co., Ltd. (Busan)	Ministry of Employment and Labor Busan Regional Office	KRW 0.8 million of penalty	Violation of the Industrial Safety and Health Act during an unannounced inspection	Article 42 of the Industrial safety and Health Act (work environment measurement)	Payment of penalty	Bulletin board notice
2018-11-22	Dongkuk Steel Mill Co., Ltd. (Dangjin)	Ministry of Employment and Labor (Cheonan Branch of Daejeon Regional Office)	KRW 27.2 million of penalty	Check on implementation of process safety report	Article 46 (1) and (3) of the Industrial Safety and Health Act	Payment of penalty	Inspect the system related to PSM
2018-12-20	Dongkuk Steel Mill Co., Ltd.	Fair Trade Commission	KRW 301.29 million of penalty , corrective order	Rebar price fixing of 7 steelmakers	Article 19, Paragraph 1, Item 1 of the Fair Trade Act	Payment of penalty (2019.03.04)	1. Filed a lawsuit for revocation of the correction order and penalty payment order(2019.01.25). The final sentence is scheduled on Feb. 04, 2021.. 2. Strengthen the compliance program
2019-02-22	Dongkuk Steel Mill Co., Ltd. (Incheon)	Ministry of Employment and Labor (Middle Regional Office)	KRW 77.73 million of penalty	Regular supervision of Incheon Plant related to serious disasters of outsourcing companies	Article 12 of the Industrial safety and Health Act, etc.	Payment of penalty	Improve safety facilities and comply with the related laws
2019-03-29	Dongkuk Steel Mill Co., Ltd. (Incheon)	Dong-gu Office, Incheon Metropolitan City	Improvement order	Slag treatment plant's slag stack height exceeded	Article 43, Paragraph 1 of the Air Environment Conservation Act	Submission of improvement plans	Install dust covers. Adjust and maintain the slag stack height.
2019-05-16	Dongkuk Steel Mill Co.,	Chungcheongnam-do Office	KRW 1.6 million of penalty	Neglecting a failure or damage	Article 94, Paragraph 3 of the Air Environment	Improvement of findings.	Reinforce inspection of legal discharge facilities and

	Ltd. (Dangjin)			to machinery and equipment attached to the prevention facilities	Conservation Act	Payment of penalty.	prevention facilities
2019-06-11	Dongkuk Steel Mill Co., Ltd. (Pohang)	Ministry of Employment and Labor (Pohang Branch of Daegu Office)	KRW 1.28 million of penalty	Check on implementation of the process safety report	Article 49-2, Paragraph 7 of the Industrial Safety and Health Act	Payment of penalty. Correction completed.	Maintain the gas facility performance
2019-07-02	Dongkuk Steel Mill Co., Ltd. (Incheon)	Dong-gu Office, Incheon Metropolitan City	KRW 1.6 million of penalty	Dust leakage at 120 ton steel slag pit and scrap yards	Article 31, Paragraph 1(3) of the Air Environment Conservation Act	Payment of penalty	Improve and repair the findings
2019-08-26	Head of Incheon Plant of Dongkuk Steel Mill Co., Ltd.	Incheon District Court	KRW 10 million of penalty (Company KRW 5 million of penalty) (Head of plant KRW 5 million of penalty)	Violation of the Industrial Safety and Health Act related to serious disasters of outsourcing companies	Article 71 of the Industrial safety and Health Act	Conviction confirmed. Payment of penalty.	Strengthen the safety management department.  Improve safety facilities.
2019-08-28	Head of Incheon Plant of Dongkuk Steel Mill Co., Ltd.	Incheon District Court	KRW 4 million of penalty (Company KRW 2 million of penalty) (Head of plant KRW 2 million of penalty)	Incheon plant regular supervision related to serious disasters of outsourcing companies	Articles 71, 67, 23 of the Industrial Safety and Health Act	Conviction confirmed. Payment of penalty.	Strengthen the safety management department.  Improve safety facilities.
2019-10-02	Supervising Manager and Head of Busan Plant of Dongkuk Steel Mill Co., Ltd.	Busan District Court	KRW 35 million of penalty (Company KRW 20 million of penalty) (Head of plant KRW 10 million of penalty) (Supervising manager KRW 5 million of penalty)	Violation of the Industrial Safety and Health Act related to serious disasters	Industrial safety and Health Act and industrial manslaughter	Conviction confirmed. Payment of penalty.	Establish the plan to prevent recurrence of serious disasters
2019-11-05	Dongkuk Steel Mill Co., Ltd. (Busan)	Ministry of Employment and Labor (Busan Regional Office)	KRW 0.98 million of penalty	Violation of the Industrial Safety and Health during an unannounced inspection	Article 41 of the Industrial safety and Health Act, etc. (keeping MSDS in place)	Payment of penalty.	Reinforce safety activities to prevent recurrence
2019-12-05	Dongkuk Steel Mill Co., Ltd.	Seoul Regional Employment and Labor Office	Corrective measure	The break time not specified in the employment contract for regular workers, and the overtime of accounting team not paid	Article 17, Paragraph 1 of the Labor Standards Act  Article 43, Paragraph 2 of the Labor Standards Act	The break time specified in the labor contracts and Overtime of the accounting team paid	Manage the items specified in the labor contracts and overtime work of employees
2019-12-09	Dongkuk Steel Mill Co., Ltd. (Shinpyung)	Ministry of Employment and Labor (Busan Regional Office)	KRW 0.32 million of penalty	Omission of review and approval of safe operation procedures, and  Interlock abnormality check-up not implemented (3 cases)	Article 49-2, Paragraph 7 of the Industrial Safety and Health Act  Article 49, Paragraph 7 of the Industrial safety and Health Act	Correction completed. Payment of penalty.	On-going inspection
2019-12-11	Dongkuk Steel Mill Co.,	Seoul Regional Employment and	KRW 0.45 million of penalty	Weekly holidays and break time	Article 17 of the Act on the Protection of Fixed-	Payment of penalty.	Manage the items specified in the labor contracts

	Ltd.	Labor Office		not specified in the fixed-term and short-time workers' labor contracts	Term and Short-Time Workers		
2020-01-06	Dongkuk Steel Mill Co., Ltd. (Busan)	Ministry of Employment and Labor (Busan Regional Office)	KRW 8 million of penalty	Violation of the Industrial Safety and Health Act found from the review on implementation of the process safety report	Article 49 of the Industrial Safety and Health Act (Process Safety Report)	Payment of penalty.	Report on improvement measures and review on internal control
2020-01-23	Dongkuk Steel Mill Co., Ltd. (Busan)	Ministry of Employment and Labor (Busan Regional Office)	KRW 7.32 million of penalty	Violation of the Industrial Safety and Health Act during an unannounced inspection	Article 137 of the Industrial safety and Health Act (deviation of hook cancellation device, etc.)	Payment of penalty.	Report on improvement measures and review on internal control
2020-05-22	Dongkuk Steel Mill Co., Ltd. (Busan)	Busan District Court	KRW 10 million of penalty (Company KRW 5 million of penalty) (Head of plant KRW 5 million of penalty)	Violation of the Industrial Safety and Health Act related to serious disasters	Article 115 of the Industrial safety and Health Act (warning signs, etc.)	Payment of penalty.	Report on improvement measures and review on internal control
2020-05-25	Dongkuk Steel Mill Co., Ltd. (Dangjin)	Ministry of Employment and Labor (Cheonan Branch of Daejeon Regional Office)	KRW 1.28 million of penalty	Penalty related to process safety report evaluation	Article 46 (1) and (3) of the Industrial Safety and Health Act	Correction of findings. Payment of penalty.	Inspect the system related to PSM
2020-11-20	Dongkuk Steel Mill Co., Ltd. (Busan)	Ministry of Employment and Labor (Busan Regional Office)	KRW 1.36 million of penalty	Violation of the Industrial Safety and Health Act during an unannounced inspection	Article 115 of the Industrial safety and Health Act, etc. (warning signs, etc.)	Payment of penalty.	Report on improvement measures and review on internal control
2020-12-19	Dongkuk Steel Mill Co., Ltd. (Incheon)	Dong-gu Office, Incheon Metropolitan City	KRW 1.6 million of penalty	Dust leakage due to damaged roof color sheet and old duct of 100-ton steel-making building	Article 31, Paragraph 1 (3) of the Air Environment Conservation Act	Payment of penalty.	Repair the roof and remove the old duct of the 100-ton steel-making building

## [Subsidiaries]

Date	Imposed to	Imposed by	Punitive measures	Reasons	Related laws	Actions	Countermeasures
2019-10-08	Intergis Co, Ltd. (*1)	Fair Trade Commission	Penalty KRW 742 million, corrective order	Collusion in bidding for transport service of imported brown rice	Article 19, Paragraph 1 (4) (market division) and ( 8) (bidding collusion) of the Fair Trade Act	Suspension of violations, and scheduled to pay the penalty	Strengthen internal control
2019-12-06	Intergis Central Pier Co., Ltd.	Fair Trade Commission	Penalty KRW 11 million	Violation of disclosure regulations on large-scale internal transactions	Article 11-2 of the Fair Trade Act (Resolutions and Disclosures of the Board of Directors on Large-scale Internal Transactions)	Payment of the penalty	Strengthen internal education
2019-12-06	Dangjin Godae Dock Management Co., Ltd.	Fair Trade Commission	KRW 4 million of penalty	Violation of disclosure regulations on business groups	Article 11-4 of the Fair Trade Act (disclosure on the status of the business groups, etc.)	Payment of the penalty	Strengthen internal education

2020-04-13	Intergis Co, Ltd.	Jeollanam-do(sanctions against illegal parties)	5-month limit for participation in public bidding (2020.04.13 ~ 2020.09.12)	Restrictions due to sanctions against illegal parties	Article 31 of the Act on Contracts with Local Governments and Article 76 of the enforcement regulations	Sanctions accepted	Strengthen internal control
2020-07-17	Intergis Co, Ltd.	Busan Metropolitan City (sanctions against illegal parties)	5-month limit for participation in public bidding (2020-07-17 ~ 2020-12-16)	Restrictions due to sanctions against illegal parties	Article 31 of the Act on Contracts with Local Governments and Article 76 of the enforcement regulations	Sanctions accepted	Strengthen internal control
2020-07-23	Intergis Co, Ltd.	Fair Trade Commission	KRW 4 million of penalty, corrective order	Collusion in bidding on unloading and transport of imported section steel ordered by Daewoo Shipbuilding & Marine Engineering Co., Ltd.	Article 19, Paragraph 1(8) of the Fair Trade Act (Bid collusion)	Suspension of violations, and scheduled to pay the penalty	Strengthen internal control
2020-11-05	Ferrum Infra Co., Ltd.	Fair Trade Commission	KRW 4 million of penalty	Violation of regulations on corporate group status disclosure	Article 11-4 of the Fair Trade Act(Disclosure of the status of corporate group, etc.)	Payment of penalty	Strengthen internal education
2020-12-15	Intergis Co, Ltd. (*2)	Fair Trade Commission	KRW 529 million of penalty, corrective order, criminal prosecution against the company	Collusion in bidding on transport of imported agricultural and fishery products ordered by the Korea Agriculture and Fisheries Food Distribution Corporation	Article 19, Paragraph 1(8) of the Fair Trade Commission(Bid collusion)	Suspension of violations, and scheduled to pay the penalty	Strengthen internal control

(\*1) The penalty amount was changed to KRW 464 million in Nov. 2019.

(\*2) In the case of the Korea Agriculture and Fisheries Food Distribution Corporation, the penalty and corrective order were resolved on December 15, 2020, and the criminal prosecution against the company was resolved on November 18, 2020.

## 5. Green management

The Company was designated as a company subject to monitoring under Article 30 of the 『Operational Guidelines for Greenhouse Gas Energy Target Management, etc.』, and carried out the evaluation of greenhouse gas energy performance from 2012 to 2014. In addition, in accordance with Article 8 of the 『Act on Allocation and Trading of Greenhouse Gas Emission Rights』, the Company was designated as a

allocated company and has been participating in the emission trading system started in 2015.

The Company's 2020(the 67th period) greenhouse gas emissions and energy consumption are as follows, and they may change during the future government certification process.

Classification	Annual emission of GHG (tCO2eq)			The annual amount of energy usage (TJ)			
	Direct emission (Scope1)	Indirect emission (Scope2)	Total	Amount of fuel usage	Amount of electricity usage	Amount of steam usage	Total
Steel Division (Dongkuk Steel Mill Co., Ltd.)	666,084	1,165,266	1,831,350	7,235	23,673	44	30,952

## **【 Expert Confirmation 】**

### **1. Confirmation by experts**

### **2. Interest with experts**