

Samyang Corporation and Subsidiaries

**Consolidated Financial Statements
December 31, 2022 and 2021**

Samyang Corporation and Subsidiaries

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Independent Auditor's Report

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors of
Samyang Corporation

Opinion

We have audited the accompanying consolidated financial statements of Samyang Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Samyang Corporation and its subsidiaries as at December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

Basis for Opinion

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

Key Audit Matters

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

(a) Goodwill impairment assessment relating a to subsidiary

Reason for determined as a Key Audit Matter

The Group's goodwill as at December 31, 2022 amounts to ₩ 198,641 million. And, goodwill related to Samyang Packaging Corporation (hereafter 'Cash Generating Units (CGUs) subject to assessment') amounts to ₩ 164,590 million. We focused on this area due to the significance size of goodwill balance (Note 10).

The Group engaged an independent external expert for the impairment assessment of the CGUs subject to assessment. The Group determined that there is no impairment loss to be recognized in the consolidated financial statements because the value in use of the CGUs subject to assessment, which is based on historical performance and estimates of future period, exceeds the comparative carrying amount.

We determined the accounting for goodwill impairment assessment as a key audit matter because the assessment of the value in use of the Group's CGU for assessment involves management's significant judgments and estimates about the discount rates, growth rates and future cash flow projections.

How our audit addressed the Key Audit Matter

We performed the following key audit procedures in relation to the above significant risks:

- Assessed management's review results for impairment assessment of the CGUs.
- Assessed the competency and objectivity of the external experts engaged by management for estimation of recoverable amounts .
- Assessed the appropriateness of the valuation model used in estimating recoverable amounts.
- Assessed the reasonableness of key inputs and assumptions used in estimating recoverable amounts.

Other Matter

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

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

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

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

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

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partner on the audit resulting in this independent auditor’s report is Yun-Seok Hwang, Certified Public Accountant.

March 15, 2023
Seoul, Korea

This report is effective as of March 15, 2023, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Samyang Corporation and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2022 and 2021

<i>(in Korean won)</i>	Notes	2022	2021
Assets			
Current assets			
Cash and cash equivalents	33	₩ 177,954,532,939	₩ 120,269,545,895
Trade and other receivables, net	5,30,32,33	296,927,275,301	279,366,426,719
Financial assets at fair value through other comprehensive income (FVOCI)	4,32,33	653,359	2,246,427
Other current financial assets	33	197,967,889,995	162,282,685,231
Inventories, net	6	420,581,354,054	409,694,328,228
Current tax assets		1,015,720,957	460,226,934
Other current assets	4, 7	11,348,269,146	11,551,322,864
Current assets held for sale	8	-	1,549,014,489
		<u>1,105,795,695,751</u>	<u>985,175,796,787</u>
Non-current assets			
Property, plant and equipment, net	8,9,30,31	1,158,049,224,239	1,137,936,431,269
Goodwill	10	198,641,021,930	198,641,021,930
Intangible assets, net	10	62,129,734,964	63,027,027,547
Investment properties, net	11	19,511,181,107	16,970,942,984
Investments in associates and joint venture	12	22,121,555,899	20,978,336,244
Long-term other receivables	5,30,33	11,680,066,207	15,363,749,716
Financial assets at fair value through profit or loss (FVPL)	33	19,893,995,251	13,808,122,281
Financial assets at fair value through other comprehensive income (FVOCI)	4,32,33	333,277,106,005	348,275,698,393
Other non-current financial assets	4,33	10,500,000	10,500,000
Net defined benefit assets	17	17,315,258,297	-
Deferred tax assets		410,135,820	484,628,752
Other non-current assets	7	813,652,935	1,374,900,322
		<u>1,843,853,432,654</u>	<u>1,816,871,359,438</u>
Total assets		<u>₩ 2,949,649,128,405</u>	<u>₩ 2,802,047,156,225</u>
Liabilities			
Current liabilities			
Trade and other payables	13,30,31,32,33	₩ 190,686,419,236	₩ 246,510,148,531
Short-term borrowings	14,31,32,33	200,797,906,852	179,109,399,373
Current portion of debentures	14,31,32,33	-	139,985,440,223
Current portion of long-term borrowings	14,31,32,33	28,097,859,375	114,670,979,337
Other current financial liabilities	4,9,15,30,31,32,33	17,925,262,060	6,233,079,072
Current liabilities held for sale		-	75,373,320
Income tax payables		9,085,598,449	8,375,253,824
Other current liabilities	16	56,997,833,724	54,289,488,067
		<u>503,590,879,696</u>	<u>749,249,161,747</u>
Non-current liabilities			
Long-term other payables	13,31,32,33	4,464,927,673	5,237,715,902
Long-term borrowings	14,31,32,33	134,195,890,625	17,732,436,000
Debentures	14,31,32,33	662,857,094,574	483,037,197,174
Other non-current financial liabilities	9,15,30,31,32,33	6,403,177,815	6,960,458,705
Retirement benefit liabilities	17	39,536,644	9,802,440,927
Deferred tax liabilities	27	100,108,225,703	96,337,989,516
Other non-current liabilities	16	6,999,625,288	7,752,731,482
		<u>915,068,478,322</u>	<u>626,860,969,706</u>
Total liabilities		<u>1,418,659,358,018</u>	<u>1,376,110,131,453</u>
Equity			
Capital stock	18	53,417,595,000	53,417,595,000
Capital surplus	18	863,996,610,248	861,738,491,663
Accumulated other comprehensive income	19	73,385,097,710	84,608,166,127
Retained earnings	20	382,651,153,923	312,966,995,883
Other components of equity	21	(49,473,314,800)	(49,104,725,219)
Equity attributable to owners of the Parent Company		<u>1,323,977,142,081</u>	<u>1,263,626,523,454</u>
Non-controlling interest		<u>207,012,628,306</u>	<u>162,310,501,318</u>
Total equity		<u>1,530,989,770,387</u>	<u>1,425,937,024,772</u>
Total liabilities and equity		<u>₩ 2,949,649,128,405</u>	<u>₩ 2,802,047,156,225</u>

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

Samyang Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2022 and 2021

<i>(in Korean won)</i>	Notes	2022		2021	
Sales	22,30	₩	2,652,438,535,664	₩	2,384,453,623,978
Cost of sales	25,30		<u>(2,238,554,959,197)</u>		<u>(1,997,164,363,765)</u>
Gross profit			413,883,576,467		387,289,260,213
Selling and administrative expenses	23,25,30		<u>(331,867,965,284)</u>		<u>(304,736,004,087)</u>
Operating profit			82,015,611,183		82,553,256,126
Finance income	24,30,33		54,446,710,850		24,922,244,253
Finance costs	24,30,33		(44,806,475,381)		(23,562,141,351)
Gain on equity method investments			1,047,315,775		1,297,455,314
Other non-operating income	26,33		81,419,332,926		27,104,667,514
Other non-operating expenses	25,26,33		<u>(76,841,194,864)</u>		<u>(36,164,369,683)</u>
Profit before income tax			97,281,300,489		76,151,112,173
Income tax expense	27		<u>(15,034,027,889)</u>		<u>(19,757,956,903)</u>
Profit for the year			<u>82,247,272,600</u>		<u>56,393,155,270</u>
Other comprehensive income	27				
<i>Items that will not be reclassified to profit or loss</i>					
Remeasurements of net defined benefit liability			14,814,779,382		(4,312,426,442)
Gain (loss) on valuation of financial assets at FVOCI			(11,059,607,684)		69,090,841,433
Retained earnings adjustments in equity method			139,982,539		95,534,678
<i>Items that may be subsequently reclassified to profit or loss</i>					
Loss on valuation of financial assets at FVOCI			(87,468,135)		(31,836)
Equity adjustments in equity method			23,820,123		70,371,139
Foreign currency translation differences for foreign operations			<u>(200,360,629)</u>		<u>2,722,382,249</u>
Other comprehensive income for the year, net of tax			<u>3,631,145,596</u>		<u>67,666,671,221</u>
Total comprehensive income for the year		₩	<u>85,878,418,196</u>	₩	<u>124,059,826,491</u>
Profit is attributable to:					
Owners of the Parent Company		₩	68,993,774,271	₩	41,156,327,800
Non-controlling interests			<u>13,253,498,329</u>		<u>15,236,827,470</u>
		₩	<u>82,247,272,600</u>	₩	<u>56,393,155,270</u>
Total comprehensive income for the year is attributable to:					
Owners of the Parent Company		₩	71,020,541,624	₩	109,709,925,294
Non-controlling interest			<u>14,857,876,572</u>		<u>14,349,901,197</u>
		₩	<u>85,878,418,196</u>	₩	<u>124,059,826,491</u>
Earnings per share					
Basic and diluted earnings per share of ordinary shares	28	₩	6,872	₩	4,099
Basic and diluted earnings per share of preference shares	28		6,922		4,149

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

Samyang Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
Years Ended December 31, 2022 and 2021

(in Korean won)

	Attributable to owners of the Parent Company								Non-controlling Interest	Total Equity
	Capital stock	Capital surplus	Accumulated Other Comprehensive Income	Retained Earnings	Other Components of Equity	Total				
Balance at January 1, 2021	W 53,417,595,000	W 863,270,159,860	W 12,979,930,897	W 287,449,307,946	W (49,104,725,219)	W 1,168,012,268,484	W 184,970,586,237	W	1,352,982,854,721	
Total comprehensive income										
Profit for the year	-	-	-	41,156,327,800	-	41,156,327,800	15,236,827,470		56,393,155,270	
Remeasurements of net defined benefit liability	-	-	-	(3,429,305,281)	-	(3,429,305,281)	(883,121,161)		(4,312,426,442)	
Gain (loss) on valuation of financial assets at FVOCI	-	-	69,090,821,252	-	-	69,090,821,252	(11,655)		69,090,809,597	
Retained earnings adjustments in equity method	-	-	-	95,534,678	-	95,534,678	-		95,534,678	
Equity adjustments in equity method	-	-	74,164,596	-	-	74,164,596	(3,793,457)		70,371,139	
Foreign currency translation differences for foreign operations	-	-	2,722,382,249	-	-	2,722,382,249	-		2,722,382,249	
Transfer of gain (loss) on valuation of financial assets at FVOCI to retained earnings	-	-	(259,159,240)	259,159,240	-	-	-		-	
Total comprehensive income for the year	-	-	71,628,208,857	38,081,716,437	-	109,709,925,294	14,349,901,197		124,059,826,491	
Transactions with owners										
Dividends paid	-	-	-	(12,564,028,500)	-	(12,564,028,500)	(7,277,007,800)		(19,841,036,300)	
Changes in the equity ownership in subsidiary	-	(1,531,668,197)	26,373	-	-	(1,531,641,824)	(29,732,978,316)		(31,264,620,140)	
Total transactions with owners	-	(1,531,668,197)	26,373	(12,564,028,500)	-	(14,095,670,224)	(37,009,986,116)		(51,105,656,440)	
Balance at December 31, 2021	W 53,417,595,000	W 861,738,491,663	W 84,608,166,127	W 312,965,995,883	W (49,104,725,219)	W 1,263,626,523,454	W 162,310,501,318	W	1,425,937,024,772	

Samyang Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
Years Ended December 31, 2022 and 2021

(in Korean won)

	Attributable to owners of the Parent Company								Non-controlling Interest	Total Equity
	Capital stock	Capital surplus	Accumulated Other Comprehensive Income	Retained Earnings	Other Components of Equity	Total				
Balance at January 1, 2022	W 53,417,595,000	W 861,738,491,663	W 84,608,166,127	W 312,965,995,883	W (49,104,725,219)	W 1,263,626,523,454	W 162,310,501,318	W	1,425,937,024,772	
Total comprehensive income										
Profit for the year	-	-	-	68,993,774,271	-	68,993,774,271	13,253,498,329		82,247,272,600	
Remeasurements of net defined benefit liability	-	-	-	13,155,336,716	-	13,155,336,716	1,659,442,666		14,814,779,382	
Loss on valuation of financial assets at FVOCI	-	-	(11,116,156,088)	-	-	(11,116,156,088)	(30,919,731)		(11,147,075,819)	
Retained earnings adjustments in equity method	-	-	-	139,982,539	-	139,982,539	-		139,982,539	
Equity adjustments in equity method	-	-	47,964,815	-	-	47,964,815	(24,144,692)		23,820,123	
Foreign currency translation differences for foreign operations	-	-	(200,360,629)	-	-	(200,360,629)	-		(200,360,629)	
Transfer of gain (loss) on valuation of financial assets at FVOCI to retained earnings	-	-	40,906,986	(40,906,986)	-	-	-		-	
Total comprehensive income for the year	-	-	(11,227,644,816)	82,248,186,540	-	71,020,541,624	14,857,876,572		85,878,418,196	
Transactions with owners										
Dividends paid	-	-	-	(12,564,028,500)	-	(12,564,028,500)	(5,856,030,800)		(18,420,059,300)	
Changes in the equity ownership in subsidiary	-	2,258,118,585	4,576,499	-	-	2,262,695,084	35,700,281,216		37,962,976,300	
Others	-	-	-	-	(368,589,581)	(368,589,581)	-		(368,589,581)	
Total transactions with owners	-	2,258,118,585	4,576,499	(12,564,028,500)	(368,589,581)	(10,669,922,997)	29,844,250,416		19,174,327,419	
Balance at December 31, 2022	W 53,417,595,000	W 863,996,610,248	W 73,380,521,311	W 382,651,153,923	W (49,473,314,800)	W 1,323,977,142,081	W 207,012,628,306	W	1,530,989,770,387	

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

Samyang Corporation and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2022 and 2021

<i>(in Korean won)</i>	Notes	2022	2021
Cash flows from operating activities			
Cash generated from operations	31	₩ 92,080,302,502	₩ 9,542,903,076
Interest paid		(22,459,043,735)	(18,845,781,928)
Interest received		4,875,642,771	4,595,122,303
Dividends received		22,022,822,679	10,836,971,560
Income taxes paid		(11,772,709,701)	(27,251,209,144)
Income tax refund received		191,703,330	3,179,286,856
Net cash inflow (outflow) from operating activities		<u>84,938,717,846</u>	<u>(17,942,707,277)</u>
Cash flows from investing activities			
Decrease in short-term loans	31	1,059,380,000	43,870,600
Decrease in long-term loans		513,632,368	595,315,300
Proceeds from disposal of financial assets at FVOCI		40,037,000	1,217,321,408
Decrease in other current financial assets		334,350,086,388	283,053,282,800
Cash inflows from disposal of assets held for sale		12,855,129,000	-
Decrease in guarantee deposits		2,029,418,298	2,198,605,341
Proceeds from disposal of property, plant and equipment		1,034,693,276	383,871,190
Proceeds from disposal of intangible assets		600,000,000	20,001,000
Proceeds from disposal of investment properties		-	595,000,000
Cash inflows from government grants		1,982,562,940	1,727,661,865
Increase in long-term loans		(540,420,000)	(930,173,620)
Acquisition of investments in associates		-	(156,365,103)
Acquisition of financial assets at FVOCI		(1,000,000,000)	(18,030,573,980)
Acquisition of financial assets at FVPL		(4,289,083,200)	(4,005,092,376)
Increase in other current financial assets		(366,122,436,000)	(163,278,248,495)
Increase in guarantee deposits		(2,098,399,328)	(3,195,886,240)
Acquisition of property, plant and equipment		(112,474,286,574)	(98,747,574,260)
Acquisition of intangible assets		(8,666,611,907)	(15,667,818,020)
Cash outflows from government grants		(1,465,906,126)	(1,483,218,380)
Net cash outflow from investing activities		<u>(142,192,203,865)</u>	<u>(15,660,020,970)</u>
Cash flows from financing activities			
Proceeds from short-term borrowings	31	485,126,697,318	402,032,996,498
Proceeds from long-term borrowings		141,686,900,000	-
Proceeds from debentures		180,000,000,000	94,000,000,000
Refund of debenture issuance cost		8,347,301	15,877,801
Cash inflows from consolidated equity transaction		38,050,694,700	-
Cash inflows from repayable government grants		43,012,792	44,714,610
Repayment of short-term borrowings		(447,994,226,812)	(294,274,459,535)
Repayment of current portion of long-term borrowings		(115,000,000,000)	(42,800,000,000)
Repayment of current portion of debentures		(140,000,000,000)	(50,000,000,000)
Repayment of lease liabilities		(6,476,718,586)	(9,759,576,708)
Payment of dividends		(18,420,059,300)	(19,841,036,300)
Debenture issuance cost		(581,940,000)	(300,820,000)
Cash outflows from consolidated equity transaction		-	(31,264,620,140)
Share issuance cost from paid-in capital increase in subsidiaries		(87,718,400)	-
Net cash inflow from financing activities		<u>116,354,989,013</u>	<u>47,853,076,226</u>
Effects of exchange rate fluctuations on cash and cash equivalents		<u>(1,317,028,090)</u>	<u>1,207,326,025</u>
Net increase in cash and cash equivalents		57,784,474,904	15,457,674,004
Cash and cash equivalents at the beginning of the year		120,336,491,345	104,878,817,341
Cash and cash equivalents at the end of the year	33	<u>₩ 178,120,966,249</u>	<u>₩ 120,336,491,345</u>

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

Samyang Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

1. Corporation Information

1.1 The Company

Samyang Corporation (the "Company") was incorporated through a spin-off of the food and chemicals business segments of Samyang Holdings Corporation on November 1, 2011. The Company's ordinary shares have been re-listed on the KOSPI Market of the Korea Exchange since December 2011. The Company is primarily engaged in the manufacture and sale of sugar and engineering plastics.

The share capital of the Company as at December 31, 2022, amounted to ₩ 53,418 million, and its major shareholder is Samyang Holdings Corporation which holds 61.83% of shares.

1.2 Subsidiaries

Details of the consolidated subsidiaries as at December 31, 2022 and 2021, are as follows:

Subsidiaries	Country of domicile	Equity ownership (%)		Reporting period	Principal business activity
		2022	2021		
Samyang Packaging Corporation ¹	Korea	59.40	66.00	Dec. 31	Manufacture and sales of PET bottles
Samyang ecotech corporation ²	Korea	100.00	-	Dec. 31	PET recycling business
Samyang Engineering Plastics (Shanghai)	China	100.00	100.00	Dec. 31	Manufacture and sales of engineering plastics
Samyang EP Hungary Co., Ltd.	Hungary	100.00	100.00	Dec. 31	Manufacture and sales of engineering plastics
KCI Co., Ltd.	Korea	50.02	50.02	Dec. 31	Manufacture and sale of raw materials for household goods
Samyang EP Vietnam Co., Ltd.	Vietnam	100.00	100.00	Dec. 31	Manufacture and sales of engineering plastics

¹ For the year ended December 31, 2022, Samyang Packaging Corporation paid in capital increase 1,578,867 ordinary shares through a third-party allocation. Accordingly, the equity ownership has been changed to 59.40%.

² For the year ended December 31, 2022, Samyang Packaging Corporation, a subsidiary, has split off the recycling business segment and newly established Samyang ecotech corporation, a new split-off company, on December 1, 2022.

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Summarized financial information of the subsidiaries as at and for the years ended December 31, 2022 and 2021, is as follows:

(in millions of
Korean won)

Subsidiary	2022						
	Assets	Liabilities	Equity	Sales	Profit (loss) for the year	Total comprehensive income	
Samyang Packaging Corporation	₩ 642,309	₩ 281,204	₩ 361,105	₩ 407,353	₩ 12,162	₩ 16,085	
Samyang ecotech corporation	68,830	314	68,516	-	(72)	(4)	
Samyang Engineering Plastics (Shanghai)	23,252	8,787	14,465	80,008	1,398	975	
Samyang EP Hungary Co., Ltd.	43,395	35,783	7,612	70,377	(4,117)	(4,021)	
KCI Co., Ltd.	123,130	24,944	98,186	109,605	17,816	17,766	
Samyang EP Vietnam Co., Ltd.	38,578	23,872	14,706	44,295	740	1,138	

(in millions of
Korean won)

Subsidiary	2021						
	Assets	Liabilities	Equity	Sales	Profit (loss) for the year	Total comprehensive income	
Samyang Packaging Corporation	₩ 612,487	₩ 291,246	₩ 321,241	₩ 391,946	₩ 30,302	₩ 27,709	
Samyang Engineering Plastics (Shanghai)	27,835	14,345	13,490	98,818	1,182	2,811	
Samyang EP Hungary Co., Ltd.	50,533	38,899	11,634	82,485	3,113	3,115	
KCI Co., Ltd.	97,369	14,796	82,573	81,501	10,155	10,147	
Samyang EP Vietnam Co., Ltd.	42,347	28,778	13,569	29,891	(43)	1,261	

The above financial information is based on the stand-alone financial statements of each subsidiary.

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Financial information of non-controlling interests as at and for the years ended December 31, 2022 and 2021, is as follows:

(in millions of Korean won)

	2022			
	Samyang Packaging Corporation¹	KCI Co., Ltd.	Others	Total
Current assets	₩ 177,390	₩ 74,377	₩ -	₩ -
Non-current assets	465,171	48,753	-	-
Current liabilities	81,119	24,697	-	-
Non-current liabilities	200,368	247	-	-
Equity	361,074	98,186	-	-
Equity attributable to non-controlling interests	146,596	46,751	13,666	207,013
Sales	407,353	109,605	-	-
Profit for the year	12,090	17,816	-	-
Total comprehensive income	16,081	17,766	-	-
Profit (loss) for the year attributable to non-controlling interests	4,877	8,483	(107)	13,253
Total comprehensive income (loss) attributable to non-controlling interests	6,506	8,459	(107)	14,858
Dividends for non-controlling interests	(4,831)	(1,025)	-	(5,856)
Cash flows from operating activities	26,872	13,003	-	-
Cash flows from investing activities	(28,654)	(8,809)	-	-
Cash flows from financing activities	8,790	2,733	-	-

¹ Consolidated financial information that includes Samyang Packaging Corporation and its subsidiaries

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	2021					
	Samyang Packaging Corporation		KCI Co., Ltd.		Others	Total
(in millions of Korean won)						
Current assets	₩	185,164	₩	51,965	₩	-
Non-current assets		427,323		45,404		-
Current liabilities		179,584		13,767		-
Non-current liabilities		111,662		1,029		-
Equity		321,241		82,573		-
Equity attributable to non-controlling interests		109,222		39,317	13,772	162,311
Sales		391,946		81,501		-
Profit for the year		30,302		10,155		-
Total comprehensive income		27,709		10,147		-
Profit (loss) for the year attributable to non-controlling interests		10,684		4,835	(282)	15,237
Total comprehensive income (loss) attributable to non-controlling interests		9,801		4,832	(283)	14,350
Dividends for non-controlling interests		(6,252)		(1,025)		(7,277)
Cash flows from operating activities		56,247		7,687		-
Cash flows from investing activities		(90,124)		(7,127)		-
Cash flows from financing activities		8,651		(3,273)		-

1.3 Changes in Scope for Consolidation

For the year ended December 31, 2022, Samyang Packaging Corporation, a subsidiary, has split off the recycling business segment and newly established Samyang ecotech corporation, a new split-off company, on December 1, 2022.

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2. Summary of Significant Accounting Policies

2.1 Basis of Preparation

The Company and its subsidiaries (collectively referred to as the “Group”) maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS). The accompanying consolidated financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Group’s financial position, financial performance or cash flows, is not presented in the accompanying consolidated financial statements.

The consolidated financial statements of the Group have been prepared in accordance with Korean IFRS enacted by the Act on External Audit of Stock Companies. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board (IASB) that have been adopted by the Republic of Korea.

The accompanying consolidated financial statements have been prepared on a historical cost basis, except for the following. The consolidated financial statements are presented in Korean won with all values rounded to the nearest million, except when otherwise indicated.

- Certain financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment and investment property – measured at fair value
- assets held for sale – measured at fair value less costs to sell, and
- defined benefit pension plans – plan assets measured at fair value

2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- Derecognizes the assets including goodwill and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Derecognizes the cumulative translation differences recognized in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any gains or losses resulting from above accounting treatment in profit or loss
- Reclassifies the parent's share of subsidiaries previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 Basis Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree.

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For each business combination, the acquirer measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date.

For a business combination achieved in stages, the acquirer remeasures its previously held interests in the acquiree at fair value at the acquisition date, and the difference of fair value and the carrying amount resulting from such remeasurement are recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Korea IFRS 1109, is measured at fair value with the changes in fair value recognized in profit or loss in accordance with Korean IFRS 1109. Other contingent consideration that is not within the scope of KIFRS 1109 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

2.4 Investments in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss as 'gain or loss on equity method investments' in the consolidated statement of comprehensive income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

2.5 Current versus Non-current Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle

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- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.6 Foreign Currency Translation

The Group's consolidated financial statements are presented in Korean won, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rates of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each

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payment or receipt of advance consideration.

(b) Translation of foreign operations

On consolidation, the assets and liabilities of foreign operations are translated into Korean won at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in profit or loss.

2.7 Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

2.8 Financial Instruments – Initial Recognition and Subsequent Measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (“FVOCI”), and fair value through profit or loss (“FVPL”).

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under Korean IFRS 1115.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest (SPPI)’ on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

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b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVPL

Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

Financial assets at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Korean IFRS 1032 *Financial Instruments: Presentation* and are not held for trading. The classification

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is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as finance income in the consolidated statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at FVPL

Financial assets at FVPL include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognized in profit or loss.

c) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired.
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

d) Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Trade and Other Receivables: Note 5
- Financial Risk Management: Note 32

The Group assesses expected credit losses on debt instruments measured at amortized cost or at fair value through other comprehensive income on the basis of forward-looking information. The impairment method depends on whether there is a significant increase in credit risk. However, for trade receivables, the Group applies a simplified method for recognizing lifetime expected credit losses from the date of initial recognition of the receivables.

(b) Financial liabilities

a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payable, less directly attributable transaction costs. The Group's financial liabilities include trade and other payables, borrowings, and debentures.

b) Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Korean IFRS 1109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in profit or loss.

Borrowings

After initial recognition, interest-bearing borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are

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derecognized as well as through the EIR method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR.

c) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

2.9 Derivative Financial Instruments

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging derivative is recognized in the consolidated statement of

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comprehensive income as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in profit or loss.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the consolidated statement of comprehensive income. Amounts recognized as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized as OCI while any gains or losses relating to the ineffective portion are recognized in the consolidated statement of comprehensive income. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the consolidated statement of comprehensive income.

2.10 Fair Value Measurement

The Group measures financial instruments, at fair value at each balance sheet date. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- Quantitative Disclosures of Fair Value Measurement Hierarchy: Note 4
- Investment in Unquoted Equity Shares: Note 4
- Financial Instruments (including those carried at amortized cost): Note 33
- Investment Properties: Note 11

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either.

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- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statement are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.11 Inventories

Inventories are valued at the lower of cost and net realizable value. Purchase costs, transfer costs and costs incurred in bringing each product to its present location and conditions are accounted for initial cost of inventories. Unit costs of inventories are measured by total average method by month, except merchandise-in-transit, whose cost is determined using the specific identification method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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2.12 Property, Plant and Equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are expensed in the consolidated statement of comprehensive income as incurred.

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

Depreciation is calculated a straight-line basis over the estimated useful lives of the assets as follows:

	Useful lives
Buildings	10 - 50 years
Structures	7 - 50
Machinery	5 - 15
Vehicles	4 - 5
Right-of-use assets	1 - 37
Others	4 - 10

2.13 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach to all leases, except short-term leases, leases of low-value assets and variable leases. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use underlying assets.

The Group determines the lease term as the non-cancellable period of a lease, together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. When the lessee and the lessor each has the right to terminate the lease without permission from the other party, the Group should consider a termination penalty in determining the period for which the contract is enforceable.

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(a) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases have a lease term of less than 12 months from the commencement date of the lease and do not contain a purchase option). It also applies the leases of low-value assets recognition exemptions to leases of office supplies that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term.

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Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

2.14 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

2.15 Investment Properties

Investment properties are measured initially at cost, including transaction costs. Such cost includes the cost of replacing part of the asset if the recognition criteria are met. All other administration costs are expensed as incurred.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.16 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the consolidated statement of comprehensive income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end.

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Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of comprehensive income when the asset is derecognized.

Amortization is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Useful lives
Industrial property rights	3 - 10 years
Development costs	3 - 5
Software	3 - 5
Other intangible assets	3 - 28
Memberships	Indefinite

2.17 Impairment of Non-financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognized in the consolidated statement of comprehensive income in expense categories consistent with the function of the impaired asset.

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For assets excluding goodwill, an assessment is made at the end of each reporting period to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss.

Intangible assets with indefinite useful lives are tested for impairment annually, either individually or at the CGU level, as appropriate.

2.18 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Greenhouse gas emission rights and emission liabilities

The Group receives free emission rights as a result of emission trading schemes. The rights are received on an annual basis and, in return, the Group is required to remit rights equal to its actual emissions.

The Group has adopted the net liability approach to the emission rights granted. Where emission rights are purchased from other parties, they are recorded at cost. The Group derecognizes the emission rights from the consolidated statements of financial position at the timing of remittance or disposal.

A provision is recognized only when actual emissions exceed the emission rights granted and still held. The emission costs are recognized as cost of sales. Emission provision is measured by adding the following (a) and (b):

(a) The carrying value of the emission rights to be remitted for this year.

(b) The best estimate of the expenditure required to settle the present obligation for the actual emissions that exceed the emission rights granted at the end of the reporting period.

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2.19 Pensions Benefits and Other Post-Employment Benefits

The Group operates a defined benefit plan and defined contribution plan.

Defined benefit plan

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest and the return on plan assets, are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes service cost or net interest expense in the net defined benefit obligation under 'cost of sales' or 'selling and administrative expenses' in the consolidated statement of comprehensive income.

Defined contribution plan

For the employees under the defined contribution plan, the Group makes contributions of required funding amount regardless of the operating results of the defined contribution plan, and contributions are expensed in the period they are incurred.

2.20 Treasury Shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognized in capital surplus.

2.21 Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

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(a) Sale of goods

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration.

a) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Group is required to deduct the incentive provided to the customer from the transaction price unless it is paid in exchange for the distinct goods or services transferred to the entity by the customer.

b) Right of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. For goods that are expected to be returned, instead of revenue, the Group recognizes a refund liability (other current liability). A right of return asset (and corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer (other current asset).

c) Principal versus agent

If the Group sells the product in accordance with the contract with the customer and performs the transportation service, the Group is primarily an 'agent' in such transaction. Revenue from the shipping lane service is recognized as a net amount.

2.22 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill.
- When the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

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Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.23 Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. On the other hand, when the grant relates to an asset, it is presented as a deductible account of the related assets and offset with the depreciation expense of the related assets over the useful life of the related assets.

2.24 Earnings per Share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

2.25 Cash Dividends

The Group recognizes a liability to pay a dividend when the distribution is authorized and the distribution is no longer at the discretion of the Group. A distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

2.26 Changes in Accounting Policies and Disclosures

2.26.1 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2022.

(a) Amendment to Korean IFRS 1116 Leases - Covid-19 - Related Rent Concessions beyond June 30, 2021

The application of the practical expedient, a lessee may elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification, is extended to lease payments originally due on or before June 30, 2022. A lessee shall apply the practical expedient consistently to eligible contracts with similar characteristics and in similar circumstances. The amendment does not have a significant impact on the consolidated financial statements.

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(b) Amendments to Korean IFRS 1103 Business Combination – Reference to the Conceptual Framework

The amendments update a reference of definition of assets and liabilities to be recognized in a business combination in revised Conceptual Framework for Financial Reporting. However, the amendments add an exception for the recognition of liabilities and contingent liabilities within the scope of Korea IFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets*, and Korean IFRS 2121 *Levies*. The amendments also clarify that contingent assets should not be recognized at the acquisition date. The amendment does not have a significant impact on the consolidated financial statements.

(c) Amendments to Korean IFRS 1016 Property, Plant and Equipment - Proceeds before intended use

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognize the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment does not have a significant impact on the consolidated financial statements.

(d) Amendments to Korean IFRS 1037 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts : Cost of Fulfilling a Contract

The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts when assessing whether the contract is onerous. The amendment does not have a significant impact on the consolidated financial statements.

(e) Annual improvements to Korean IFRS 2018-2020

Annual improvements of Korean IFRS 2018-2020 Cycle should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The amendment does not have a significant impact on the consolidated financial statements.

- Korean IFRS 1101 *First time Adoption of Korean International Financial Reporting Standards* – Subsidiaries that are first-time adopters
- Korean IFRS 1109 *Financial Instruments* – Fees related to the 10% test for derecognition of financial liabilities
- Korean IFRS 1041 *Agriculture* – Measuring fair value

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2.26.2 New standards and interpretations not yet adopted by the Group

The following new accounting standards and interpretations have been published that are not mandatory for December 31, 2022 reporting period and have not been early adopted by the Group.

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

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability includes the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments is met the definition of equity instruments and recognized separately from the liability. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

(b) Korean IFRS 1001 Presentation of Financial Statements - Disclosure of Accounting Policies

The amendments to Korean IFRS 1001 define and require entities to disclose their material accounting policies. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

(c) Korean IFRS 1008 Accounting policies, changes in accounting estimates and errors - Definition of Accounting Estimates

The amendments define accounting estimates and clarify how to distinguish them from changes in accounting policies. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

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

The amendments include an additional condition to the exemption to initial recognition of an asset or liability that a transaction does not give rise to equal taxable and deductible temporary differences at the time of the transaction. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

(e) New Standard: Korean IFRS 1117 Insurance Contract

Korean IFRS 1117 *Insurance Contracts* replaces Korean IFRS 1104 *Insurance Contracts*. This Standard estimates future cash flows of an insurance contract and measures insurance liabilities using discount rates applied with assumptions and risks at the measurement date. The entity recognizes insurance revenue on an accrual basis including services (insurance coverage) provided

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to the policyholder by each annual period. In addition, investment components (Refunds due to termination/maturity) repaid to a policyholder even if an insured event does not occur, are excluded from insurance revenue, and insurance financial income or expense and the investment income or expense are presented separately to enable users of the information to understand the sources of income or expenses. This Standard should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted for entities that applied Korean IFRS 1109 *Financial Instruments*. The Group does not expect that these amendments have a significant impact on the financial statements.

(f) Korean IFRS 1001 Presentation of Financial Statements - Disclosure of gain or loss on valuation of financial liabilities subject to adjustment of exercise price

If the entire or a part of financial instrument, whose exercise price is subject to change due to the issuer's share price, is classified as a financial liability, the carrying amount of the financial liability and related gains and losses shall be disclosed. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

2.27 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties are summarized in the following note:

- Capital Management: Note 32
- Financial Risk Management and Policies: Note 32
- Sensitivity Analysis and Disclosure: Note 32

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statement was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

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(a) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model.

(b) Retirement benefit plan

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(c) Income tax

The Group recognized current tax and deferred tax for the tax effects that the Group is expected to be liable to pay in the future as a result of operating activities until the end of the reporting period. Where the final tax outcome may be different from the assets or liabilities that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

2.28 Approval of Issuance of the Financial Statements

The Group's consolidated financial statements for the year ended December 31, 2022 were approved by the Board of Directors on February 7, 2023 and will be submitted to the annual shareholders' meeting to be held on March 23, 2023.

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3. Operating Segments

The Group is organized into business units based on its products and services and has 3 reportable segments, whose financial information is regularly reported to the Group's chief operating decision maker, and details are as follows:

Segment	Product or services	Customer information
Foods	Sugar, cooking oil, flour, and processed foods	Agency, Distributors, Large-demanding buyer
Chemicals	Engineering plastic, PET flake, resins and raw materials for household goods, and BPA	Distributors and manufacturers
Others	Leasing, etc.	-

Financial performance for each segment for the years ended December 31, 2022 and 2021, is as follows:

(in millions of Korean won)

	2022					
	Foods	Chemicals	Others	Sub-total	Consolidation adjustments	Total
Sales	₩ 1,491,800	₩ 1,216,940	₩ 1,665	₩ 2,710,405	₩ (57,966)	₩ 2,652,439
Depreciation and amortization	33,776	37,743	7,933	79,452	746	80,198
Impairment loss	-	4,003	-	4,003	-	4,003
Net profit (loss)	₩ 5,927	₩ 52,098	₩ 48,730	₩ 106,755	₩ (10,521)	₩ 96,234
Gain on equity method investments, net						1,047
Profit before income tax						₩ 97,281

(in millions of Korean won)

	2021					
	Foods	Chemicals	Others	Sub-total	Consolidation adjustments	Total
Sales	₩ 1,238,777	₩ 1,229,336	₩ 954	₩ 2,469,067	₩ (84,613)	₩ 2,384,454
Depreciation and amortization	31,604	42,057	3,109	76,770	746	77,516
Impairment loss	-	6,710	-	6,710	-	6,710
Net profit (loss)	₩ 27,296	₩ 52,065	₩ 12,198	₩ 91,559	₩ (16,705)	₩ 74,854
Gain on equity method investments, net						1,297
Profit before income tax						₩ 76,151

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Details of geographical sales by each region for the years ended December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Korea	₩	2,024,177	₩	1,728,571
China		145,503		116,909
Japan		100,162		91,320
Other Asian countries		161,149		173,169
Europe		98,890		108,945
Others		122,558		165,540
	₩	<u>2,652,439</u>	₩	<u>2,384,454</u>

The revenue information above is based on customers' locations.

Details of net identifiable assets and liabilities of each segment as at December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022											
	Foods	Chemicals	Others	Sub-total	Consolidation adjustments	Total						
Segment assets	₩	1,083,599	₩	1,229,678	₩	12,474	₩	2,325,751	₩	43,039	₩	2,368,790
Investments in associates and joint ventures												22,122
Unallocated assets												558,737
Consolidated assets												<u>₩ 2,949,649</u>
Segment liabilities	₩	292,018	₩	459,127	₩	731	₩	751,876	₩	(13,200)	₩	738,676
Unallocated liabilities												679,983
Consolidated liabilities												<u>₩ 1,418,659</u>

<i>(in millions of Korean won)</i>	2021											
	Foods	Chemicals	Others	Sub-total	Consolidation adjustments	Total						
Segment assets	₩	1,032,232	₩	1,070,704	₩	38,857	₩	2,141,793	₩	27,136	₩	2,168,929
Investments in associates and joint ventures												20,978
Unallocated assets												612,140
Consolidated assets												<u>₩ 2,802,047</u>
Segment liabilities	₩	297,636	₩	463,449	₩	3,935	₩	765,020	₩	(21,339)	₩	743,681
Unallocated liabilities												632,429
Consolidated liabilities												<u>₩ 1,376,110</u>

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Details of non-current assets by each region as at December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Korea	₩	1,405,671	₩	1,384,250
China		5,217		5,079
Hungary		6,841		6,732
Vietnam		20,191		20,428
Japan		411		86
	₩	<u>1,438,331</u>	₩	<u>1,416,575</u>

The non-current asset information above is based on the geographical locations of the assets. The non-current assets above consist of property, plant and equipment, intangible assets and investment properties

4. Fair Value

There are no significant changes in business and economic environment which affect fair value of financial assets and financial liabilities for the year ended December 31, 2022.

4.1 Fair Value of Financial Instruments by Category

Details of the carrying amount and fair value of financial instruments as at December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets at FVOCI	₩ 333,278	₩ 333,278	₩ 348,278	₩ 348,278
Financial assets at FVPL	19,894	19,894	13,808	13,808
Derivative financial assets	4,845	4,845	933	933
	<u>₩ 358,017</u>	<u>₩ 358,017</u>	<u>₩ 363,019</u>	<u>₩ 363,019</u>
Financial liabilities				
Derivative financial liabilities	₩ 12,341	₩ 12,341	₩ 202	₩ 202

Financial instruments whose carrying amount is a reasonable approximation of fair value are excluded from the fair value disclosures.

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4.2 Fair Value Hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. Items that are measured at fair value are categorized by the fair value hierarchy levels, and the defined levels are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date (Level 1).
- All inputs other than quoted prices included in level 1 that are observable (either directly that is, prices, or indirectly that is, derived from prices) for the asset or liability (Level 2).
- Unobservable inputs for the asset or liability (Level 3).

Fair value hierarchy classifications of the financial instruments that are measured at fair value as at December 31, 2022 and 2021, are as follows:

(in millions of Korean won)

	2022			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets at FVOCI				
Listed equity instruments	₩ 268,699	₩ -	₩ -	₩ 268,699
Unlisted equity instruments	-	2,260	61,428	63,688
Debt instruments	-	891	-	891
Financial assets at FVPL				
Beneficiary certificates	-	-	16,630	16,630
Compound financial instruments	-	-	3,244	3,244
Capital contribution	-	-	20	20
Derivatives				
Other current financial assets	-	4,845	-	4,845
Other current financial liabilities	-	12,341	-	12,341

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	2021			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets at FVOCI				
Listed equity instruments	₩ 301,225	₩ -	₩ -	₩ 301,225
Unlisted equity instruments	-	2,260	44,790	47,050
Debt instruments	-	3	-	3
Financial assets at FVPL				
Beneficiary certificates	-	-	12,044	12,044
Compound financial instruments	-	-	1,744	1,744
Capital contribution	-	-	20	20
Derivatives				
Other current financial assets	-	933	-	933
Other current financial liabilities	-	202	-	202

The Group recognizes transfers between levels of the fair value at the end of the reporting period.

4.3 Valuation Techniques and the Inputs

The valuation techniques used to measure the fair value of Level 2 and the input variables that are significant but not observable are as follows:

(in millions of Korean won)

	2022			
	Fair value	Level	Valuation techniques	Inputs
Debt instruments	₩ 891	2	Discount cash flows method	Market interest rate
Derivative financial assets	4,845	2	Discount cash flows method	Discount rate
Derivative financial liabilities	12,341	2	Discount cash flows method	Discount rate
Unlisted equity instruments	2,260	2	Market approach	3 rd party transaction price

(in millions of Korean won)

	2021			
	Fair value	Level	Valuation techniques	Inputs
Debt instruments	₩ 3	2	Discount cash flows method	Market interest rate
Derivative financial assets	933	2	Discount cash flows method	Discount rate
Derivative financial liabilities	202	2	Discount cash flows method	Discount rate
Unlisted equity instruments	2,260	2	Market approach	3 rd party transaction price

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The valuation techniques used to measure the fair value of Level 3 and the input variables that are significant but not observable are as follows:

(in millions of Korean won)

		2022			
	Fair value	Level	Valuation techniques	Inputs	Effects of input variables on fair value
Unlisted equity instruments	₩ 61,428	3	Discount cash flows method	Discount rate 7.40% ~ 14.07% Perpetual growth rate 0%	Reduced fair value when discount rate rises Increase in fair value when permanent growth rate increases
Beneficiary certificates	16,630	3	Asset value approach method	-	-
Compound financial instruments	3,244	3	Asset value approach method	-	-
Capital contribution	20	3	Asset value approach method	-	-

(in millions of Korean won)

		2021			
	Fair value	Level	Valuation techniques	Inputs	Effects of input variables on fair value
Unlisted equity instruments	₩ 44,790	3	Discount cash flows method	Discount rate 7.36% ~ 14.01% Perpetual growth rate 0%	Reduced fair value when discount rate rises Increase in fair value when permanent growth rate increases
Beneficiary certificates	12,044	3	Asset value approach method	-	-
Compound financial instruments	1,744	3	Asset value approach method	-	-
Capital contribution	20	3	Asset value approach method	-	-

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Changes in the fair value of Level 3 for the years ended December 31, 2022 and 2021, are as follows:

(in millions of Korean won)

	2022			
	Financial assets at FVOCI		Financial assets at FVPL	
Beginning balance	₩	44,790	₩	13,808
Acquisitions		-		4,289
Disposal		(93)		-
Valuation		16,731		1,797
Ending balance	₩	61,428	₩	19,894

(in millions of Korean won)

	2021			
	Financial assets at FVOCI		Financial assets at FVPL	
Beginning balance	₩	40,563	₩	9,803
Acquisitions		-		4,005
Amount recognized in other comprehensive income		4,227		-
Ending balance	₩	44,790	₩	13,808

If other input variables remain constant for fair values that are currently classified as Level 3 as at December 31, 2022 and 2021, the impact of a significant but not observable input variable that is materially fluctuating at the reporting date is as follows:

(in millions of Korean won)

	Inputs	2022	
		1% decrease	1% increase
Unlisted equity instruments	Discount rate	₩ 7,322	₩ (5,631)

(in millions of Korean won)

	Inputs	2021	
		1% decrease	1% increase
Unlisted equity instruments	Discount rate	₩ 5,559	₩ (4,325)

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5. Trade and Other Receivables

Details of trade and other receivables as at December 31, 2022 and 2021, are as follows:

(in millions of Korean won)

	2022			2021		
	Amounts before allowance for doubtful accounts	Allowance for doubtful accounts	Carrying amount	Amounts before allowance for doubtful accounts	Allowance for doubtful accounts	Carrying amount
Current assets:						
Trade receivables	₩ 287,850	₩ (7,703)	₩ 280,147	₩ 275,841	₩ (7,689)	₩ 268,152
Other receivables	8,947	-	8,947	6,161	-	6,161
Short-term loans	9,000	(8,433)	567	9,847	(9,433)	414
Security deposit	7,266	-	7,266	4,639	-	4,639
	<u>313,063</u>	<u>(16,136)</u>	<u>296,927</u>	<u>296,488</u>	<u>(17,122)</u>	<u>279,366</u>
Non-current assets:						
Long-term other receivables	3,788	-	3,788	4,749	-	4,749
Long-term loans	1,785	-	1,785	1,880	-	1,880
Security deposit	6,107	-	6,107	8,735	-	8,735
	<u>11,680</u>	<u>-</u>	<u>11,680</u>	<u>15,364</u>	<u>-</u>	<u>15,364</u>
	<u>₩ 324,743</u>	<u>₩ (16,136)</u>	<u>₩ 308,607</u>	<u>₩ 311,852</u>	<u>₩ (17,122)</u>	<u>₩ 294,730</u>

Changes in allowance for doubtful accounts on trade and other receivables for the years ended December 31, 2022 and 2021, are as follows:

(in millions of Korean won)

	2022	2021
Beginning balance	₩ 17,122	₩ 17,007
Impairment loss	73	115
Reversal of impairment loss	(1,059)	-
Ending balance	<u>₩ 16,136</u>	<u>₩ 17,122</u>

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6. Inventories

Details of inventories as at December 31, 2022 and 2021, are as follows:

(in millions of Korean won)

	2022			2021		
	Acquisition cost	Allowance for valuation loss	Carrying amount	Acquisition cost	Allowance for valuation loss	Carrying amount
Merchandise	₩ 48,618	₩ (643)	₩ 47,975	₩ 41,433	₩ (387)	₩ 41,046
Finished goods	121,444	(4,828)	116,616	95,599	(3,262)	92,337
Semi-finished goods	35,446	(1,616)	33,830	25,859	(429)	25,430
By-product	438	-	438	318	-	318
Work-in-process	176	-	176	932	-	932
Raw materials	88,425	(546)	87,879	101,015	(357)	100,658
Supplementary materials	24,664	(809)	23,855	25,514	(732)	24,782
Supplies	4,205	(111)	4,094	4,588	(25)	4,563
Goods-in-transit	105,718	-	105,718	119,628	-	119,628
	<u>₩ 429,134</u>	<u>₩ (8,553)</u>	<u>₩ 420,581</u>	<u>₩ 414,886</u>	<u>₩ (5,192)</u>	<u>₩ 409,694</u>

Loss on valuation of inventories for the years ended December 31, 2022 and 2021, is as follows:

(in millions of Korean won)

	2022	2021
Loss on valuation of inventories (reversal)	₩ 3,382	₩ (3,923)

Inventories pledged as security for borrowings of the Group are disclosed in Note 29.

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7. Other Assets

Details of other current assets as at December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Prepaid expenses	₩	1,531	₩	2,409
Advance payments		6,175		5,734
Accrued income		1,981		1,234
Prepaid value added tax		1,165		1,519
Others		496		655
	₩	<u>11,348</u>	₩	<u>11,551</u>

Details of other non-current assets as at December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Long-term prepaid expenses	₩	814	₩	1,375
	₩	<u>814</u>	₩	<u>1,375</u>

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8. Property, Plant and Equipment

Changes in property, plant and equipment for the years ended December 31, 2022 and 2021, are as follows:

(in millions of Korean won)

	2022				
	Land	Buildings	Structures	Machinery	Vehicles
Acquisition cost					
Beginning balance	₩ 431,565	₩ 334,973	₩ 61,813	₩ 942,262	₩ 1,959
Acquisitions	-	-	-	131	-
Disposals	(665)	(1,536)	(241)	(14,496)	(221)
Others ¹	3,296	27,162	3,446	86,126	10
Foreign currency translation differences	-	46	108	60	-
Ending balance	₩ 434,196	₩ 360,645	₩ 65,126	₩ 1,014,083	₩ 1,748
Accumulated depreciation					
Beginning balance	₩ -	₩ 111,260	₩ 33,574	₩ 607,563	₩ 1,502
Disposals	-	(1,189)	(201)	(13,039)	(221)
Depreciation	-	10,872	1,763	43,767	138
Others ¹	-	(701)	(68)	-	-
Foreign currency translation differences	-	(82)	8	(195)	(1)
Ending balance	₩ -	₩ 120,160	₩ 35,076	₩ 638,096	₩ 1,418
Accumulated impairment loss					
Beginning balance	₩ -	₩ 1,086	₩ 1,181	₩ 4,408	₩ -
Impairment loss ²	-	-	-	3,914	-
Disposals	-	-	-	(1,322)	-
Ending balance	₩ -	₩ 1,086	₩ 1,181	₩ 7,000	₩ -
Government grants					
Beginning balance	₩ -	₩ -	₩ -	₩ 843	₩ -
Acquisitions	-	-	-	5	-
Disposals	-	-	-	(8)	-
Depreciation	-	-	-	(75)	-
Ending balance	₩ -	₩ -	₩ -	₩ 765	₩ -
Carrying amount					
Beginning balance	₩ 431,565	₩ 222,627	₩ 27,058	₩ 329,448	₩ 457
Ending balance	₩ 434,196	₩ 239,399	₩ 28,869	₩ 368,222	₩ 330

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	2022			
	Right-of-use assets	Others	Construction- in-progress	Total
Acquisition cost				
Beginning balance	₩ 21,317	₩ 92,525	₩ 94,258	₩ 1,980,672
Acquisitions	3,030	110	93,716	96,987
Disposals	(1,737)	(1,486)	(929)	(21,311)
Others ¹	3,269	4,236	(130,473)	(2,928)
Foreign currency translation differences	89	(18)	1	286
Ending balance	₩ 25,968	₩ 95,367	₩ 56,573	₩ 2,053,706
Accumulated depreciation				
Beginning balance	₩ 5,345	₩ 74,410	₩ -	₩ 833,654
Disposals	(1,562)	(1,393)	-	(17,605)
Depreciation	7,113	6,119	-	69,772
Others ¹	-	-	-	(769)
Foreign currency translation differences	(39)	(16)	-	(325)
Ending balance	₩ 10,857	₩ 79,120	₩ -	₩ 884,727
Accumulated impairment loss				
Beginning balance	₩ -	₩ -	₩ 912	₩ 7,587
Impairment loss ²	-	33	-	3,947
Disposals	-	-	(912)	(2,234)
Ending balance	₩ -	₩ 33	₩ -	₩ 9,300
Government grants				
Beginning balance	₩ -	₩ 652	₩ -	₩ 1,495
Acquisitions	-	312	100	417
Disposals	-	-	-	(8)
Depreciation	-	(199)	-	(274)
Ending balance	₩ -	₩ 765	₩ 100	₩ 1,630
Carrying amount				
Beginning balance	₩ 15,972	₩ 17,463	₩ 93,346	₩ 1,137,936
Ending balance	₩ 15,111	₩ 15,449	₩ 56,473	₩ 1,158,049

¹ Others represent a transfer from construction-in-progress to intangible assets of ₩ 2,937 million, a reclassification of investment property of ₩ 2,876 million, a reclassification of right-of-use assets of ₩ 3,269 million and a reclassification of others of ₩ 385 million.

² The Group recognized an impairment loss of ₩ 3,947 million on unused assets, and the amount is included in other non-operating expenses.

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	2021									
	Land		Buildings		Structures		Machinery		Vehicles	
Acquisition cost										
Beginning balance	₩	442,924	₩	328,849	₩	59,048	₩	867,140	₩	1,811
Acquisitions		-		21		21		2,156		-
Disposals		(90)		(200)		(31)		(5,689)		-
Others ¹		(11,269)		5,369		2,452		88,888		148
Transferred to disposal group classified as held for sale ²		-		-		-		(12,209)		(10)
Foreign currency translation differences		-		934		323		1,976		10
Ending balance	₩	431,565	₩	334,973	₩	61,813	₩	942,262	₩	1,959
Accumulated depreciation										
Beginning balance	₩	-	₩	100,816	₩	32,113	₩	578,626	₩	1,339
Disposals		-		(80)		(6)		(5,548)		-
Depreciation		-		10,709		1,451		44,262		170
Others ¹		-		(510)		-		-		-
Transferred to disposal group classified as held for sale ²		-		-		-		(10,668)		(10)
Foreign currency translation differences		-		325		16		891		3
Ending balance	₩	-	₩	111,260	₩	33,574	₩	607,563	₩	1,502
Accumulated impairment loss										
Beginning balance	₩	-	₩	1,086	₩	613	₩	2,410	₩	-
Impairment loss ³		-		-		568		1,998		-
Disposals		-		-		-		-		-
Ending balance	₩	-	₩	1,086	₩	1,181	₩	4,408	₩	-
Government grants										
Beginning balance	₩	-	₩	2	₩	2	₩	500	₩	-
Acquisitions		-		-		-		274		-
Disposals		-		-		-		-		-
Depreciation		-		(2)		(2)		(81)		-
Others ¹		-		-		-		150		-
Ending balance	₩	-	₩	-	₩	-	₩	843	₩	-
Carrying amount										
Beginning balance	₩	442,924	₩	226,945	₩	26,320	₩	285,604	₩	472
Ending balance	₩	431,565	₩	222,627	₩	27,058	₩	329,448	₩	457

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	2021			
	Right-of-use assets	Others	Construction- in-progress	Total
Acquisition cost				
Beginning balance	₩ 33,828	₩ 88,027	₩ 103,092	₩ 1,924,719
Acquisitions	5,169	536	105,445	113,348
Disposals	(18,824)	(2,269)	(53)	(27,156)
Others ¹	651	6,530	(114,226)	(21,457)
Transferred to disposal group classified as held for sale ²	-	(391)	-	(12,610)
Foreign currency translation differences	493	92	-	3,828
Ending balance	₩ 21,317	₩ 92,525	₩ 94,258	₩ 1,980,672
Accumulated depreciation				
Beginning balance	₩ 14,209	₩ 70,637	₩ -	₩ 797,740
Disposals	(18,626)	(2,317)	-	(26,577)
Depreciation	9,721	6,420	-	72,733
Others ¹	-	-	-	(510)
Transferred to disposal group classified as held for sale ²	-	(389)	-	(11,067)
Foreign currency translation differences	41	59	-	1,335
Ending balance	₩ 5,345	₩ 74,410	₩ -	₩ 833,654
Accumulated impairment loss				
Beginning balance	₩ -	₩ 113	₩ 912	₩ 5,134
Impairment loss ³	-	-	-	2,566
Disposals	-	(113)	-	(113)
Ending balance	₩ -	₩ -	₩ 912	₩ 7,587
Government grants				
Beginning balance	₩ -	₩ 469	₩ -	₩ 973
Acquisitions	-	81	433	788
Disposals	-	(2)	-	(2)
Depreciation	-	(180)	-	(265)
Others ¹	-	284	(433)	1
Ending balance	₩ -	₩ 652	₩ -	₩ 1,495
Carrying amount				
Beginning balance	₩ 19,619	₩ 16,808	₩ 102,180	₩ 1,120,872
Ending balance	₩ 15,972	₩ 17,463	₩ 93,346	₩ 1,137,936

¹ Others represent a transfer from land and buildings in relation to Samyang Packaging Corporation's plant in Yangsan to investment property and a transfer from construction-in-progress to intangible assets.

² The Group decided to transfer industrial biotechnology business, and the property, plant and equipment included in the disposal group were measured at fair value less costs to sell and classified

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as held for sale.

³ The Group recognized an impairment loss of ₩ 2,566 million on unused assets, and the amount is included in other non-operating expenses.

As at December 31, 2022, the Group's property, plant and equipment has been provided as collateral for borrowings and commitments, and details are explained in Note 29.

Line items including depreciation in the statements of comprehensive income for the years ended December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Cost of sales	₩	55,587	₩	55,133
Selling and administrative expenses, and others		13,911		17,336
	₩	<u>69,498</u>	₩	<u>72,469</u>

9. Leases

Set out below is information for leases when the Group is a lessee.

(a) The consolidated statement of financial position shows the following amounts relating to leases:

<i>(in millions of Korean won)</i>	2022		2021	
Right-of-use assets ¹				
Properties	₩	12,589	₩	13,846
Vehicles		2,387		1,965
Others		135		161
	₩	<u>15,111</u>	₩	<u>15,972</u>

¹ Included in the line item 'property, plant and equipment' in the consolidated statements of financial position.

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<i>(in millions of Korean won)</i>	2022		2021	
Lease liabilities ¹				
Current	₩	5,322	₩	5,670
Non-current		6,142		6,304
	₩	<u>11,464</u>	₩	<u>11,974</u>

¹ Included in the line item 'other financial liabilities' in the consolidated statements of financial position.

(b) The consolidated statement of comprehensive income shows the following amounts relating to leases:

<i>(in millions of Korean won)</i>	2022		2021	
Depreciation of right-of-use assets				
Properties	₩	5,991	₩	8,714
Vehicles		1,083		973
Others		39		34
	₩	<u>7,113</u>	₩	<u>9,721</u>
Interest expense relating to lease liabilities (included in finance cost)	₩	210	₩	217
Expense relating to short-term leases (included in cost of goods sold and selling and administrative expenses)		1,739		1,801
Expense relating to leases of low-value assets that are not short-term leases (included in selling and administrative expenses)		434		439
Expense relating to variable lease payments not included in lease liabilities (included in selling and administrative expenses)		16,922		15,133

The total cash outflow for leases in 2022 was ₩ 25,782 million (2021: ₩ 27,349 million).

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10. Intangible Assets

Changes in intangible assets for the years ended December 31, 2022 and 2021, are as follows:

(in millions of
Korean won)

	2022							Total
	Goodwill	Industrial property rights	Software	Club membership	Others	Intangible assets under development		
Beginning balance	₩ 198,641	₩ 204	₩ 7,183	₩ 8,294	₩ 25,921	₩ 21,425	₩ 261,668	
Acquisitions	-	105	1,867	-	-	5,218	7,190	
Disposals	-	-	-	(515)	-	-	(515)	
Others ¹	-	-	29,430	122	(8)	(26,616)	2,928	
Impairment loss ²	-	-	(56)	-	-	-	(56)	
Amortization	-	(103)	(7,737)	-	(2,524)	-	(10,364)	
Foreign currency translation differences	-	-	(80)	-	-	-	(80)	
Ending balance	₩ 198,641	₩ 206	₩ 30,607	₩ 7,901	₩ 23,389	₩ 27	₩ 260,771	

¹ Others represent a transfer from construction-in-progress to intangible assets of ₩ 2,937 million and a reclassification of others of ₩ 8 million.

² The Group recognized an impairment loss of ₩ 56 million on unused assets, and the amount is included in other non-operating expenses.

(in millions of
Korean won)

	2021							Total
	Goodwill	Industrial property rights	Software	Club membership	Others	Intangible assets under development		
Beginning balance	₩ 198,641	₩ 247	₩ 5,245	₩ 8,314	₩ 28,446	₩ -	₩ 240,893	
Acquisitions	-	67	94	-	-	16,983	17,144	
Disposals	-	-	-	(20)	-	-	(20)	
Others ¹	-	-	4,121	-	-	4,442	8,563	
Amortization	-	(110)	(2,299)	-	(2,526)	-	(4,935)	
Foreign currency translation differences	-	-	22	-	1	-	23	
Ending balance	₩ 198,641	₩ 204	₩ 7,183	₩ 8,294	₩ 25,921	₩ 21,425	₩ 261,668	

¹ Others represent a transfer from construction-in-progress to intangible assets.

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Details of goodwill allocated to CGUs as at December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>		2022		2021	
Chemicals	Samyang Packaging Corporation	₩	164,590	₩	164,590
	KCI Co., Ltd.		34,051		34,051
		₩	<u>198,641</u>	₩	<u>198,641</u>

The value in use of CGUs was estimated using the discounted cash flows method.

The key assumptions used in the estimation of value in use are as follows:

- Cash flows were projected based on past experiences, actual financial results and future business plan.
- The revenue growth rate for the future was estimated based on past average growth rates. The discount rate applied is based on the average-weighted average cost of capital of CGU to determine the recoverable amount of CGU.
- The key assumptions used in calculating value in use represent management's expectation on future trends in each CGUs, which are based on historical data from external and internal sources. As a result of impairment test, the CGU's value in use exceeds its carrying amount.

<i>(in millions of Korean won)</i>	Samyang Packaging Corporation		KCI Co., Ltd.	
Perpetual growth rate		0%		0%
Discount rate		9.49%		8.78%
Value in use	₩	466,416	₩	200,661

When the perpetual growth rate and discount rate fluctuate, the value in use is as follows:

<i>(in millions of Korean won)</i>		Samyang Packaging Corporation		KCI Co., Ltd.	
Perpetual growth rate	Increase 1%	₩	506,304	₩	219,683
Discount rate	Increase 1%		415,700		178,707
	Decrease 1%		529,276		228,341

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Research and development costs recognized as expenses for the years ended December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Selling and administrative expenses	₩	6,300	₩	10,901

Line items including amortization in the statements of comprehensive income for the years ended December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Cost of sales	₩	255	₩	94
Selling and administrative expenses, and others		10,109		4,841
	₩	<u>10,364</u>	₩	<u>4,935</u>

11. Investment Properties

Changes in investment properties for the years ended December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022					
	Land		Buildings		Total	
Beginning balance	₩	14,132	₩	2,839	₩	16,971
Depreciation		-		(336)		(336)
Others ¹		299		2,577		2,876
Ending balance	₩	<u>14,431</u>	₩	<u>5,080</u>	₩	<u>19,511</u>

¹ Others represent a reclassification from land and buildings to investment property.

<i>(in millions of Korean won)</i>	2021					
	Land		Buildings		Total	
Beginning balance	₩	2,925	₩	1,218	₩	4,143
Disposals		(62)		(33)		(95)
Depreciation		-		(112)		(112)
Others ¹		11,269		1,766		13,035
Ending balance	₩	<u>14,132</u>	₩	<u>2,839</u>	₩	<u>16,971</u>

¹ Others represent a reclassification from land and buildings to investment property in relation to Samyang Packaging Corporation's plant in Yangsan.

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Details of income and expenses associated with investment properties for the years ended December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Rental income	₩	1,514	₩	1,210
Operating costs		(287)		(288)

The Group holds various operating leases for certain real estate properties, and the details of related future lease receivables as at December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Within one year	₩	1,242	₩	527
1 - 2 years		913		290
2 - 3 years		226		290
3 - 4 years		-		121
	₩	<u>2,381</u>	₩	<u>1,228</u>

The carrying amount and fair value of investment properties as at December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Carrying amount	₩	19,511	₩	16,971
Fair value ¹		22,653		18,202

¹ Fair value is measured using the official land price and price index.

No impairment loss (reversal) on investment properties was recognized for the years ended December 31, 2022 and 2021.

The Group's investment properties have been provided as collateral for the borrowings and commitments, and the details are explained in Note 29.

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12. Interests in Associates and Joint Venture

Details of investment in joint venture and investment in associates as at December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Investment in associates	₩	3,297	₩	3,746
Investment in joint venture		18,825		17,232
	₩	<u>22,122</u>	₩	<u>20,978</u>

Details of investments in associates as at December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>				2022		2021	
Associates	Location	Main business	Date of financial statements	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)	Carrying amount
KCI Japan Co., Ltd.	Japan	Sale of IER	Dec. 31	45.00	₩ 682	45.00	₩ 698
Solid Ionics Co., Ltd. ²	Korea	Manufacture of solid electrolyte materials	Dec. 31	18.82	2,615	18.82	2,892
Keonchang Chemical Industry Co., Ltd. ¹	Thailand	Sale of IER	Dec. 31	49.00	-	49.00	-
Kinfolk Beauty Inc. ²	Korea	Distribution and sales of cosmetics	Dec. 31	19.00	-	19.00	156
					<u>₩ 3,297</u>		<u>₩ 3,746</u>

¹ The financial position of Keonchang Chemical Industry Co., Ltd. is not identifiable as the entity has discontinued its operations. Therefore, the investment has been impaired in full, and the equity method is no longer applied to the investment.

² The entities are classified as associates as the Group can exercise significant influence over Solid Ionics Co., Ltd. and Kinfolk Beauty Inc. since the entities have the right to appoint directors over the investees.

Details of investments in joint venture as at December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>				2022		2021	
Joint venture	Location	Main business	Date of financial statements	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)	Carrying amount
Samyang Fine Technology Co., Ltd.	Korea	Manufacture and sale of IER	Dec. 31	50.00	₩ 18,825	50.00	₩ 17,232

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In accordance with the joint arrangements, the Group has residual interests in the net assets of the entity. Accordingly, the Group has classified its interests in the entity as a joint venture.

Changes in investments in associates and joint venture for the years ended December 31, 2022 and 2021, are as follows:

(in millions of Korean won)

	2022				
	Beginning balance	Dividend	Gain (loss) on equity method investments	Others	Ending balance
KCI Japan Co., Ltd.	₩ 698	₩ (56)	₩ 102	₩ (62)	₩ 682
Solid Ionics Co., Ltd.	2,892	-	(277)	-	2,615
Kinfolk Beauty Inc.	156	-	(156)	-	-
Samyang Fine Technology Co., Ltd.	17,232	-	1,378	215	18,825
	₩ 20,978	₩ (56)	₩ 1,047	₩ 153	₩ 22,122

(in millions of Korean won)

	2021					
	Beginning balance	Acquisition	Dividend	Gain (loss) on equity method investments	Others	Ending balance
KCI Japan Co., Ltd.	₩ 655	₩ -	₩ (57)	₩ 110	₩ (10)	₩ 698
Solid Ionics Co., Ltd.	2,895	-	-	(3)	-	2,892
Kinfolk Beauty Inc.	-	156	-	-	-	156
Samyang Fine Technology Co., Ltd.	15,878	-	-	1,190	164	17,232
	₩ 19,428	₩ 156	₩ (57)	₩ 1,297	₩ 154	₩ 20,978

Summarized financial information of the associates and joint venture is adjusted to the carrying amounts of shares of associates and joint venture as at December 31, 2022 and 2021, are as follows:

(in millions of Korean won)

	2022				
	Net value	Share of net assets	Intercompany transaction	Investment difference	Carrying amount
KCI Japan Co., Ltd.	₩ 1,814	₩ 816	₩ (134)	₩ -	₩ 682
Solid Ionics Co., Ltd.	2,292	432	-	2,183	2,615
Kinfolk Beauty Inc.	(908)	(126)	-	126	-
Samyang Fine Technology Co., Ltd.	37,945	18,973	(148)	-	18,825
	₩ 41,143	₩ 20,095	₩ (282)	₩ 2,309	₩ 22,122

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	2021									
	Net value		Share of net assets		Intercompany transaction		Investment difference		Carrying amount	
KCI Japan Co., Ltd.	₩	1,814	₩	816	₩	(118)	₩	-	₩	698
Solid Ionics Co., Ltd.		3,761		708		-		2,184		2,892
Kinfolk Beauty Inc.		161		31		-		125		156
Samyang Fine Technology Co., Ltd.		34,855		17,427		(195)		-		17,232
	₩	40,591	₩	18,982	₩	(313)	₩	2,309	₩	20,978

Set out below is summarized financial information for those associates and joint venture as at December 31, 2022 and 2021, are as follows:

(in millions of Korean won)

	2022															
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Sales	Profit (loss) for the year	Other comprehensive income (loss)	Total comprehensive income (loss)								
KCI Japan Co., Ltd.	₩	4,329	₩	217	₩	2,120	₩	612	₩	12,132	₩	264	₩	22	₩	286
Solid Ionics Co., Ltd.		1,412		935		42		13		-		(1,054)		-		(1,054)
Kinfolk Beauty Inc.		971		14		49		1,844		95		(1,069)		-		(1,069)
Samyang Fine Technology Co., Ltd.		20,647		64,385		25,924		21,163		50,355		2,661		429		3,090

(in millions of Korean won)

	2021															
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Sales	Profit (loss) for the year	Other comprehensive income (loss)	Total comprehensive income (loss)								
KCI Japan Co., Ltd.	₩	3,734	₩	283	₩	1,684	₩	519	₩	6,942	₩	295	₩	(22)	₩	273
Solid Ionics Co., Ltd.		2,725		1,076		40		-		20		(603)		-		(603)
Kinfolk Beauty Inc.		506		-		2		344		-		(3)		-		(3)
Samyang Fine Technology Co., Ltd.		16,569		70,436		23,212		28,938		45,493		2,388		328		2,716

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13. Trade and Other Payables

Details of trade and other payables as at December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Trade payables	₩	104,925	₩	145,526
Non-trade payables		84,699		100,169
Other payables		1,062		815
	₩	<u>190,686</u>	₩	<u>246,510</u>

Details of long-term other payables as at December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Long-term deposit received	₩	340	₩	296
Long-term other payables		4,125		4,942
	₩	<u>4,465</u>	₩	<u>5,238</u>

14. Borrowings and Debentures

Details of short-term borrowings as at December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>		Annual interest rate (%) as at December 31,		
Lender	Type	2022	2022	2021
Kookmin Bank and others	Import finance	3.42 ~ 5.24	₩ 192,231	₩ 171,990
Woori Bank and others	L/C Nego and others	-	646	2,103
Raiffeisen Bank	L/C Nego and others	Euribor + 1.6	4,543	1,660
Shinhan Bank Europe GmbH	General loans	3M Euribor + 1.2	3,378	3,356
			<u>₩ 200,798</u>	<u>₩ 179,109</u>

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Details of long-term borrowings as at December 31, 2022 and 2021, are as follows:

(in millions of Korean won)

Lender	Type	Maturity date	Annual interest rate (%) as at December 31,		
			2022	2022	2021
Korea Development Bank and others	General loans	2027-03-07	3.11	₩ 100,000	₩ 115,000
Korea Exim bank	General loans	2023-11-06	1.61	6,000	1,000
Shinhan Bank	General loans	2024-05-27	3M Euribor + 0.9	6,756	-
Woori Bank London Branch	Facility loans	2025-02-07	TERM SOFR 3M + 1.2	31,683	-
Shinhan Bank Singapore Branch	Facility loans	2027-02-12	TERM SOFR + 0.26	17,855	16,732
Discount on bond issuance				-	(329)
				162,294	132,403
Less: current portion				(28,098)	(114,671)
				₩ 134,196	₩ 17,732

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Details of debentures as at December 31, 2022 and 2021, are as follows:

(in millions of Korean won)

Issued by	Lender	Latest maturity date	Annual interest rate (%) as at December 31,		2022	2021
			2022	2021		
Samyang Corporation	The 2nd public placement debentures	-	-	₩	-	₩ 140,000
	The 3-1st public placement debentures	2024-01-18	2.28		150,000	150,000
	The 3-2nd public placement debentures	2026-01-18	2.59		100,000	100,000
	The 4-1st public placement debentures	2025-03-03	1.56		80,000	80,000
	The 4-2nd public placement debentures	2027-03-03	1.87		60,000	60,000
	The 5-1st corporate bonds	2027-02-22	3.26		120,000	-
	The 5-2nd corporate bonds	2029-02-22	3.53		60,000	-
	Samyang Packaging Corporation	The 2nd public placement debentures	2024-09-06	2.35		94,000
Less: discount on debentures issuance					(1,143)	(978)
					662,857	623,022
Less: current portion					-	(139,985)
				₩ 662,857	₩ 483,037	

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15. Other Financial Liabilities

Details of other current financial liabilities as at December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Derivative instruments liabilities	₩	12,341	₩	202
Current lease liabilities		5,322		5,670
Financial guarantee liabilities		262		361
	₩	<u>17,925</u>	₩	<u>6,233</u>

Details of other non-current financial liabilities as at December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Long-term lease liabilities	₩	6,142	₩	6,304
Financial guarantee liabilities		261		656
	₩	<u>6,403</u>	₩	<u>6,960</u>

16. Other Liabilities

Details of other current liabilities as at December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Advances received	₩	17,648	₩	16,297
Withholdings		2,710		2,379
Value-added tax withheld		4,334		1,244
Accrued expenses		30,854		32,816
Provision for sales return		1,452		1,553
	₩	<u>56,998</u>	₩	<u>54,289</u>

Details of other non-current liabilities as at December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Long-term accrued expenses	₩	6,838	₩	7,590
Long-term unearned revenue		92		92
Other provisions		70		71
	₩	<u>7,000</u>	₩	<u>7,753</u>

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17. Employment Benefits

Details of net defined benefit liabilities (assets) as at December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Present value of defined benefit obligation	₩	94,675	₩	114,025
Fair value of plan assets		(111,951)		(104,223)
Net defined benefit liabilities (assets)	₩	(17,276)	₩	9,802

Movements in the net defined benefit liabilities (assets) for the years ended December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022					
	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit liabilities (assets)	
Beginning balance	₩	114,025	₩	(104,223)	₩	9,802
Recognized in profit or loss as incurred:						
Current service cost		15,798		(2,956)		12,842
Interest cost (income)		12,593		-		12,593
Remeasurements recognized in other comprehensive income:						
Actuarial gain arising from		3,205		(2,956)		249
Demographic assumptions		(21,045)		1,177		(19,868)
Financial assumptions		(21,045)		-		(21,045)
Experience adjustments		-		-		-
Return on plan assets excluding interest income		(20,651)		-		(20,651)
Others:		(394)		-		(394)
Benefits paid		-		1,177		1,177
Contribution by the employer		(14,103)		(5,949)		(20,052)
Others		(12,470)		11,554		(916)
Ending balance	₩	94,675	₩	(111,951)	₩	(17,276)

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(in millions of Korean won)

	2021					
	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit liabilities	
Beginning balance	₩	102,280	₩	(94,491)	₩	7,789
Recognized in profit or loss as incurred:						
Current service cost		14,683		(2,308)		12,375
Interest cost (income)		12,179		-		12,179
Remeasurements recognized in other comprehensive income:		2,504		(2,308)		196
Actuarial loss (gain) arising from		5,038		829		5,867
Demographic assumptions		5,038		-		5,038
Financial assumptions		5,501		-		5,501
Experience adjustments		(3,865)		-		(3,865)
Return on plan assets excluding interest income		3,402		-		3,402
Others:		(7,976)		(8,253)		(16,229)
Benefits paid		(8,070)		7,434		(636)
Contribution by the employer		-		(15,600)		(15,600)
Others		94		(87)		7
Ending balance	₩	114,025	₩	(104,223)	₩	9,802

Expenses recorded in relation to defined benefit plans for the years ended December 31, 2022 and 2021, are as follows:

(in millions of Korean won)

	2022		2021	
Defined benefit plan	₩	12,842	₩	12,375
Current service costs		12,593		12,179
Net interest costs		249		196
Defined contribution pension plan and others		3,388		3,150
	₩	16,230	₩	15,525

Details of plan assets as at December 31, 2022 and 2021, are as follows:

(in millions of Korean won)

	2022		2021	
Financial instruments with guaranteed interest rate	₩	111,904	₩	104,170
Others		47		53
	₩	111,951	₩	104,223

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The Group expects to contribute ₩ 19,000 million to its defined benefit plans in 2023.

The principal actuarial assumptions as at December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022	2021
Expected rate of increase in salaries	4.0%	4.0%
Discount rate	5.3~5.4%	2.9%

The discount rate is the yield at the end of the reporting period on corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. Also, the Group estimated the defined benefit obligation based on employee information, salary increase information, and demographic variables from Korea Insurance Development Institute.

Reasonably possible changes at the end of the reporting period due to any of the actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

<i>(in millions of Korean won)</i>	2022	
	1% Increase	1% Decrease
Changes in expected rate of increase in salaries	₩ 7,542	₩ (6,722)
Changes in discount rate	(6,481)	7,406

<i>(in millions of Korean won)</i>	2021	
	1% Increase	1% Decrease
Changes in expected rate of increase in salaries	₩ 10,707	₩ (9,424)
Changes in discount rate	(9,358)	10,864

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

The weighted average duration of the defined benefit obligation is 7.56 years (2021: 9.00 years).

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18. Capital Stock and Capital Surplus

Details of the Company's capital stock as at December 31, 2022 and 2021, are as follows:

*(in millions of Korean won except par value
per share and in number of shares)*

	2022			
	Number of shares issued	Number of treasury shares	Par value	Capital stock
Ordinary shares	10,313,449	647,099	₩ 5,000	₩ 51,568
Preferred shares	370,070	-	5,000	1,850
	<u>10,683,519</u>	<u>647,099</u>		<u>₩ 53,418</u>

*(in millions of Korean won except par value
per share and in number of shares)*

	2021			
	Number of shares issued	Number of treasury shares	Par value	Capital stock
Ordinary shares	10,313,449	647,099	₩ 5,000	₩ 51,568
Preferred shares	370,070	-	5,000	1,850
	<u>10,683,519</u>	<u>647,099</u>		<u>₩ 53,418</u>

The Company's preferred shares have no voting rights. The dividends on the Company's preferred shares are paid at the amount of 1% on par value of the shares per annum on top of dividends of ordinary shares.

Details of capital surplus as at December 31, 2022 and 2021, are as follows:

(in millions of Korean won)

	2022		2021	
Paid-in capital in excess of par value	₩	854,047	₩	854,063
Gain on disposal of treasury share		758		758
Other capital surplus		9,192		6,917
	<u>₩</u>	<u>863,997</u>	<u>₩</u>	<u>861,738</u>

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19. Accumulated Other Comprehensive Income

Details of accumulated other comprehensive income as at December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Gain on valuation of financial assets at fair value through other comprehensive income	₩	72,228	₩	83,298
Equity adjustments in equity method		20		(28)
Foreign currency translation differences of foreign operations		1,137		1,338
	₩	<u>73,385</u>	₩	<u>84,608</u>

20. Retained Earnings and Dividends

Details of retained earnings as at December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Legal reserves	₩	10,410	₩	9,150
Discretionary reserves		210,100		196,800
Retained earnings before appropriation		162,141		107,017
	₩	<u>382,651</u>	₩	<u>312,967</u>

Dividends proposed but not paid to shareholders prior to the approval on the issuance of the consolidated financial statements for the year ended December 31, 2022, are as follows:

<i>(in millions of Korean won except par value per share and in number of shares)</i>	2022				
	Number of shares issued	Number of treasury shares	Number of shares for dividends	Dividends per share	Total
Ordinary shares	10,313,449	(647,099)	9,666,350	₩ 1,250	₩ 12,083
Preferred shares	370,070	-	370,070	1,300	481
	<u>10,683,519</u>	<u>(647,099)</u>	<u>10,036,420</u>		<u>₩ 12,564</u>

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Dividends paid to the owners of the Company for the year ended December 31, 2022, are as follows:

<i>(in millions of Korean won except par value per share and in number of shares)</i>	2022				
	Number of shares issued	Number of treasury shares	Number of shares for dividends	Dividends per share	Total
Ordinary shares	10,313,449	(647,099)	9,666,350	₩ 1,250	₩ 12,083
Preferred shares	370,070	-	370,070	1,300	481
	<u>10,683,519</u>	<u>(647,099)</u>	<u>10,036,420</u>		<u>₩ 12,564</u>

21. Other Components of Equity

Details of other components of equity as at December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Treasury shares	₩	71	₩	71
Other capital adjustments		49,402		49,034
	₩	<u>49,473</u>	₩	<u>49,105</u>

22. Sales

Details of sales for the years ended December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Revenue from contracts with customers:				
Sale of goods	₩	2,650,789	₩	2,383,516
Revenue from other sources:				
Rental income		1,650		938
	₩	<u>2,652,439</u>	₩	<u>2,384,454</u>

As at December 31, 2022, contract liabilities arising from contracts with customers were ₩ 17,237 million (2021: ₩ 16,297 million) and are recognized as other liabilities. The Group recognized ₩ 16,285 million (2021: ₩ 16,896 million) as revenue in relation to carried-forward contract liabilities from the previous year.

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Details of revenue from contracts with customers for the years ended December 31, 2022 and 2021, are as follows:

(in millions of Korean won)

	2022		
	Foods	Chemicals	Total
Domestic	₩ 1,290,649	₩ 752,156	₩ 2,042,805
Export	198,361	409,623	607,984
	<u>₩ 1,489,010</u>	<u>₩ 1,161,779</u>	<u>₩ 2,650,789</u>

(in millions of Korean won)

	2021		
	Foods	Chemicals	Total
Domestic	₩ 1,059,741	₩ 732,873	₩ 1,792,614
Export	177,413	413,489	590,902
	<u>₩ 1,237,154</u>	<u>₩ 1,146,362</u>	<u>₩ 2,383,516</u>

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23. Selling and Administrative Expenses

Details of selling and administrative expenses for the years ended December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Salaries	₩	69,305	₩	68,143
Retirement benefits		7,184		6,723
Employee welfare		12,865		12,074
Travels		2,166		930
Communications		1,063		974
Utilities		1,931		1,771
Supplies		2,586		1,394
Taxes and dues		3,557		3,060
Rents		116		1,173
Commissions		76,577		63,087
Depreciation		13,835		17,357
Repair		1,248		786
Vehicle maintenance		1,934		1,710
Insurance		1,298		1,139
Advertising		10,698		10,098
Samples		2,060		1,659
Bad debt		14		115
Transportation		99,138		90,316
Printing		160		167
Education & Training		1,062		725
Development		6,097		10,458
Amortization		10,108		4,841
Others		6,866		6,036
	₩	<u>331,868</u>	₩	<u>304,736</u>

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24. Finance Income and Costs

Details of finance income and costs for the years ended December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022	2021
Finance income:		
Interest income	₩ 6,363	₩ 3,722
Dividend income	21,967	10,780
Gain on valuation of financial assets at fair value through profit or loss	1,797	-
Gain on valuation of derivative instruments	4,894	1,464
Gain on transaction of derivative instruments	19,426	8,956
	<u>₩ 54,447</u>	<u>₩ 24,922</u>
Finance costs:		
Interest expenses	₩ 25,563	₩ 20,199
Loss on valuation of derivatives instruments	12,348	189
Loss on transaction of derivative instruments	6,895	3,174
	<u>₩ 44,806</u>	<u>₩ 23,562</u>

25. Breakdown of Expenses by Nature

Details of expenses by nature for the years ended December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022	2021
Changes in inventories	₩ (10,517)	₩ (118,561)
Purchase of raw materials and merchandise	1,797,421	1,643,210
Expenses for employee benefit	166,482	168,086
Depreciation and amortization	80,198	77,516
Commissions	99,436	86,531
External processing expenses	10,154	12,490
Others	504,090	468,793
	<u>₩ 2,647,264</u>	<u>₩ 2,338,065</u>

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26. Other Non-Operating Income and Expenses

Details of other non-operating income and expenses for the years ended December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Other non-operating income:				
Gain on foreign currency transactions	₩	25,608	₩	15,755
Gain on foreign currency translation		22,092		726
Gain on disposal of property, plant and equipment		292		160
Gain on disposal of intangible assets		85		-
Gain on disposal of current assets held for sale		11,312		-
Gain on disposal of investment properties		-		500
Commissions		1,729		1,893
Reversal of other allowance for doubtful accounts		1,000		-
Others		19,301		8,071
	₩	81,419	₩	27,105
Other non-operating expenses:				
Loss on foreign currency transactions	₩	55,665	₩	20,770
Loss on foreign currency translation		11,921		1,735
Loss on disposal of property, plant and equipment		543		221
Impairment losses on property, plant, and equipment		3,947		2,566
Impairment losses on intangible assets		56		-
Impairment losses on current assets held for sale		-		4,144
Donations		237		865
Others		4,472		5,863
	₩	76,841	₩	36,164

27. Income Tax

Income tax expense for the years ended December 31, 2022 and 2021, consists of:

<i>(in millions of Korean won)</i>	2022		2021	
Current tax	₩	13,064	₩	16,224
Adjustments in respect of current tax of prior year		(1,282)		(960)
Relating to origination and reversal of temporary differences		3,239		4,577
Income tax charged directly to equity		13		(83)
Income tax expense	₩	15,034	₩	19,758

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The tax effect relating to components of other comprehensive income (expenses) for the years ended December 31, 2022 and 2021, is as follows:

<i>(in millions of Korean won)</i>	2022			2021		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Items recognized in other comprehensive income:						
Remeasurements of defined benefit liability	₩ 19,855	₩ (5,040)	₩ 14,815	₩ (5,866)	₩ 1,553	₩ (4,313)
Retained earnings adjustments in equity method	152	(12)	140	86	10	96
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	(15,906)	4,800	(11,106)	90,807	(21,975)	68,832
Equity method capital change	18	5	23	68	2	70
Gain (loss) on translation of foreign operations	(204)	4	(200)	2,852	(129)	2,723
	<u>₩ 3,915</u>	<u>₩ (243)</u>	<u>₩ 3,672</u>	<u>₩ 87,947</u>	<u>₩ (20,539)</u>	<u>₩ 67,408</u>

The components of other comprehensive income are presented net of tax on the consolidated statement of comprehensive income.

The aggregate current and deferred tax relating to items that are charged or credited directly to equity for the years ended December 31, 2022 and 2021, is as follows:

<i>(in millions of Korean won)</i>	2022	2021
Current tax	₩ (13)	₩ 83
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	(13)	83

A reconciliation of effective tax rate for the years ended December 31, 2022 and 2021, is as follows:

<i>(in millions of Korean won)</i>	2022	2021
Profit before income tax expense	₩ 97,281	₩ 76,151
Tax at the statutory income tax rate	23,757	16,804
Adjustments:	(8,723)	2,954
Non-deductible expense (non-taxable income), net	(1,813)	197
Tax credit	(516)	(1,501)
Changes in deferred income tax for prior periods	(1,282)	(960)
Others	(5,112)	5,218
Income tax expense	<u>₩ 15,034</u>	<u>₩ 19,758</u>
Effective tax rate	15.45%	25.95%

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Changes in deferred tax assets and liabilities for the years ended December 31, 2022 and 2021, are as follows:

(in millions of Korean won)

	2022			
	Beginning balance	Profit or loss	Equity	Ending balance
Investments in subsidiaries and others	₩ (20,116)	₩ 7,648	₩ (406)	₩ (12,874)
Financial assets at fair value	(25,773)	(47)	4,800	(21,020)
Treasury shares	8,920	-	(369)	8,551
Government grants	227	75	-	302
Accrued income	(297)	(172)	-	(469)
Accrued expenses	7,261	(2,180)	-	5,081
Defined benefit obligations	1,764	(898)	(4,643)	(3,777)
Allowance for doubtful accounts	3,601	(383)	-	3,218
Inventories	279	100	-	379
Property, plant and equipment	6,480	(932)	-	5,548
Intangible assets	(21,130)	(1,859)	-	(22,989)
Land revaluation	(53,881)	2,226	-	(51,655)
Gain (loss) on valuation of derivatives instruments	(1)	(995)	-	(996)
Advanced depreciation provision	(6,794)	281	-	(6,513)
Equity method investments	(117)	(3)	12	(108)
Others	3,717	(6,100)	-	(2,383)
	(95,860)	(3,239)	(606)	(99,705)
Carryover-deficit	7	-	-	7
	<u>₩ (95,853)</u>	<u>₩ (3,239)</u>	<u>₩ (606)</u>	<u>₩ (99,698)</u>

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(in millions of Korean won)

	2021			
	Beginning balance	Profit or loss	Equity	Ending balance
Investments in subsidiaries and others	₩ (18,391)	₩ (1,812)	₩ 87	₩ (20,116)
Financial assets at fair value	(3,798)	-	(21,975)	(25,773)
Treasury shares	8,633	287	-	8,920
Government grants	214	13	-	227
Accrued income	(550)	253	-	(297)
Accrued expenses	6,811	450	-	7,261
Defined benefit obligations	1,165	(747)	1,346	1,764
Allowance for doubtful accounts	3,706	(105)	-	3,601
Inventories	197	82	-	279
Property, plant and equipment	5,655	826	-	6,481
Intangible assets	(17,422)	(3,708)	-	(21,130)
Land revaluation	(53,881)	-	-	(53,881)
Gain (loss) on valuation of derivatives instruments	52	(53)	-	(1)
Advanced depreciation provision	(6,794)	-	-	(6,794)
Equity method investments	(108)	(12)	3	(117)
Others	3,721	(5)	-	3,716
	(70,790)	(4,531)	(20,539)	(95,860)
Carryover-deficit	53	(46)	-	7
	<u>₩ (70,737)</u>	<u>₩ (4,577)</u>	<u>₩ (20,539)</u>	<u>₩ (95,853)</u>

The analysis of deferred tax assets and liabilities as at December 31, 2022 and 2021, is as follows:

(in millions of Korean won)

	2022	2021
Deferred tax assets		
Deferred tax asset to be recovered within 12 months	₩ 9,457	₩ 11,431
Deferred tax asset to be recovered after more than 12 months	40,630	51,683
	<u>50,087</u>	<u>63,114</u>
Deferred tax liabilities		
Deferred tax liability to be recovered within 12 months	(24,256)	(21,925)
Deferred tax liability to be recovered after more than 12 months	(125,529)	(137,042)
	<u>(149,785)</u>	<u>(158,967)</u>
Deferred tax liabilities, net	<u>₩ (99,698)</u>	<u>₩ (95,853)</u>

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Details of unrecognized deductible (taxable) temporary differences as deferred tax assets (liabilities) as at December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022	2021	Remarks
Investments in subsidiaries	₩ 3,388	₩ 3,851	No plan for disposal
Unused losses	8,102	7,523	Uncertainty of future taxable profit

The maturity of unused losses is as follows:

<i>(in millions of Korean won)</i>	2022
2023	₩ 86
2024	679
2025	3,115
2026	1,587
2027	1,045
2028	835
2029	539
2030	216
	<u>₩ 8,102</u>

As at December 31, 2022, the tax effects of temporary difference were calculated using the effective tax rate of the periods when the temporary differences are expected to reverse.

Deferred tax assets and liabilities are offset if the Group has legally enforceable right and intent to offset tax assets and liabilities and such deferred tax assets and liabilities are related to income taxes from the same tax authority.

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28. Earnings per Share

Basic earnings per share is calculated by dividing profit for the year attributable to owners of the parent by the weighted average number of shares outstanding during the year. Earnings per share is calculated by considering preferred shares as a class of ordinary shares with a different dividend rate from that of another class of ordinary shares but without prior or senior rights.

Earnings per ordinary share for the years ended December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Profit for the year attributable to owners of the parent	₩	68,994	₩	41,156
Profit for the year attributable to preferred shares ¹		(2,562)		(1,535)
Profit for the year attributable to ordinary shareholders		66,432		39,621
Weighted average number of ordinary shares outstanding		9,666,350		9,666,350
Basic and diluted earnings per share <i>(in Korean won)</i> ²	₩	<u>6,872</u>	₩	<u>4,099</u>

¹ Consist of dividends attributable to preferred shares and remaining retained earnings available to all shareholders.

² Diluted earnings per share are not calculated as there is no potentially dilutive share.

Earnings per preferred share for the years ended December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Profit for the year attributable to preferred shares	₩	2,562	₩	1,535
Weighted average number of preferred shares		<u>370,070</u>		<u>370,070</u>
Basic and diluted earnings per preferred share <i>(in Korean won)</i>	₩	<u>6,922</u>	₩	<u>4,149</u>

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29. Contingencies and Contingencies

The Group's significant commitments with financial institutions as at December 31, 2022, are summarized as follows:

(in millions of Korean won, and in thousands of USD, EUR, JPY)

Description	Currency	Limit amount
Bank overdraft	KRW	12,000
General loans	KRW	22,000
	EUR	7,500
Facility loans	KRW	100,000
	USD	39,000
Overseas trading	KRW	8,000
	USD	30,000
Bills bought (D/A, D/P)	USD	1,000
Secured loan of credit sales	KRW	10,000
L/C	USD	465,000
Electronic Tracing Accounts Receivable Mortgage	KRW	100,000
Guarantees (Note 30)	KRW	32,000
	USD	14,000
	EUR	9,000
	JPY	200,000

Details of restricted deposits as at December 31, 2022, are as follows:

(in millions of Korean won)

Description	Amount	Types
Other current financial assets	₩ 2,622	Collateral
Other non-current financial assets	11	Deposit for overdraft

The Group is provided with a guarantee of ₩ 7,801 million from Seoul Guarantee Insurance relating to the fulfilment of agreement.

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Pending litigations

As at December 31, 2022, the Group is involved in 2 lawsuits as a defendant on claim for compensation for damages and in 2 lawsuits as a defendant on claim for wage with litigation amounts to ₩ 567 million and ₩ 163 million, respectively. Except for lawsuits for which the Group cannot predict the outcome, it already paid the amount due under the lost cases or recognized related liabilities. Management believes that the outcome of the lawsuits above will not have a significant impact on the consolidated financial position of the Group.

The Group holds joint liability with Samyang Holdings Corporation on its obligations (including any contingent liabilities existing prior to spin-off) existing prior to its spin-off.

The Group has entered into long-term supply agreements with related parties Samyang Kasei Co., Ltd. and Samyang Fine Technology Co., Ltd.

The Group entered into a contract with Mitsubishi Chemical Corporation to obtain technology information for production of Bisphenol-A(BPA) and regenerating technology for ion exchange resin on January 17, 2014. The Group entered into a sub-license agreement with a related party, Samyang Fine Technology Co., Ltd., based on the agreement of regenerating technology for ion exchange resin.

Contractual obligation to purchase property, plant and equipment and intangible assets as at December 31, 2022 are ₩ 65,400 million.

As at December 31, 2022, the Group has not been collected four bills and checks issued by Shinhan Bank before 1995.

The Group entered into contracts with 'Ministry of Trade, Industry and Energy' and 'Ministry of Agriculture, Food and Rural Affairs'. The Group received ₩ 1,976 million of government grants related to these development projects. Furthermore, the Group recognized Long-term other payables of ₩ 1,035 million to be repaid should the conditions of the development projects prove successful.

The Company has right to convert the redeemable convertible preferred shares of Staytuned Co., Ltd. held into ordinary share from the day after the issuance date to the day before the end of the maturity date, and has the right to request for redemption for all or partial amount. In addition, in the event that a stakeholder intends to dispose of all or part of the entity's share under an agreement with a stakeholder who is another investor of Staytuned Co., Ltd., the Company has a right to preferentially purchase under the same condition and the right to participate in joint selling under the same conditions as the stakeholder.

In the event that a stakeholder intends to dispose of all or part of the entity's share under an agreement with a stakeholder who is another investor of Solid Ionics Co., Ltd., the Company has a right to preferentially purchase under the same condition and the right to participate in joint selling under the same conditions as the stakeholder.

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The Group's property, plant and equipment (including investment properties) and inventories have been provided as collateral for the borrowings and commitments, and details are as follows:

(in millions of Korean won)

Pledged assets	Currency	Borrowings	Pledged amount	Secured party
Land, Building, Structures and Machinery	KRW	₩ 100,000	₩ 120,000	Korea Development Bank
Inventories	KRW	6,000	15,600	Korea Exim bank

Limitation on disposal of joint ventures

The Group committed to obtain the written consent of the counter-party if it intends to transfer, provide collateral, or otherwise dispose of its shares in Samyang Fine Technology Co., Ltd. As an exception, shares may be transferred to the Group's affiliates without the written consent of the counter-party, but even in this case, the affiliates have committed to succeed the Group's contractual obligations.

The above provisions are not intended to limit the disposal of the shares held by the Group, but are intended to maintain the management rights of each joint venture, and the management of the Group has no plans to dispose of the shares held by the Group.

Agreement on performance of public placement debentures

The bond issuance contracts of the Group provide for such terms and conditions that the debt-to-equity ratio has to be kept at less than 400%; a collateral limit within 200% of equity capital; the restriction on disposal of asset not less than ₩ 500,000 million of total assets or 200% of equity capital; and the restriction on changes in corporate governance. The Group has to follow this contract based on their own financial statements respectively. In case of failure to comply with these obligations, the Group may have to repay the debentures before its maturities.

In November 2018, the Group entered into an agreement to invest \$14.00 million in KENSINGTON-SV GLOBAL INNOVATIONS LP for up to four years. As at December 31, 2022, \$ 13.12 million has been paid, and the amount is included in beneficiary certificates.

Limitation on disposal of shares and convertible bonds

The Group committed to obtain the written consent of the counter-party if it intends to transfer, provide collateral, or otherwise dispose of its shares and convertible bonds in Kinfolk Beauty Inc.

The above provisions are not intended to limit the disposal of the shares held by the Group, but are intended to maintain the management rights, and the management of the Group has no plans to dispose of the shares held by the Group.

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Agreements with shareholders

The Group granted a call-option to SK Geocentric Co., Ltd., a strategic alliance company of Samyang EcoTech Corporation. The strategic alliance company has a call option to claim to sell 49% of the total number of shares issued by Samyang EcoTech Corporation if it meets one of the following reasons or is allowed to transfer all or part of the shares held by the Group without any limitations by law.

- In case that Samyang Packaging Co., Ltd. does not bear the obligation to own 100% of the total issued shares of its affiliates due to the revision of the Fair Trade Act.
- In case that Samyang Packaging Co., Ltd. is not included in the subsidiaries of subsidiaries of a holding company under the Fair Trade Act
- In case that Samyang Packaging Co., Ltd. or an entity subject to split-off is excluded from Samyang's affiliates (not be subject to the regulation of restriction on act under the Fair Trade Act)

If the strategic alliance company does not exercise its call-option, the Group has a put option to request the strategic alliance company or a third party designated by the strategic alliance company to purchase 49% of the total issued shares of Samyang EcoTech Corporation.

The Group committed to obtain the written consent of SK Geocentric Co., Ltd. if it intends to dispose of its all or part of the shares in Samyang EcoTech Corporation. However, in the case of disposing of all of the relevant shares to related parties of the Group, the Group may dispose of the above shares by prior written notice, subject to the prerequisites of submitting a commitment to SK Geocentric Co., Ltd. that agrees to transfer the contractual obligations.

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30. Related Party Transactions

Details of related parties as at December 31, 2022 and 2021, are as follows:

Relationship	2022	2021
Parent Company	Samyang Holdings Corporation	Samyang Holdings Corporation
Joint venture	Samyang Fine Technology Co., Ltd.	Samyang Fine Technology Co., Ltd.
Associates	KCI Japan Co., Ltd.	KCI Japan Co., Ltd.
	KeonchangChemical Industry Co., Ltd.	KeonchangChemical Industry Co., Ltd.
	Staytuned Co., Ltd. ¹	Staytuned Co., Ltd. ¹
	Solid Ionics Co., Ltd.	Solid Ionics Co., Ltd.
	Kinfolk Beauty Inc.	Kinfolk Beauty Inc.
Other related parties	Samyang Data Systems Inc.	Samyang Data Systems Inc.
	Samyang F&B Co., Ltd.	Samyang F&B Co., Ltd.
	Samyang Innochem Corporation	Samyang Innochem Corporation
	Samyang Biopharm USA Inc.	Samyang Biopharm USA Inc.
	Samnam Petrochemical Co., Ltd.	Samnam Petrochemical Co., Ltd.
	Samyang Kasei Co., Ltd.	Samyang Kasei Co., Ltd.
	Huvis corporation	Huvis corporation
	Kyungwon Construction Co., Ltd.	Kyungwon Construction Co., Ltd.
	Akina, inc.	Akina, inc.
	Samyang Biopharm Hungary	Samyang Biopharm Hungary
	NC Chem Corporation	-
	Huvis global, etc.	Huvis global, etc.

¹ The Group invested in the redeemable convertible preferred share of Staytuned Co., Ltd. and classified it as financial assets at fair value through profit or loss. Since it has voting rights and the right to appoint directors over the investee, it is classified as an associate as the Group can exercise significant influence.

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Sales and purchases with related parties for the years ended December 31, 2022 and 2021, are as follows:

(in millions of Korean won)

Type	Name of entity	2022				
		Sales	Other income	Purchase of merchandise and raw materials	Acquisition of property, plant and equipment ¹	Other expenses
Parent company	Samyang Holdings Corporation	₩ 465	₩ 4,650	₩ -	₩ 3,559	₩ 34,730
Joint venture	Samyang Fine Technology Co., Ltd.	5,074	234	25,123	-	4
Associates	KCI Japan Co., Ltd.	8,772	56	-	-	-
Other related parties	Samyang Data Systems Inc.	35	141	117	1,259	8,594
	Samyang Innochem Corporation	1,035	14,871	4	-	-
	Samyang F&B Co., Ltd.	142	192	-	-	316
	Samyang Kasei Co., Ltd.	670	195	190,340	-	-
	Huvis corporation	93	36	7,184	-	149
	Samnam Petrochemical Co., Ltd.	129	228	-	-	-
	Kyungwon Construction Co., Ltd.	9	27	-	-	1
	Samyang Biopharm Hungary	-	109	-	-	-
	NC Chem Corporation	19	1,083	34	-	-
		<u>₩ 16,443</u>	<u>₩ 21,822</u>	<u>₩ 222,802</u>	<u>₩ 4,818</u>	<u>₩ 43,794</u>

¹ The amount of right-of-use assets is included.

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Type	Name of entity	2021				
		Sales	Other income	Purchase of merchandise and raw materials	Acquisition of property, plant and equipment ¹	Other expenses
Parent company	Samyang Holdings Corporation	₩ 378	₩ 5,244	₩ -	₩ 3,924	₩ 27,059
Joint venture	Samyang Fine Technology Co., Ltd.	4,776	385	24,044	-	20
Associates	KCI Japan Co., Ltd.	4,540	58	-	-	-
Other related parties	Samyang Biopharmaceuticals Corporation ²	49	1,064	-	-	196
	Samyang Data Systems Inc.	26	165	122	7,119	10,446
	Samyang Innochem Corporation	589	1,032	-	-	-
	Samyang F&B Co., Ltd.	111	208	-	-	209
	Samyang Kasei Co., Ltd.	674	536	239,312	-	-
	Huvis corporation	199	39	7,896	-	152
	Samnam Petrochemical Co., Ltd.	-	785	-	-	-
	Kyungwon Construction Co., Ltd.	8	27	-	-	2
		₩ 11,350	₩ 9,543	₩ 271,374	₩ 11,043	₩ 38,084

¹ The amount of right-of-use assets is included.

² It is the transaction amount before the merger with Samyang Holdings Corporation on April 1, 2021.

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Fund transactions with related parties for the years ended December 31, 2022 and 2021, are as follows:

(in millions of Korean won)

		2022						
Type	Name of entity	Lease payments ¹	Collection of loans	Disposal of current assets held for sale	Acquisition of convertible bonds	Dividend received	Dividend paid	
Parent company	Samyang Holdings Corporation	₩ 3,696	₩ -	₩ -	₩ -	₩ -	₩ 7,972	
Associates	KCI Japan Co., Ltd.	-	-	-	-	56	-	
	Kinfolk Beauty Inc.	-	-	-	1,500	-	-	
Other related parties	Samyang F&B Co., Ltd.	86	1,000	-	-	-	-	
	Huvis corporation	11	-	-	-	-	-	
	Kyungwon Construction Co., Ltd.	-	-	-	-	27	-	
	Samyang Innochem Corporation	-	-	12,855	-	-	-	

¹ The amount of interest expense relating to lease is included.

(in millions of Korean won)

		2021				
Type	Name of entity	Lease payments ¹	Paid-in capital increase	Acquisition of convertible bonds	Dividend received	Dividend paid
Parent company	Samyang Holdings Corporation	₩ 3,593	₩ -	₩ -	₩ -	₩ 7,972
Associates	KCI Japan Co., Ltd.	-	-	-	58	-
	Kinfolk Beauty Inc.	-	156	344	-	-
Other related parties	Samyang Biopharmaceuticals Corporation	167	-	-	-	-
	Samyang F&B Co., Ltd.	82	-	-	-	-
	Huvis corporation	11	-	-	-	-
	Kyungwon Construction Co., Ltd.	-	-	-	27	-

¹ The amount of interest expense relating to lease is included.

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Outstanding balances arising with related parties as at December 31, 2022 and 2021, are as follows:

(in millions of Korean won)

Type	Name of entity	2022				
		Trade receivables	Other receivables	Loans	Trade payables	Other payables ²
Parent company	Samyang Holdings Corporation	₩ 19	₩ 3,774	₩ -	₩ -	₩ 9,264
Joint venture	Samyang Fine Technology Co., Ltd.	680	6,133	-	2,380	544
Associates	KCI Japan Co., Ltd.	1,899	-	-	-	-
	Kinfolk Beauty Inc.	-	1,844	-	-	-
Other related parties	Samyang Data Systems Inc.	-	27	-	-	782
	Samyang Innochem Corporation	15	504	-	-	4
	Samyang F&B Co., Ltd. ¹	6,981	2,316	8,433	-	27
	Samyang Kasei Co., Ltd.	-	37	-	25,949	2
	Huvis corporation	23	3	-	237	525
	Samnam Petrochemical Co., Ltd.	-	38	-	-	-
	Kyungwon Construction Co., Ltd.	-	-	-	-	-
	Samyang Biopharm Hungary	-	26	-	-	-
	NC Chem Corporation	-	331	-	-	-
		<u>₩ 9,617</u>	<u>₩ 15,033</u>	<u>₩ 8,433</u>	<u>₩ 28,566</u>	<u>₩ 11,148</u>

¹ The Group's loss allowance for receivables and loans from related parties amounts to ₩ 6,981 million and ₩ 8,433 million, respectively, and ₩ 1,000 million of reversal of other allowance for doubtful accounts was recognized.

² The amount of lease liabilities is included.

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Type	Name of entity	2021				
		Trade receivables	Other receivables	Loans	Trade payables	Other payables ²
Parent company	Samyang Holdings Corporation	₩ 21	₩ 4,782	₩ -	₩ -	₩ 10,771
Joint venture	Samyang Fine Technology Co., Ltd.	974	5,319	-	2,990	2
Associates	KCI Japan Co., Ltd.	1,274	-	-	-	-
	Kinfolk Beauty Inc.	-	344	-	-	-
Other related parties	Samyang Data Systems Inc.	-	44	-	-	2,922
	Samyang Innochem Corporation	-	233	-	-	3
	Samyang F&B Co., Ltd. ¹	6,981	2,336	9,433	-	256
	Samyang Kasei Co., Ltd.	-	133	-	38,886	42
	Huvis corporation	11	2	-	245	398
	Samnam Petrochemical Co., Ltd.	-	199	-	-	-
	Kyungwon Construction Co., Ltd.	-	-	-	-	-
		<u>₩ 9,261</u>	<u>₩ 13,392</u>	<u>₩ 9,433</u>	<u>₩ 42,121</u>	<u>₩ 14,394</u>

¹ The Group's loss allowance for receivables and loans from related parties amounts to ₩ 6,981 million and ₩ 9,433 million, respectively. During the year ended December 31, 2021 ₩ 88 million of bad debt expense was recognized.

² The amount of lease liabilities is included.

Compensations for key management personnel for the years ended December 31, 2022 and 2021, consists of:

(in millions of Korean won)

	2022		2021	
Salaries	₩	15,892	₩	12,471
Pension benefits		2,189		1,748
	<u>₩</u>	<u>18,081</u>	<u>₩</u>	<u>14,219</u>

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Details of collateral and guarantees provided to related parties as at December 31, 2022, are as follows:

(in millions of Korean won and in thousands of USD)

Guarantee recipient	Currency	Collateral and guarantee limit	Withdrawn	Purpose	Guarantee period	Financial institution
Samyang Fine Technology Co., Ltd.	KRW	₩ 32,000	₩ 13,094	Payment guarantee for borrowings	2015.06.25~2025.06.25	Nonghyup Bank
Samyang Innochem Corporation	USD	70,000	50,445	Debt guarantee agreement	2021.03.24~Redemption	Mitsubishi Corporation Ltd

31. Statements of Cash Flows

The Group presents cash flows from operating activities by adjusting the effects of non-cash transactions, deferred or incurred cash flows of past or future operating activities, and profit or loss related to cash flows from investing and financing activities, from profit for the year. Cash generated from operating activities for the years ended December 31, 2022 and 2021, are as follows:

(in millions of Korean won)

	2022	2021
Profit for the year	₩ 82,247	₩ 56,393
Adjustments for:	9,833	(46,850)
Income tax expense	15,034	19,758
Interest expense	25,563	20,199
Bad debt expenses	14	115
Depreciation	69,834	72,581
Amortization	10,364	4,935
Pension benefits	12,841	12,376
Loss on foreign currency translation	11,921	1,735
Loss on valuation of derivative instruments	12,348	189
Loss on disposal of property, plant and equipment	543	221
Impairment losses on property, plant, and equipment	3,947	2,566
Impairment losses on current assets held for sale	-	4,144
Impairment losses on intangible assets	56	-
Interest income	(6,363)	(3,722)
Gain on foreign currency translation	(22,092)	(726)
Gain on disposal of property, plant and equipment	(293)	(160)
Gain on disposal of investment properties	-	(500)
Gain on disposal of intangible assets	(85)	-
Reversal of other allowance for doubtful accounts	(1,000)	-

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<i>(in millions of Korean won)</i>	2022	2021
Gain on valuation of financial assets at fair value through profit or loss	(1,797)	-
Gain on valuation of derivative instruments	(4,894)	(1,464)
Dividend income	(21,967)	(10,780)
Gain on equity method investments, net	(1,047)	(1,297)
Gain on disposal of assets held for sale	(11,311)	-
Increase in trade receivables	(15,920)	(46,316)
Decrease (increase) in other receivables	(2,144)	509
Increase in inventories	(10,517)	(118,561)
Decrease in derivative financial assets	1,068	502
Decrease (increase) in other current assets	1,192	(220)
Decrease in other non-current assets	354	214
Increase (decrease) in trade payables	(38,899)	19,901
Increase in other payables	3,390	3,613
Decrease in deposits received	-	(32)
Decrease in derivative financial liabilities	(328)	(2,101)
Increase (decrease) in other current liabilities	696	(8,252)
Increase (decrease) in other non-current liabilities	(453)	953
Decrease in long-term other liabilities	(108)	(753)
Decrease in other current portion of provisions	(101)	(383)
Increase (decrease) in other provisions	(1)	70
Succession (transfer-out) of pension obligations	(1,631)	351
Pension benefits paid	(12,470)	(8,070)
Increase in plan assets	(5,909)	(8,489)
Other	(2)	44
Cash generated from operations	<u>₩ 92,080</u>	<u>₩ 9,543</u>

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Significant non-cash transactions for the years ended December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Increase in payables related to acquisition of property, plant and equipment	₩	18,123	₩	8,652
Increase in payables related to acquisition of intangible assets under development		(1,477)		1,477
Acquisition of right-of-use assets		3,030		5,160
Transfer from construction-in-progress to property, plant and equipment		127,536		105,229
Transfer from construction-in-progress to intangible assets		2,937		8,563
Transfer to assets held for sale		-		1,544

Changes in liabilities arising from financial activities for the years ended December 31, 2022 and 2021, are as follows:

	<i>(in millions of Korean won)</i>							
	2022							
	As at January 1	Cash flows	Non-cash transaction			As at December 31		
		Acquisition of right-of use assets	Transfer to current portion	Others¹				
Short-term borrowings	₩ 179,109	₩ 37,132	₩ -	₩ -	₩ (15,443)	₩	200,798	
Long-term borrowings	17,732	141,687	-	(28,185)	2,962		134,196	
Current portion of long-term borrowings	114,671	(115,000)	-	28,185	242		28,098	
Debentures	483,037	179,426	-	-	394		662,857	
Current portion of debentures	139,985	(140,000)	-	-	15		-	
Operating lease liabilities	5,671	(6,477)	97	5,987	44		5,322	
Long-term operating lease liabilities	6,304	-	5,590	(5,987)	235		6,142	
Dividends payable	-	(18,420)	-	-	18,420		-	
	<u>₩ 946,509</u>	<u>₩ 78,348</u>	<u>₩ 5,687</u>	<u>₩ -</u>	<u>₩ 6,869</u>	<u>₩</u>	<u>1,037,413</u>	

¹ Others include disposal of lease liabilities, currency fluctuations, and discount on debentures.

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	2021											
	As at January 1		Cash flows	Non-cash transaction			As at December 31					
				Acquisition of right-of use assets	Transfer to current portion	Others ¹						
Short-term borrowings	₩	70,338	₩	107,759	₩	-	₩	-	₩	1,012	₩	179,109
Long-term borrowings		130,565		-		-		(115,000)		2,167		17,732
Current portion of long-term borrowings		42,671		(42,800)		-		115,000		(200)		114,671
Debentures		528,972		93,715		-		(139,913)		263		483,037
Current portion of debentures		49,958		(50,000)		-		139,955		72		139,985
Operating lease liabilities		9,452		(9,760)		-		5,374		605		5,671
Long-term operating lease liabilities		6,802		-		4,967		(5,374)		(91)		6,304
Dividends payable		-		(19,841)		-		-		19,841		-
	₩	838,758	₩	79,073	₩	4,967	₩	42	₩	23,669	₩	946,509

¹ Others include disposal of lease liabilities, currency fluctuations, and discount on debentures.

32. Financial Risk Management

The Group's financial instruments are exposed to credit risk, liquidity risk and market risk. This note presents information on the Group's exposure to each of the above risks, the Group's risk management objectives, policies and processes for measuring and managing each risk, and details of the Group's capital management.

Risk management activities

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by the internal audit function and undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating

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activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions. Accordingly, the credit risks from such financial institutions are considered low.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group determines credit limit of trade receivables. The Group's review includes external ratings, when available, and in some cases bank references.

The Group sets credit limit of trade receivables for customers who meet the credit criteria based on average payment terms in industry practice and sales. For customers who do not meet the credit criteria, it sets limit of trade receivables based on limit of collaterals provided by the customers and sales. The Group transacts with other customers only when advanced payments are provided.

The Group reviews customer's credit ratings and collaterals provided at each end of reporting period and adjusts credit limits if appropriate.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

(a) Provision of guarantee

As described in Note 30 to the consolidated financial statements, the Group provides payment guarantees to related parties.

(b) Impairment of financial assets

The Group recognized an allowance for doubtful accounts of ₩ 15,965 million in 2022 and ₩ 16,842 million in 2021 for financial assets individually assessed in 2022 and 2021. The Group recognizes an allowance for doubtful accounts for other financial assets collectively to evaluate impairment.

Aging analysis of the trade and other receivables that are overdue, but are not impaired, as at December 31, 2022, is as follows:

(in millions of Korean won)

	2022				
	Within 6 months	6 month-1 year	1-3 years	More than 3 years	Total
Trade receivables	₩ 278,798	₩ 694	₩ 3,327	₩ 5,031	₩ 287,850
Allowance for doubtful accounts	(251)	(110)	(2,394)	(4,948)	(7,703)
	₩ 278,547	₩ 584	₩ 933	₩ 83	₩ 280,147

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Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, to the extent reasonably possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group established short-term and mid-to-long term financial management plans to manage liquidity risk, and continued to analyze actual cash outflows with that of planned financial liabilities. The Group holds overdraft agreements with several financial institutions to manage the temporary liquidity risk.

The Group monitors its risk of shortage of funds and manages its cash flows using L/Cs, overdrafts and other means.

The maturity analysis of contractual maturity of financial liabilities as at December 31, 2022 and 2021, is as follows:

(in millions of Korean won)

	2022				
	Carrying amount	Within 1 year	1-5 years	More than 5 years	Total
Non-derivative financial liabilities:					
Trade and other payables	₩ 195,151	₩ 190,695	₩ 3,553	₩ 2,589	₩ 196,837
Borrowings	363,092	238,478	142,069	-	380,547
Debentures	662,857	16,612	638,180	62,650	717,442
Operating lease liabilities	11,464	5,594	5,108	1,917	12,619
Financial guarantee contracts	523	120,711	-	-	120,711
	<u>1,233,087</u>	<u>572,090</u>	<u>788,910</u>	<u>67,156</u>	<u>1,428,156</u>
Derivative financial liabilities:					
Other current financial liabilities	12,341	12,341	-	-	12,341
	<u>₩ 1,245,428</u>	<u>₩ 584,431</u>	<u>₩ 788,910</u>	<u>₩ 67,156</u>	<u>₩ 1,440,497</u>

(in millions of Korean won)

	2021				
	Carrying amount	Within 1 year	1-5 years	More than 5 years	Total
Non-derivative financial liabilities:					
Trade and other payables	₩ 251,748	₩ 246,725	₩ 3,722	₩ 3,578	₩ 254,025
Borrowings	311,513	296,904	16,583	1,360	314,847
Debentures	623,023	151,421	448,497	60,281	660,199
Operating lease liabilities	11,974	5,912	4,707	2,499	13,118
Financial guarantee contracts	1,017	114,985	-	-	114,985
	<u>1,199,275</u>	<u>815,947</u>	<u>473,509</u>	<u>67,718</u>	<u>1,357,174</u>

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Derivative financial liabilities:

Other current financial liabilities	2022	2021	-	-	2021
	₩ 1,199,477	₩ 816,149	₩ 473,509	₩ 67,718	₩ 1,357,376

The total amounts above are different to their carrying amounts as the above maturity analysis is presented at the nominal value of undiscounted future cash flows.

Market risk

Market risk is the risk that changes in market prices will affect the Group's profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

(a) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group's entities, primarily Korean won. The currencies that the transactions are denominated are USD, EUR, JPY, etc. The Group uses currency forward contracts to hedge 40% to 70% of its estimated foreign currency exposure in respect of forecasted sales and purchases over the following six months.

Assets and liabilities denominated in currencies other than the Group's functional currencies as at December 31, 2022 and 2021, are as follows:

(in millions of Korean won)

	2022		2021	
	Assets	Liabilities	Assets	Liabilities
USD	₩ 94,028	₩ 289,858	₩ 81,358	₩ 265,066
EUR	22,970	438	24,129	1,109
JPY	23,543	6,045	17,537	5,861
CNY	215	71	-	-
HUF	30,860	8,152	98	50
	₩ 171,616	₩ 304,564	₩ 123,122	₩ 272,086

The Group's forward exchange contracts to hedge against currency risk as at December 31, 2022 and 2021, are as follows:

(in millions of Korean won)

	2022		2021	
	Short position	Long position	Short position	Long position
USD	₩ 17,016	₩ 163,855	₩ 16,150	₩ 80,951
EUR	1,118	-	808	-
JPY	9,913	-	8,429	-
	₩ 28,047	₩ 163,855	₩ 25,387	₩ 80,951

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Assuming that foreign currency exchange rates fluctuate by 10% at the end of the reporting period and other variables remain constant, sensitivity analysis of income before taxes to change of foreign currency exchange rates as at December 31, 2022 and 2021, is as follows:

(in millions of Korean won)

	2022		2021	
	10% increase	10% decrease	10% increase	10% decrease
USD	₩ (19,583)	₩ 19,583	₩ (18,371)	₩ 18,371
EUR	2,253	(2,253)	2,302	(2,302)
JPY	1,750	(1,750)	1,168	(1,168)
CNY	14	(14)	-	-
HUF	2,271	(2,271)	5	(5)
Profit (loss) from exposure	(13,295)	13,295	(14,896)	14,896
Less effect of forward exchange contracts	13,581	(13,581)	5,556	(5,556)
Profit (loss) from exposure, net	₩ 286	₩ (286)	₩ (9,340)	₩ 9,340

(b) Interest rate risk

The Group is exposed to the interest rate risk related to its borrowings with variable rates. Management monitors the level of interest rate risks regularly and ensures to maintain an optimal balance between borrowings at variable and fixed rates.

Details of the Group's interest-bearing financial liabilities as at December 31, 2022 and 2021, are as follows:

(in millions of Korean won)

	2022	2021
Liabilities with fixed rates:		
Short-term borrowings	₩ 192,877	₩ 174,093
Current portion of long-term borrowings	24,750	114,671
Long-term borrowings	81,250	1,000
Debentures	662,857	483,037
Current portion of debentures	-	139,985
	₩ 961,734	₩ 912,786
Liabilities with variable rates:		
Short-term borrowings	₩ 7,921	₩ 5,016
Current portion of long-term borrowings	3,348	-
Long-term borrowings	52,946	16,732
	₩ 64,215	₩ 21,748

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The impact of 1% change in interest rates at the reporting date on equity and profit or loss is shown below. This analysis assumes that all other variables, in particular, foreign currency rates remain constant.

<i>(in millions of Korean won)</i>	2022		2021	
	1% increase	1% decrease	1% increase	1% decrease
Liabilities with variable interest rates	₩ (642)	₩ 642	₩ (217)	₩ 217
Effects of interest rate swap	495	(495)	167	(167)
Net exposure gains and losses	₩ (147)	₩ 147	₩ (50)	₩ 50

The Group does not account for any fixed rate financial liabilities as financial liabilities at fair value through profit or loss. Accordingly, changes in interest rates at the reporting date would not affect equity, profit or loss.

(c) Market price risk

The Group is exposed to equity price risk, which arises from listed equity securities in financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. Management monitors the risk arising from changes in market prices regularly and approves all equity investment decisions.

As at December 31, 2022, the carrying amount of the listed equity instruments of the financial assets at fair value through other comprehensive income is ₩ 268,699 million, assuming that market price fluctuates by 10% at the end of reporting period and other variables remain constant, the impact of the change on other comprehensive income before taxes amounts to ₩ 26,870 million.

Capital management

The objective of the Group's capital management is to maximize shareholder value through maintaining a sound capital structure. The Group makes necessary improvements to its capital structure through monitoring financial ratios such as debt to equity and net borrowings to equity on a monthly basis in order to achieve an optimal capital structure.

The capital risk ratios the Group monitors as at December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022	2021
Liabilities (A)	₩ 1,418,659	₩ 1,376,110
Equity (B)	1,530,990	1,425,937
Financial deposits and others (C)	371,087	281,697
Borrowings and debentures (D)	1,025,949	934,535
Debt to equity ratio (A/B)	92.66%	96.51%
Net debt to equity ratio ((D-C)/B)	42.77%	45.78%

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Transfers of financial assets

Financial assets that are transferred but not derecognized as at December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Fair value of assets	₩	5,189	₩	3,763
Fair value of related liabilities		(5,189)		(3,763)
Net amount	₩	-	₩	-

33. Financial Instruments by Category

Details of the carrying amount of financial assets as at December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>					
Category	Account	2022		2021	
Financial asset at amortized cost	Cash and cash equivalents ¹	₩	177,955	₩	120,270
	Trade and other receivables		296,927		279,366
	Other current financial assets ²		193,123		161,350
	Other non-current receivables		11,680		15,364
	Other non-current financial assets		11		11
			<u>679,696</u>		<u>576,361</u>
Financial assets at fair value through other comprehensive income	Listed equity instruments		268,699		301,225
	Unlisted equity instruments		63,688		47,050
	Debt instruments		891		3
			<u>333,278</u>		<u>348,278</u>
Financial assets at fair value through profit or loss	Beneficiary certificates, etc.		19,894		13,808
	Derivatives		4,845		933
		₩	<u>1,037,713</u>	₩	<u>939,380</u>

¹ Cash and cash equivalents consist of cash on hand and demand deposits which are presented net of unused government grants.

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A reconciliation of cash and cash equivalents reported in the statements of cash flows and financial position for the years ended December 31, 2022 and 2021, is as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Cash and cash equivalents in the consolidated statements of cash flows	₩	178,121	₩	120,336
Government subsidy		<u>(166)</u>		<u>(66)</u>
Cash and cash equivalents in the consolidated statements of financial position	₩	<u>177,955</u>	₩	<u>120,270</u>

² Consist of short-term deposits to financial institutions such as time deposits.

³ Consist of derivatives which are not accounted for using hedge accounting.

Details of the carrying amount of financial liabilities as at December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>		2022		2021	
Category	Account				
Financial liabilities at amortized cost	Trade and other payables	₩	190,686	₩	246,510
	Short-term borrowings		200,798		179,109
	Current portion of long-term borrowings		28,098		114,671
	Other non-current payables		4,465		5,238
	Long-term borrowings		134,196		17,732
	Debentures		662,857		483,037
	Current portion of debentures		-		139,985
	Other current financial liabilities ¹		5,585		6,031
	Other non-current financial liabilities ¹		<u>6,402</u>		<u>6,960</u>
				<u>1,233,087</u>	
Derivatives	Other current financial liabilities ²		<u>12,341</u>		<u>202</u>
		₩	<u>1,245,428</u>	₩	<u>1,199,475</u>

¹ Other non-current financial liabilities consist of lease liabilities and financial guarantee liabilities.

² The above other current financial liabilities consist of derivatives which are not accounted for hedge accounting.

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Gains and losses from financial instruments by category for the years ended December 31, 2022 and 2021, are as follows:

(in millions of Korean won)

	2022					
	Financial assets			Financial liabilities		
	Financial assets measured at amortized cost	Financial assets at fair value	Derivatives	Financial liabilities measured at amortized cost	Derivatives	Ending
Interest income	₩ 6,363	₩ -	₩ -	₩ -	₩ -	₩ 6,363
Interest cost	-	-	-	(25,563)	-	(25,563)
Dividend income	-	21,967	-	-	-	21,967
Reversal of impairment loss	986	-	-	-	-	986
Gain (loss) on foreign exchange translation	(3,668)	-	-	13,839	-	10,171
Net changes in fair value – profit or loss	-	1,797	24,320	-	(19,243)	6,874
Net change in fair value – other comprehensive income	-	(15,961)	-	-	-	(15,961)
	₩ 3,681	₩ 7,803	₩ 24,320	₩ (11,724)	₩ (19,243)	₩ 4,837

(in millions of Korean won)

	2021					
	Financial assets			Financial liabilities		
	Financial assets measured at amortized cost	Financial assets at fair value	Derivatives	Financial liabilities measured at amortized cost	Derivatives	Ending
Interest income	₩ 3,722	₩ -	₩ -	₩ -	₩ -	₩ 3,722
Interest cost	-	-	-	(20,199)	-	(20,199)
Dividend income	-	10,780	-	-	-	10,780
Impairment loss	(115)	-	-	-	-	(115)
Loss on foreign exchange translation	(180)	-	-	(829)	-	(1,009)
Net changes in fair value – profit or loss	-	-	10,421	-	(3,363)	7,058
Net change in fair value – other comprehensive income	-	91,149	-	-	-	91,149
	₩ 3,427	₩ 101,929	₩ 10,421	₩ (21,028)	₩ (3,363)	₩ 91,386