

**HARIM CORPORATION AND
ITS SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023**

WITH INDEPENDENT AUDITORS' REPORT

Samil PricewaterhouseCoopers

Table of Contents

Independent Auditor's Report

Consolidated Financial Statements

Consolidated Statements of Financial Position

Consolidated Statements of Comprehensive Income

Consolidated Statements of Changes in Equity

Consolidated Statements of Cash Flows

Notes to the Consolidated Financial Statements

Information on External Audit

Independent Auditors' Report

To the Shareholders and Board of Directors of
Harim Corporation

Audit Opinion

We have audited the consolidated financial statements of Harim Corporation and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korea International Financial Reporting Standards ("K-IFRS").

Basis for Opinion

We conducted our audits in accordance with Korean Standards on Auditing (KSAs). Our responsibilities under those standards are further described in the Auditors' 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 that are relevant to our audit of the consolidated financial statements in Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 as of and for the year ended December 31, 2024. 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

Occurrence of Revenue from Contracts with Customers

A. Reason decided as a key audit matter

As described in Note 2 to the consolidated financial statements, the Group recognizes revenue when control of the goods or services is transferred to the customer. Revenue is one of the representative performance indicators that key management monitors closely, and from the users' perspective, revenue represents the Group's operating performance. Accordingly, there is an inherent risk of overstating revenue to meet targets or expectations. Therefore, we have determined that there is a significant risk related to the occurrence of revenue and have focused our

attention on this area.

B. How to address the key audit matters in Audit

We conducted audit procedures including the below to respond to the key audit matters

- Obtain an understanding and reviewing of the revenue recognition process and accounting policies.
- Obtain an understanding of internal control related to the occurrence of product and merchandise sales and test the design and operating effectiveness of key control.
- Perform the substantive procedures to verify the existence of contracts, identification of performance obligations and fulfillment of performance obligations for a sample of customers.
- Obtain the confirmation of accounts receivable balances for a sample of customers and perform the alternative procedures for non-responding customers.

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 K-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, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit conducted in accordance with KSAs 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 KSAs, 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used in the preparation of the consolidated financial statements 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 auditors' 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 auditors' 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 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 auditors' 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 auditors' report is CPA, Hwang Yoon Seok.

Samil PricewaterhouseCoopers

Representative Director Yoon Hoon Soo

100 Hangang-daero, Yongsan-gu, Seoul

March 13, 2025

This report is effective as of the audit report date (March 13, 2025). 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.

HARIM CORPORATION AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

“The accompanying consolidated financial statements, including all footnote disclosures, were prepared by, and are the responsibility of, the Company.”

Kim Hongkuk & Jeong Hoseok
Representative Director
HARIM CORPORATION

Head Office: (Road Name Address) 14 Mangseong-ro, Mangseong-myeon, Iksan-si, Jeollabuk-do
(Tel) 063-860-2114

Harim Corporation and Its Subsidiaries
Consolidated Statements of Financial Position
As of December 31, 2024 & 2023

(In thousands of Korean won)

Account	Note	December 31, 2024		December 31, 2023	
Assets					
I. Current Assets			323,593,327		336,011,742
Cash and cash equivalents	4,5,7	41,322,763		44,022,558	
Short-term financial instruments	4,5,7	16,627,000		25,670,000	
Trade and other receivables	5,11,36	96,766,369		89,271,029	
Other financial assets	5,8	-		471,310	
Inventories	9	121,956,358		135,121,335	
Biological assets	10	41,854,996		35,930,979	
Current tax assets	33	334,340		6,968	
Other current assets	12	4,731,501		5,517,563	
II. Non-current assets			509,193,672		506,125,557
Long-term financial instruments	4,5,7	22,512,169		14,344,058	
Long-term trade and other receivables	5,11,36	9,195,092		8,063,300	
Investment properties	13	20,400,184		14,207,195	
Property, plant and equipment (PP&E)	14,35,37	430,655,337		453,994,479	
Intangible assets	16	1,963,718		1,149,771	
Other non-current assets	12	2,411,975		-	
Deferred tax assets	33	17,221,925		9,762,037	
Right-of-use assets	15	4,416,115		4,458,858	
Defined benefit assets	22	417,157		145,859	
Total Assets			832,786,999		842,137,299
Liabilities					
I. Current Liabilities			526,150,282		438,582,972
Trade and other payables	5,17,36	107,315,630		111,282,432	
Short-term borrowings	5,18,23,35	413,413,176		321,832,309	
Other financial liabilities	5,8,19	609,130		-	
Current lease liabilities	5,15,35	2,387,388		2,194,812	
Current tax liabilities	33	150,789		1,255,368	
Other current liabilities	8,28	2,256,984		2,003,819	
Provisions	21	17,185		14,232	
II. Non-current liabilities			17,562,103		94,997,797
Long-term trade and other payables	5,17	1,537,852		993,530	
Long-term borrowings	5,18,23,35	14,080,000		91,038,900	
Non-current lease liabilities	5,15,35	1,777,509		2,004,698	
Defined benefit liability	22	166,742		954,541	
Deferred tax liabilities	33	-		6,128	

Account	Note	December 31, 2024		December 31, 2023	
Total Liabilities			543,712,385		533,580,769
Equity					
I. Shareholders' equity of the controlling company			288,340,924		307,750,717
Capital	24	53,104,851		53,104,851	
Capital surplus	24	256,293,544		256,293,544	
Other capital items	25	(35,222,666)		(35,325,827)	
Retained earnings	26	14,165,195		33,678,149	
II. Non-controlling interest	1		733,690		805,813
Total Equity			289,074,614		308,556,530
Total Liabilities and Equity			832,786,999		842,137,299

The accompanied notes are an integral part of the consolidated financial statements.

Harim Corporation and Its Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2024 & 2023

(In thousands of Korean won)

Account	Note	2024		2023	
I. Sales	27,37		1,285,418,842		1,410,837,725
II. Cost of sales	27,37		1,090,078,044		1,196,687,271
III. Gross profit			195,340,798		214,150,454
IV. Selling and administrative expenses	29		166,828,141		173,703,519
V. Operating profits	37		28,512,657		40,446,935
VI. Other income or loss			8,098,900		(2,857,494)
Other profits		9,824,903		5,193,259	
Other expenses		1,726,003		8,050,753	
VII. Financial income or loss	6,32		(55,297,526)		(20,937,185)
Financial income		17,810,047		27,472,524	
Financial expenses		73,107,573		48,409,709	
VIII. Income before tax			(18,685,969)		16,652,256
IX. Income tax expense (revenue)	33		(6,349,569)		3,624,137
X. Net Income (loss)			(12,336,400)		13,028,119
Other comprehensive income or loss			(3,959,901)		(3,448,406)
XI. Items not subsequently reclassified to profit or loss:					
Remeasurements of defined benefit plans	22,33	(4,063,062)		(3,460,514)	
XII. Items subsequently reclassified to profit or loss:					
Gain on translation of overseas operations		103,161		12,108	
Total comprehensive income			(16,296,301)		9,579,713
XIII. Attribution of net income or loss			(12,336,400)		13,028,118
Equity attributable to the owners of the controlling entity		(12,262,649)		13,032,524	
Non-controlling interest	1	(73,751)		(4,406)	
XIV. Attribution of total comprehensive income			(16,296,301)		9,579,713
Equity attributable to the owners of the controlling entity		(16,224,179)		9,580,745	
Non-controlling interest	1	(72,122)		(1,032)	
XV. Earnings per share for the equity of owners of the controlling company	34				
Basic earnings per share			(115)		123

The accompanied notes are an integral part of the consolidated financial statements.

Harim Corporation and Its Subsidiaries
Consolidated Statements of Changes in Equity
For the Year Ended December 31, 2024

(In thousands of Korean won)

Account	Equity of shareholders of the controlling entity					Non-controlling interest	Total
	Capital	Capital surplus	Other capital components	Retained earnings	Subtotal		
Balance at Jan 1, 2023	53,104,851	256,293,544	(35,337,935)	26,233,256	300,293,716	806,844	301,100,560
Total comprehensive income:							
Net Income	-	-	-	13,032,524	13,032,524	(4,406)	13,028,118
Remeasurements for net defined benefit plans	-	-	-	(3,463,887)	(3,463,887)	3,374	(3,460,513)
Loss on translation of overseas operations	-	-	12,108	-	12,108	-	12,108
Transactions with shareholders directly reflected in equity							
Dividend	-	-	-	(2,123,744)	(2,123,744)	-	(2,123,744)
Balance at Dec 31, 2023	53,104,851	256,293,544	(35,325,827)	33,678,149	307,750,717	805,812	308,556,529
Balance at Jan 1, 2024	53,104,851	256,293,544	(35,325,827)	33,678,149	307,750,717	805,812	308,556,529
Total comprehensive income:							
Net loss	-	-	-	(12,262,649)	(12,262,649)	(73,751)	(12,336,400)
Remeasurements for net defined benefit plans	-	-	-	(4,064,691)	(4,064,691)	1,629	(4,063,062)
Gain on translation of overseas operations	-	-	103,161	-	103,161	-	103,161
Transactions with shareholders directly reflected in equity							
Dividend	-	-	-	(3,185,614)	(3,185,614)	-	(3,185,614)
Balance at Dec 31, 2024	53,104,851	256,293,544	(35,222,666)	14,165,195	288,340,924	733,691	289,074,615

The accompanied notes are an integral part of the consolidated financial statements.

Harim Corporation and Its Subsidiaries
Consolidated Statements of Cash Flows
For the Years ended December 31, 2024 & 2023

(In thousands of Korean won)

Account	2024		2023	
I. Cash flow from operating activities		87,623,889		84,366,202
(1) Net income (loss)	(12,336,400)		13,028,119	
(2) Adjustment	124,885,678		108,306,616	
Income tax expense (profit)	(6,349,569)		3,624,137	
Depreciation of PP&E	43,101,576		44,506,335	
Depreciation of investment in real estate	687,062		520,485	
Amortization of intangible assets	277,567		425,872	
Depreciation of right-of-use assets	3,591,990		3,692,855	
Depreciation of biological assets for production	21,910,401		24,598,463	
Loss (reversal) on valuation of inventories	1,356,369		428,801	
Loss on valuation of derivatives	609,130		196,080	
Gain on valuation of derivatives	-		(469,200)	
Loss on transaction of derivatives	32,428,925		19,642,581	
Gain on transaction of derivatives	(13,828,440)		(19,418,494)	
Retirement benefits	8,056,877		7,869,769	
Loss on disposal of PP&E	90,481		483,482	
Gains on disposal of PP&E	(299,567)		(739,742)	
Loss on disposal of intangible assets	1		3	
Gain on disposal of investment property	(9,061)		-	
Gain on disposal of right-of-use assets	(28,928)		(71,248)	
Bad debt expenses (reversal)	362,068		(187,536)	
Interest income	(3,227,065)		(2,984,759)	
Interest expense	21,037,215		21,818,634	
Changes in fair value of biological assets held for consumption	(3,457,037)		668,360	
Impairment loss on PP&E	-		5,646,578	
Gain on foreign currency translation	(9,541)		(2,496,631)	
Loss on foreign currency translation	10,001,589		564,985	
Gain on foreign currency transaction	(194,303)		-	
Loss on foreign currency transaction	8,771,619		-	
Greenhouse gas emission liabilities (reversal)	6,319		(13,194)	
(3) Changes in net working capital	(3,361,833)		(16,077,325)	
Decrease (increase) in trade receivables	(6,500,504)		(21,199,721)	
Decrease (increase) in other receivables	(7,829,251)		1,053,549	
Decrease (increase) in inventories	5,478,969		(14,379,219)	
Decrease (increase) in biological assets for consumption	(448,257)		9,694,733	
Decrease (increase) in other assets	5,803,827		13,911,373	
Increase (decrease) in trade payables	10,304,766		5,856,465	
Increase (decrease) in other payables	6,188,806		(1,394,809)	
Increase (decrease) in other liabilities	(2,105,085)		(820,344)	
Payment of severance pay	(7,382,877)		(8,131,129)	
Decrease (increase) in plan assets	(6,872,227)		(668,223)	
(4) Receipt of interest	2,290,781		2,477,566	
(5) Payment of interest	(22,461,201)		(21,018,843)	
(6) Income tax payment	(1,393,136)		(2,349,931)	
II. Cash flow from investing activities		(85,198,009)		(30,558,478)
Decrease in short-term financial instruments	28,170,000		109,608,381	
Increase in short-term financial instruments	(17,127,000)		(60,925,000)	
Decrease in short-term security deposits	5,723,657		16,971,475	
Increase in short-term security deposits	(29,245,052)		(23,712,597)	

Account	2024		2023	
Decrease in short-term loans	31,843		30,833	
Increase in short-term loans	(5,021,980)		(29,650)	
Decrease in long-term financial instruments	147,882		1,037,161	
Increase in long-term financial instruments	(15,315,993)		(13,368,808)	
Decrease in long-term deposit	1,750,528		1,789,350	
Increase in long-term deposit	(3,169,728)		(974,618)	
Decrease in amortized cost financial assets	2,110		1,325	
Disposal of investment in real estate	110,000		-	
Disposal of PP&E	1,033,659		1,821,966	
Disposal of intangible assets	-		127,000	
Receipt of government subsidy	166,860		180,930	
Acquisition of PP&E	(28,811,506)		(42,021,647)	
Acquisition of intangible assets	(191,266)		(105,934)	
Increase in biological assets for production	(23,929,123)		(22,877,355)	
Settlement of derivatives	477,100		1,888,710	
III. Cash flow from financing activities		(5,141,259)	-	(67,755,209)
Increase in short-term borrowings	275,201,359		234,481,492	
Repayment of short-term borrowings	(263,594,225)		(330,933,030)	
Repayment of current portion of long-term liabilities	(16,784,000)		(11,030,000)	
Increase in long-term borrowings	6,200,000		45,000,000	
Payment of dividends.	(3,185,615)		(2,123,744)	
Repayment of lease liabilities	(2,978,778)		(3,149,927)	
IV. Effect of exchange rate fluctuation on cash and cash equivalents		15,584		(25,906)
V. Increase in cash and cash equivalents (I+II+III+IV)		(2,699,795)		(13,973,391)
VI. Cash and cash equivalents at beginning of the year		44,022,558		57,995,949
VII. Cash and cash equivalents at end of the year		41,322,763		44,022,558

The accompanied notes are an integral part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the Years ended December 31, 2024 and 2023

Harim Corporation and Its Subsidiaries

1. General Information

1.1 Overview of the Controlling Entity

Harim Corporation (hereinafter referred to “Controlling Entity”) was established by spin-off of Harim Corporation (before spin-off) into Harim Holdings (Surviving entity after spin-off) to engage in the investment division and the new corporation, the controlling entity to engage in the chicken processing and fee manufacturing business with a record date of January 1, 2011. The consolidated financial statements for the reporting period ending on December 31, 2024 consist of the controlling entity and its subsidiaries (collectively, the "Group").

After the spin-off, the shares of the controlling entity have been re-listed on the KOSDAQ market in May 2, 2011 and the major shareholders as of the end of current year consist of Harim Holdings Corp. (57.37%) and others.

1.2 Consolidated Subsidiaries

The consolidated subsidiaries as of December 31, 2024 and 2023 are as follows:

Subsidiary	Location	Major business activities	Equity ratio owned by the controlling entity					
			Dec 31, 2024			Dec 31, 2023		
			Controlling entity	Subsidiary	Total	Controlling entity	Subsidiary	Total
HBC Agricultural	Iksan, Jeollabuk-do	Poultry	90.00%	-	90.00%	90.00%	-	90.00%
SingGreen FS Co., Ltd.	Iksan, Jeollabuk-do	Poultry	100.00%	-	100.00%	100.00%	-	100.00%
Singgreen Vina Co., Ltd	Vietnam	Distribution	-	100.00%	100.00%	-	100.00%	100.00%

1.3 Summarized Financial Information of Subsidiaries

Summarized financial information of consolidated subsidiaries for the years ended December 31, 2024 and 2023, are as follows.

(In thousands of Korean won)								
Item	2024			2023				
	HBC Agricultural	SingGreen FS	Singgreen Vina	HBC Agricultural	Harim Animal Clinic (*1)	SingGreen FS	Singgreen Vina	BNP Agricultural (*2)
Assets	8,336,565	44,908,048	1,951,376	8,943,577	-	38,120,852	1,515,748	-
Liabilities	547,394	13,802,690	357,685	912,364	-	12,802,471	302,493	-
Equity	7,789,171	31,105,358	1,593,691	8,031,213	-	25,318,381	1,213,255	-
Sales	4,461,413	55,553,737	22,882,067	6,660,827	1,548,602	54,252,043	22,022,043	1,872,822
Operating income	(1,339)	6,368,307	390,055	50,173	117,359	4,518,901	560,648	(290,035)
Net income	(258,327)	6,007,162	277,276	108,511	(442,662)	6,109,672	486,900	(280,640)
Total comprehensive income	(242,041)	5,786,977	380,437	142,249	(442,662)	5,933,998	499,009	(280,640)

(*1) The entity has been dissolved and liquidated during the prior year.

(*2) The entity has been merged into HBC Agricultural during the prior year.

1.4 Information on Non-controlling Interests

Information on non-controlling interests of the Group for the years ended December 31, 2024 and 2023, is as follows.

(In thousands of Korean won)			
Item	2024	2023	
	HBC Agricultural	HBC Agricultural	BNP Agricultural (*)
Non-controlling equity	10%	10%	10%
Current assets	4,293,480	3,657,747	-
Non-current assets	4,043,085	5,285,830	-
Current Liabilities	377,130	471,491	-
Non-current liabilities	170,264	440,873	-
Net assets	7,789,171	8,031,213	-
Carrying amount of non-controlling interests	733,690	692,384	113,428
Sales	4,461,413	6,660,827	1,872,822
Net Income	(258,327)	108,511	(280,640)
Other comprehensive income	16,286	33,738	-
Total comprehensive income	(242,041)	142,249	(280,640)
Net income allocated to non-controlling interests	(73,751)	17,328	-
Total comprehensive income allocated to non-controlling interests	(72,122)	20,702	-
Cash flow from operating activities	1,211,219	376,382	85,361
Cash flow from investing activities	(1,320,260)	1,057,218	(596,892)
Cash flow from financing activities	(63,882)	(550,193)	(153,119)
Net change in cash and cash equivalents	(172,923)	883,407	(664,650)

(*) The entity has been merged into HBC Agricultural during the prior year.

2. Basis of Preparation of Financial Statements and Significant Accounting Policies

2.1 Basis of Preparation of Financial Statements

The consolidated financial statements of the Group have been prepared in accordance with Korean International Financial Reporting Standards (“K-IFRS”). K-IFRS refers to the standards and interpretations issued by the International Accounting Standards Board (“IASB”) that have been adopted by the Republic of Korea.

The consolidated financial statements have been prepared on the basis of historical cost except for the following items.

- Derivatives measured at fair value
- Biological assets for consumption measured at fair value less the cost of sales
- Defined benefit plans and plan assets measured at fair value

K-IFRS permits the use of significant accounting estimates in the preparation of financial statements and requires the judgment of the management in applying accounting policies. Areas requiring more complex or higher levels of judgment, or where significant assumptions and estimates are required, are specified in Note 3.

The financial statements of the Group were approved by the Board of Directors on February 11, 2025, and which are subject to final approval at the general meeting of shareholders to be held on March 26, 2025.

2.2 Changes in Accounting Policies and Disclosures

2.2.1 Enacted and/or Amended Standards and Interpretations adopted by the Group

The Group has newly applied the following enacted and/or amended standards and interpretations for the accounting period beginning on January 1, 2024.

(1) Amendment to K-IFRS No. 1001 ‘Presentation of Financial Statements’ – Classification of liabilities as current/non-current, non-current liabilities with covenants

Liabilities are classified as current or non-current based on substantive rights that exist at the end of the reporting period, and the possibility of exercising the right to defer settlement of the liability or the management's expectations are not considered. Furthermore, the settlement of a liability may include the transfer of the entity's own equity instruments, except for cases where an option to settle with the entity's own equity instruments in a compound financial instrument meets the definition of an equity instrument and is recognized separately from the liability. In addition, covenants that an entity shall comply with after the reporting period do not affect the classification of the liability at the end of the reporting period. If a liability that is required to be complied with within 12 months after the reporting period is classified as a non-current liability at the end of the reporting period, information about the risk that the liability may be settled within 12 months after the reporting period shall be disclosed. This amendment has no significant impact on the consolidated financial statements.

(2) Amendments to K-IFRS No. 1007 ‘Statements of Cash Flows’ and K-IFRS No. 1107 ‘Financial Instruments: Disclosure’ – Disclosure of Supplier Finance Arrangements

When supplier finance arrangements are applied, information about the supplier finance arrangements must be disclosed to enable users of financial statements to assess the effects of supplier finance arrangements on the entity's liabilities, cash flows, and exposure to liquidity risk.

The Group has added disclosures about supplier finance arrangement liabilities and the related cash flows in Notes 4 and 18.

(3) Amendment to K-IFRS No. 1116 ‘Leases’ - Lease Liability arising from a sale and leaseback

When subsequently measuring the lease liability arising from a sale and leaseback, lease payments or revised lease payments are determined in a way that does not recognize any profit or loss related to the right of use retained by the seller-lessee. This amendment has no significant impact on the consolidated financial statements.

(4) Amendment to K-IFRS No. 1001 ‘Presentation of Financial Statements’ – ‘Disclosure of Virtual Assets’

This amendment specifies additional disclosure requirements in cases where virtual assets are held, where virtual assets are held on behalf of customers, and/or where virtual assets are issued. This amendment has no significant impact on the consolidated financial statements.

2.2.2 Enacted and/or Amended Standards and Interpretations not applied by the Group

The following newly enacted or amended standards and interpretations have not been applied, as their effective dates have not yet arrived.

(1) Amendments to K-IFRS No. 1021 ‘Effect of Changes in Foreign Exchange Rates’ and K-IFRS No. 1101 ‘First-time Adoption of K-IFRS’ – Lack of Exchangeability

These amendments require an entity to assess whether a currency is exchangeable with other currencies and, if it is not, the entity should estimate the spot exchange rate and disclose the relevant information. These amendments are to be applied from the fiscal year beginning on January 1, 2025 and the early adoption is permitted. The Group is currently reviewing the impact of these amendments on the consolidated financial statements.

(2) Amendments to K-IFRS No. 1109 ‘Financial Instruments’ and No. 1107 ‘Financial Instruments: Disclosure’

K-IFRS No. 1109 ‘Financial Instruments’ and No. 1107 ‘Financial Instruments: Disclosure’ have been amended to address issues raised in practice and to include new requirements. These amendments are to be applied from the fiscal year beginning on January 1, 2026 and the early adoption is permitted. The Group is currently reviewing the impact of these amendments on the consolidated financial statements.

(3) K-IFRS Annual Improvement Volume 11

The K-IFRS Annual Improvement Volume 11 to be applied from the fiscal year beginning on January 1, 2025 and the early adoption is permitted. The Group expects that these amendments have no significant impact on the consolidated financial statements.

- K-IFRS No. 1101 ‘First-time Adoption of K-IFRS’: Application of hedge accounting upon the first-time adoption of K-IFRS
- K-IFRS No. 1107 ‘Financial Instruments: Disclosures’: Derecognition gain or loss, practical application guidance
- K-IFRS No. 1109 ‘Financial Instruments’: Accounting for the derecognition of a lease liability and the definition of the transaction price
- K-IFRS No. 1110 ‘Consolidated Financial Statements’: Definition of a de facto agent
- K-IFRS No. 1007 ‘Statements of Cash Flows’: Cost Method

These amendments have no significant impact on the consolidated financial statements.

2.3 Significant Accounting Policies

The significant accounting policies applied by the Group in preparation of its consolidated financial statements pursuant to the K-IFRS are included below. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except for those as described in Note 2.

(1) Consolidation

① Business combinations

The Group applies the acquisition method to account for business combinations where the acquired set of activities and assets meets the definition of a business and is not a combination of entities or businesses under common control. To determine whether a particular set of activities and assets is a business, the Group evaluates whether the acquired set of activities and assets includes, at least, the ability to generate outputs, inputs and a substantive process.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. If a bargain purchase gain arises, it is recognized immediately in profit or loss. Acquisition-related costs are recognized as expenses in the period in which they are incurred and services are rendered, except for the carrying amount of debt securities and equity securities issued in accordance with K-IFRS No. 1032 and K-IFRS No. 1109.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value on the acquisition date. Contingent consideration classified as equity is not remeasured, and subsequent settlements are accounted for within equity. If contingent consideration is not classified as equity, subsequent changes in the fair value of contingent consideration are recognized in profit or loss.

In the case of share-based compensation of the acquirer exchanged for the compensation held by the employees of the acquiree, all or part of the market-based measurement of the acquirer's replacement compensation is included in the measurement of the consideration transferred in the business combination. The portion of the replacement compensation, which is part of the consideration transferred to the acquiree, and the portion of the remuneration for services rendered after the business combination, are determined by comparing the market-based measurement of the acquiree's compensation with the replacement compensation for services rendered before the business combination.

② Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

③ Non-controlling interests

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

④ Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

⑤ Elimination of intra-group transactions

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the

investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

⑥ Business combinations under common control

For combinations of entities or businesses under common control, assets acquired and liabilities assumed are recognized at the carrying amounts on the consolidated financial statements of the top-level parent company. The Group adds or subtracts the difference between the consideration transferred and the carrying amount of the acquired net assets from capital surplus.

(2) Cash and Cash Equivalents

The Group classifies investment assets with maturities of (3) months or less from the acquisition date as cash and cash equivalents. Equity instruments are excluded from cash equivalents, unless they are, in substance, cash equivalents, for example, in case of preferred shares when they have a short maturity with a specified redemption date.

(3) Biological Assets

① Biological assets for consumption

Biological assets for consumption are measured at fair value less costs to sell which is the fair value less estimated cost of sales at the time of initial recognition and at the end of each reporting period. In addition, crops harvested from biological assets are measured and evaluated at fair value less costs to sell at the time of harvest.

Valuation gains and losses arising from changes in the fair value less costs to sell of biological assets for consumption are reflected in profit or loss in the period in which they arise.

② Biological assets for production

Biological assets for production are measured at acquisition cost less accumulated depreciation and accumulated impairment losses, as there is no active market or comparable market prices for such assets, transactions are infrequent, and it is difficult to reliably estimate expected cash flows and current market interest rates.

Biological assets for production are depreciated using the straight-line method over the useful life of 10 months, which is the breeding period, with a residual value of zero ("0") from the time when they can be spawned.

(4) Inventories

The unit cost of inventories is determined by the gross average method and acquisition cost includes purchase costs, conversion costs and other costs necessary to prepare inventories in a ready-to-use condition. Fixed manufacturing overhead costs included in the cost of products or work-in-process are allocated based on the normal operating level of production facilities.

Inventories are measured at the lower of acquisition cost or net realizable value. Loss on valuation of inventories written down to net realizable value and all losses on spoilage are recognized as expenses in the period in which the write-down or spoilage occurred. Reversal of loss on valuation of inventories due to an increase in the net realizable value of inventories is deducted from the cost of sales for inventories recognized as an expense in the period in which the reversal occurred.

(5) Non-derivative Financial Assets

① Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset excluding trade receivables without a significant financing component is initially measured at fair value plus, for an item not at financial assets measured at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

② Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at amortized cost, debt instruments measured at fair value through other comprehensive income, equity instruments measured at fair value through other comprehensive income or financial assets measured at fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss.

- It is held within a business model whose objective is to hold assets to collect contractual cash flows, and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

A debt instrument is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at fair value through profit or loss.

- It is held within a business model whose objective is achieved by both collection contractual cash flows and selling financial assets, and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably select to present subsequent changes in the investment's fair value in other comprehensive income. However, once selected, it cannot be cancelled. This selection is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. However, once elected, it cannot be cancelled.

The Group evaluates the objectives of business model held at the portfolio level of financial assets because it best reflects how the business is managed and information is provided to management. Such information considers followings:

- Accounting policies and objectives specified for the portfolio and the actual operation of these policies which include management's strategies focused on obtaining a nominal interest income, maintaining a certain level of interest rate, matching the duration of the liabilities to finance the financial asset with the duration of the financial asset, and outflow or realization of the expected cash flow through sale of the assets.
- Method of evaluating the performance of financial assets held in the business model and reporting the evaluation to key management
- Risks that affect the performance of the business model (and financial assets held in the business model) and how those risks are managed
- Compensation method for management (for example, based on the fair value of the assets under management or based on the contractual cash flows received)
- Frequency, amount, timing, reason, and forecast of future sales activities of financial assets in the past period

For this purpose, a transaction that transfers a financial asset to a third party, which does not qualify for derecognition, is not considered as a sale.

Portfolios of financial assets that meet the definition of trading or whose performance is evaluated on a fair value basis are measured at fair value through profit or loss.

Financial assets: Assessment of whether contractual cash flows consist only of principal and interest.

"Principal" is defined as the fair value of a financial asset on initial recognition. Interest consists of consideration for the

time value of money, consideration for the credit risk associated with the principal balance in a specified period and other basic lending risks and considerations for costs (e.g., liquidity risk and operating costs) as well as profits.

When assessing whether contractual cash flows consist solely of principal and interest, the Group considers the contractual terms of the instrument. If a financial asset contains a contractual condition that changes the timing or amount of contractual cash flows, it should be determined whether the contractual cash flows that would arise over the life of the instrument because of the contractual condition consist solely of payment of principal and interest.

In evaluating this, the Group considers:

- Conditional circumstances that change the amount or timing of cash flows
- Provisions to adjust contractual nominal interest rates including floating interest rate characteristics
- Early repayment characteristics and maturity extension characteristics
- Contractual conditions limiting the Group's claim to cash flows from specific assets (e.g., non-recourse)

If the early redemption amount substantially represents the outstanding principal and interest over the remaining principal and includes reasonable compensation for early termination of the contract, the early redemption characteristic is consistent with the conditions for paying the principal and interest on a specific date.

In addition, for financial assets acquired at a significant discount or premium to the contractual nominal amount, the early redemption amount substantially represents the contractual nominal value and contractual interest accrued (but not paid) (in this case, it is necessary for early termination of the contract). If the fair value of the early redemption characteristic is insignificant at the time of initial recognition of a financial asset, it is determined that these conditions are satisfied.

Financial assets: Subsequent measurement and profit or loss

Financial assets measured at FVPL	These assets are subsequently measured at fair value. Net income including interest or dividend income is recognized in profit or loss.
Financial assets measured at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment loss. Interest income, gain/loss on foreign currency translation and impairment losses are recognized in profit or loss. Gains or losses on derecognition are recognized in profit or loss.
Debt instruments measured at FVOCI	These assets are subsequently measured at fair value. Interest income is calculated using the effective interest method and gain or loss on foreign currency translation and impairment losses are recognized in profit or loss. Other net income is recognized in other comprehensive income. Gain or loss on derecognition is reclassified to profit or loss from accumulated other comprehensive income.
Equity instruments measured at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized in profit or loss unless there is an explicit recovery of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

③ Derecognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when the contractual rights to receive the cash flows from the financial asset are transferred and the Group has substantially transferred all the risks and rewards of ownership of the transferred financial asset, or when the Group has neither retained nor transferred substantially all the risks and rewards of ownership and has not retained control of the financial asset.

If the Group transfers assets recognized in the consolidated statements of financial position but retains most of the risks and rewards of ownership of the transferred assets, the transferred assets are not derecognized.

④ Offset

The Group offsets financial assets and liabilities only when the Group currently has a legally enforceable right of set-off

against the recognized assets and liabilities and intends to settle the difference or settle the liabilities simultaneously with the realization of the assets. and it is presented as a net amount in the consolidated statements of financial position.

(6) Derivative Financial Instruments

The Group holds derivative financial instruments to hedge its foreign exchange and interest rate exposures. Embedded derivatives are accounted for separately and separated from the main contract when the main contract is not a financial asset and certain requirements are met.

Derivatives are initially recognized at fair value initially. After initial recognition, it is measured at fair value and changes are generally recognized in profit or loss.

The Group designates certain derivatives and non-derivative financial liabilities as hedging instruments to hedge the volatility of cash flows related to future forecast transactions that are highly likely to arise from fluctuations in exchange rates and interest rates.

At the inception of the hedge, the Group documents the objectives and strategies for risk management for the hedge. The Group documents the economic relationship between the hedged item and the hedging instrument, including whether changes in the cash flows of the hedged item and the hedging instrument are expected to offset each other.

Hedges directly affected by interest rate benchmark reform.

For the purpose of evaluating whether there is an economic relationship between the hedged item(s) and the hedging instrument(s), the Group assumes that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

For a cash flow hedge of a forecast transaction, the Group assumes that the benchmark interest rate will not be altered as a result of interest rate benchmark reform for the purpose of assessing whether the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss. In determining whether a previously designated forecast transaction in a discontinued cash flow hedge is still expected to occur, the Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform. The Group will cease to apply the specific policy for assessing the economic relationship between the hedged item and the hedging instrument.

- to a hedged item or hedging instrument when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the respective item or instrument or;
- when the hedging relationship is discontinued.

For its highly probable assessment of the hedged item, the Group will no longer apply the specific policy when the uncertainty arising from interest rate benchmark reform about the timing and the amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued.

① Cash flow hedging

When a derivative is designated as a cash flow hedging instrument, the effective portion of the change in the fair value of the derivative is recognized in other comprehensive income and accumulated as hedging reserve. The effective part of the change in the fair value of the derivatives recognized in other comprehensive income is limited to the cumulative change in the fair value of the hedged item, determined based on the present value, from the inception of the hedge. Ineffective parts of changes in the fair value of derivatives are recognized immediately in profit or loss.

The Group designates only changes in the fair value of the spot component of a forward exchange transaction as a hedging instrument in a cash flow hedging relationship. Changes in the fair value of the forward component of a forward exchange transaction are separately accounted as hedging costs and recognized in the cost of hedging in equity.

If the hedged forecast transaction is subsequently recognized in a non-financial asset such as inventories, the accumulated hedge reserve and the cost of the hedging are included directly in the initial cost of the non-financial asset when the non-financial asset is recognized.

For other hedged transactions, the accumulated hedging reserves and the hedging cost are reclassified to profit or loss in

the same period or in the period in which the hedged expected future cash flows affect profit or loss.

Hedging accounting is discontinued prospectively when the hedging no longer meets the criteria or when the hedging instrument is sold, extinguished, terminated or exercised.

If the non-financial item is a recognized hedging transaction, when cash flow hedge accounting is discontinued, the accumulated hedge reserve and the cost of the hedging remains in equity items until the non-financial item is initially recognized and is included in the cost of the non-financial item. In the case of a cash flow hedge that does not fall under these circumstances, the amount is reclassified as hedge reserve by reclassification adjustment during the period in which the hedged future expected cash flows affect profit or loss and the cost is reclassified as profit or loss. When the hedged future cash flows are no longer expected to occur, the accumulated cash flow hedge reserve and the cost of the hedge are immediately reclassified to profit or loss.

② Net investment hedging

When a derivative or non-derivative financial liability is designated as a hedging instrument for a net investment in a overseas operation, the effective part of the change in the fair value of the hedging instrument for a derivative instrument, and the effective part of the gain or loss on foreign currency translation for a non-derivative instrument is recognized in other comprehensive income and presented as transaction reserve in equity. Ineffective parts are recognized immediately in profit or loss.

The amount recognized in other comprehensive income is reclassified to profit or loss through reclassification adjustment at the time of disposal of the overseas operation site.

(7) Impairment of Financial Assets

① Financial instruments and contract assets

The Group recognizes allowance for expected credit losses on the following assets:

- financial assets measured at amortized cost

With the exception of the following financial assets, which are measured in 12-month expected credit loss, the Group measures the allowance for loss at an amount equivalent to lifetime expected credit loss.

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank deposits for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The loss allowance for trade receivables and contract assets is always measured at the amount equivalent to the lifetime expected credit loss (ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group assumes that the credit risk of financial assets increases significantly when the number of overdue days exceeds 90 days.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security;
- the number of overdue days of financial assets exceeds 365 days.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the

reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

② Measurement of expected credit losses

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

③ Credit-impaired financial assets

At the end of each reporting period, the Group assesses whether financial assets measured at amortized cost and debt instrument measured at fair value through other comprehensive income are credit-impaired. A financial asset is deemed credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence of credit impairment of financial assets includes observable data as follows:

- significant financial difficulty of the issuer or borrower
- a breach of contract such as a default or delinquency more than 90 days
- concessions granted due to economic or contractual reasons related to the borrower's financial difficulty that would not otherwise be considered
- a high possibility that the borrower will enter bankruptcy or other financial reorganization
- disappearance of an active market for the financial assets due to financial difficulties

④ Presentation of allowance for ECL in the consolidated statements of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

⑤ Write-off

A financial asset is written off when there is no reasonable expectation of recovery of all or part of its contractual cash flows. For individual customers, the Group writes off the carrying amount based on past experience with the recovery of similar assets, and for corporate customers, the timing and amount of each write-off are evaluated individually by assessing whether there is a reasonable expectation for recovery. The Group has no expectation that the write-off will be significantly recovered. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(8) Property, Plant and Equipment (PP&E)

Property, plant and equipment are initially measured and recognized at cost. The cost of property, plant and equipment includes costs directly attributable to bringing the asset to the location and condition necessary to operate it in the manner intended by management and the estimated cost of dismantling, removing the assets or restoring the site.

After initial recognition, property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Among PP&E, land is not depreciated. Other property, plant and equipment are amortized using the straight-line method, which best reflects the expected consumption patterns of future economic benefits inherent in the asset over the useful life as shown below for the amount obtained by deducting the residual value from the acquisition cost of the asset.

If the cost of a part of property, plant and equipment is significant compared to the total cost of the property, plant and equipment, such a part is separately depreciated.

Gain or loss on the derecognition of property, plant and equipment is determined as the difference between the net sale

amount and the carrying amount, and the difference is recognized in profit or loss.

Estimated useful lives for the years ended December 31, 2024 and 2023 are as follows.

Account	Estimated useful life	Account	Estimated useful life
Building	20 ~ 40 years	Facility and equipment	12 years
Structures	20 ~ 40 years	Vehicles	5 years
Machinery	8 ~ 12 years	Others	5 years

At the end of each reporting period, the Group reexamines the residual value, useful life and depreciation method of an asset, and if it is judged appropriate to change it as a result of the review, it is treated as a change in accounting estimates.

Subsequent expenditure is capitalized only when it is probable that future economic benefits related to the expenditure will flow to the Group.

(9) Intangible Assets

Intangible assets are initially measured at cost, and after initial recognition, the carrying amount is recognized at cost less accumulated amortization and accumulated impairment losses.

Intangible assets are amortized using the straight-line method over their useful lives of 5 years with a residual value of zero ("0") from the time they are available for use. However, as there are no foreseeable limits to the periods over which club memberships are expected to be available for use, this intangible asset is determined as having an indefinite useful life and not amortized.

Amortization periods and the amortization methods for intangible assets with finite useful lives are reviewed at the end of each reporting period. Intangible assets are treated as change in accounting change if is proper to change by reviewing whether the evaluation that the useful lives of intangible assets are indefinite and it is determined that the change is reasonable.

Subsequent expenses are capitalized only when the future economic benefits belonging to the specific asset concerned increase, and other expenses, including internally generated goodwill and brand names, are expensed immediately upon occurrence.

(10) Government Grants

Government grants are recognized only when the Group has reasonable assurance that it will receive the grant and comply with the conditions incidental to the grant.

The Group receives a government grant subject to the basic condition that it be used to acquire or construct a non-current asset. When calculating the carrying amount of the asset, the government grant is deducted and recognized in profit or loss over the useful life of the depreciable asset.

(11) Investment property

Property held to earn rentals or for capital appreciation or both is classified as investment property. Investment property is measured initially at its cost. Transaction costs are included in the initial measurement. Subsequently, investment property is carried at depreciated cost less any accumulated impairment losses.

Subsequent costs are recognized in the carrying amount of investment property at cost or, if appropriate, as separate items if it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing are recognized in profit or loss as incurred.

Among investment property, land is not depreciated, and investment property excluding land, is depreciated using the

straight-line method over 20 ~ 40 years depending on the economic useful life.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting date and adjusted, if appropriate. The change is accounted for as a change in an accounting estimate.

(12) Impairment of Non-Financial Assets

All non-financial assets, except for assets arising from employee benefits, biological assets, inventories, and deferred tax assets, are reviewed at the end of each reporting period for any indications of impairment and, if there is any such indication, the recoverable amount of the asset is estimated. However, goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, irrespective of whether there is any indication of impairment, are tested for impairment annually by comparing their recoverable amount to their carrying amount.

Management estimates the recoverable amount of an individual asset. If it is impossible to measure the individual recoverable amount of an asset, then management estimates the recoverable amount of cash-generating unit ("CGU"). The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value less costs to sell. The value-in-use is estimated by applying a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU for which estimated future cash flows have not been adjusted, to the estimated future cash flows expected to be generated by the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss.

Goodwill acquired in a business combination is allocated to each CGU that is expected to benefit from the synergies arising from the goodwill acquired. Any impairment identified at the CGU level will first reduce the carrying amount of goodwill and then be used to reduce the carrying amount of the other assets in the CGU on a pro rata basis. Except for impairment losses in respect of goodwill which are never reversed, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(13) Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for considerations.

① As a lessee

At inception or reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, the Group accounts for the non-lease component related to the lease component as a single lease component by applying the practical expedient that does not separate the non-lease component for real estate leases.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as that of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined the Group's

incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the followings:

- fixed payments (including the fixed lease payments);
- variable lease payments that depend on an index or a rate, which is measured the index or rate (interest rate) of the lease commencement date initially;
- amounts expected to be payable under a residual value guarantee; and
- exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. A lease liability is a change in the future lease payments due to a change in an index or rate (interest rate) and remeasured in the event of a change in the amount expected to be paid under the residual value guarantee, a change in the evaluation of whether to exercise purchase, extension or termination options, or a change in the actual fixed lease payment.

When the lease liability is remeasured, the related right-of-use asset is adjusted. Of the carrying amount of the right-of-use asset decreases to zero ("0"), the remeasurement amount is recognized in profit or loss.

In the consolidated statement of financial position, right-of-use assets that do not meet the definition of investment property are presented separately from tangible assets, and lease liabilities are presented as 'other financial liabilities'.

Short-term leases and small-value underlying asset leases

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases not exceeding 12 months, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

② As a lessor

At inception or the effective date of a modification that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies K-IFRS No. 1115 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in K-IFRS No. 1109 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment of the lease.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term.

(14) Non-derivative Financial Liabilities

The Group classifies non-derivative financial liabilities into financial liabilities measured at fair value through profit or loss or financial liabilities measured at amortized cost in accordance with the substance of the contractual arrangement and the definitions of financial liabilities and recognizes financial liabilities in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the financial liability.

① Financial liabilities measured at fair value through profit or loss

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. Upon initial recognition, transaction costs that are directly attributable to the acquisition are recognized in profit or loss as incurred.

② Other financial liabilities

Non-derivative financial liabilities other than financial liabilities measured at fair value through profit or loss are classified as financial liabilities measured at amortized cost. At the date of initial recognition, financial liabilities measured at amortized cost are measured at fair value after deducting transaction costs that are directly attributable to the acquisition. Financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method subsequently to initial recognition.

③ Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(15) Employee Benefits

① Short-term employee benefits

Short-term employee benefits are employee benefits that are due to be settled within 12 months after the end of the period in which the employees render the related service. When an employee has rendered service to the Group during an accounting period, the Group recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as profit or loss.

② Other long-term employee benefits

Other long-term employee benefits include employee benefits that are settled beyond 12 months after the end of the period in which the employees render the related service and are calculated at the present value of the amount of future benefit that employees have earned in return for their service in the current and prior periods, less the fair value of any related assets. Any actuarial gains and losses are recognized in profit or loss in the period in which they arise.

③ Retirement benefit: Defined benefit plan

For defined contribution plans, when an employee has rendered service to the Group during a period, the Group recognizes the contribution payable to a defined contribution plan in exchange for that service as an accrued expense, after deducting any contributions already paid. If the contributions already paid exceed the contribution due for service before the end of the reporting period, the Group recognizes that excess as an asset (prepaid expense) to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

④ Retirement benefits: Defined benefit plans

As of the end of the reporting period, defined benefit liabilities related to defined benefit plans are recognized by deducting the fair value of plan assets from the present value of the defined benefit obligations.

The calculation is performed annually by an independent actuary using the projected unit credit method. When the fair value of plan assets exceeds the present value of the defined benefit obligation, the Group recognizes an asset, to the extent of the present value of the total of cumulative any economic benefits available in the form of refunds from the plan or reduction in the future contributions to the plan.

Remeasurements of net defined benefit liabilities, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments, net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss in curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(16) Provisions

A provision is a present obligation (legal or constructive obligation) that exists as a result of past events and recognized when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and the amount required to settle the obligation is estimated reliably.

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, considering the unavoidable risks and uncertainties about the related events and circumstances. When the effect of time value of money is material, the provision is measured at the present value of the amount of expenditure expected to settle the obligation.

If a third party is expected to reimburse some or all of the expenses required to settle the provision, the reimbursement amount is recognized and accounted as a separate asset only when it is almost certain that the payment will be received.

The balance of the provision is reviewed at the end of each reporting period and adjusted to reflect the best estimate as of the end of the reporting period. When it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the related provision is reversed.

Provisions are used only for expenses related to initial recognition.

(17) Greenhouse Gases Emission Right

The Group accounts for greenhouse gases emission right and the relevant liability as follows pursuant to the Act on Allocation and Trading of Greenhouse Gas Emission.

① Emission rights

Greenhouse gas emissions rights consist of the allowances received free of charge from the government and the ones purchased. the allowances received free of charge from the government is measured and recognized as zero (“o”) and the cost of the greenhouse gas emissions rights includes expenditures arising directly from the acquisition and any other costs incurred during normal course of the acquisition.

Greenhouse gas emissions rights are held by the Group to fulfill the legal obligation and recorded as intangible assets. To the extent that the portion to be submitted to the government within one year from the end of reporting period, the greenhouse gas emissions rights are classified as current assets. Greenhouse gas emissions rights recorded as intangible assets are initially measured at cost and substantially remeasured at cost less accumulated impairment losses.

Emission rights held for the purpose of performing the obligation are classified as intangible asset and initially measured at cost and subsequently carried at cost less accumulated impairment losses.

The Group derecognizes an emission right asset when the emission allowance is unusable, disposed or submitted to

government when the future economic benefits are no longer expected to be probable.

② Emission liability

Emission liability is an amount of estimated obligations for emission rights to be submitted to the government for the performing period. The emission liability is measured based on the expected quantity of emission for the performing period in excess of emission allowance in possession and the unit price for such emission rights in the market at the end of the reporting period. The emission liability is derecognized when submitted to the government.

(18) Foreign Currency

① Foreign currency transactions

Foreign currency transactions are initially recorded using the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. At the end of each reporting period, foreign currency monetary items are translated using the closing rate. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the original transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date fair value was initially determined.

All exchange differences arising from the conversion of monetary items are recognized in profit or loss, excluding foreign exchange differences at the time of settlement of monetary items, differences in the translation of net investments in overseas operations, or differences in financial liabilities designated as cash flow hedges. When gains or losses on non-monetary items are recognized in other comprehensive income, exchange components of those gains or losses are recognized in other comprehensive income. Conversely, when gains or losses on non-monetary items are recognized in profit or loss, exchange components of those gains or losses are recognized in profit or loss.

② Overseas operations

If the presentation currency of the Group is different from an overseas operation's functional currency, the financial statements of the overseas operation are translated into the presentation currency using the following methods:

The assets and liabilities of overseas operations, whose functional currency is not the currency of a hyperinflationary economy, are translated to presentation currency at exchange rates at the reporting date. The income and expenses of overseas operations are translated to functional currency at exchange rates at the dates of the transactions. Foreign currency differences are recognized in other comprehensive income.

Any goodwill arising on the acquisition of an overseas operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that overseas operation are treated as assets and liabilities of the overseas operation. Thus, they are expressed in the functional currency of the overseas operation and translated at the closing rate.

When an overseas operation is disposed of, the relevant amount in the translation is transferred to profit or loss as part of the profit or loss on disposal. On the partial disposal of a subsidiary that includes an overseas operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of an overseas operation, the relevant proportion is reclassified to profit or loss. Foreign exchange gains or losses arising from a monetary item receivable from or payable to an overseas operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the overseas operation, are recognized in other comprehensive income in the translation reserve.

③ Translation of net investment in overseas operations

Among the monetary items to be received from or paid to an overseas operation site, those that do not plan to settle in the foreseeable future and are unlikely to be settled are considered part of the net investment in the overseas operations, and foreign exchange differences are included in the consolidated financial statements for other inclusive financial statements. It is recognized in profit or loss and reclassified to profit or loss when the related net investment is disposed of.

(19) Paid-in Capital

Common shares are classified as equity, and incremental costs directly related to capital transactions are deducted from equity at a net amount reflecting tax effects.

When the Group reacquires treasury equity instruments, these equity instruments are directly deducted from equity as treasury stock. No gain or loss is recognized in profit or loss on the purchase, sale, issuance, or cancellation of treasury equity instruments. When the Group acquires and holds treasury stock, consideration paid or received is recognized directly in equity.

(20) Revenue from Contracts with Customers

Revenue is measured based on the consideration promised in the contract with the customer. The Group recognizes revenue when control of a good or service transfers to a customer. The characteristics and timing of performance obligations in contracts with customers, significant payment terms and related revenue recognition policies are as follows:

Goods/Service	Characteristics of goods or services, timing of performance obligations, and significant payment terms	Revenue recognition policy
Chicken meat products	Control of fresh meat and processed meat products are transferred when they are stocked at distribution stores and agencies, and when they are sold (chicks, feed, etc.) to customers, and are recognized as revenue at this point.	Revenue was recognized when the product transfers to the customer and control transfers to the customer. Discounts such as sales incentives are deducted from revenue because they do not correspond to the transaction price in revenue to the extent that there is a very high probability that a significant return will not occur to the accumulated revenue.
Computer maintenance service	For IT computer maintenance service, the service is provided during the contract period, and the service charge tax invoice is issued and processed on the last day of each month and recognized as revenue.	Revenue was recognized over the period in which the services are provided.

Meanwhile, the Group supplies feed, chicks, etc. to specific farms at cost (hereinafter referred to as “customer-supplies at cost”), purchases additionally processed customer-supplies, etc. from these farms and sells them to the outside after additional processing of the Group. Since the customer-supplies at cost supplied to specific farms are still controlled by the Group through contracts, they are recognized as assets of the Group and are treated as payment of fees when importing processed customer-supplies from such farms.

(21) Financial Income and Expenses

The Group's financial income and expenses include:

- interest income;
- interest expense;
- net income or loss on financial assets measured at fair value through profit or loss;
- gain or loss on foreign currency translation on financial assets and financial liabilities;

Interest income or expense is recognized using the effective interest method.

The effective interest method is an interest rate that accurately matches the present value of future cash payments or receivables, estimated over the expected life of a financial instrument, with the total carrying amount of financial assets or amortized cost of financial liabilities.

When calculating interest income or interest expense, the effective interest rate is applied to the total carrying amount of the asset (if the asset is not impaired) or the amortized cost of the liability. However, for financial assets with subsequent impairment after initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial assets. If the asset is no longer considered to be impaired, interest income is calculated by applying the effective interest rate to its gross carrying amount.

(22) Borrowing Costs

The Group capitalizes borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Other borrowing costs are recognized in expense as incurred. A qualifying asset is an asset that requires a substantial period of time to get ready for its intended use or sale. Financial assets and inventories that are manufactured or otherwise produced over a short period of time are not qualifying assets. Assets that are ready for their intended use or sale when acquired are not qualifying assets.

To the extent that the Group borrows funds specifically for the purpose of obtaining a qualifying asset, the Group determines the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. The Group immediately recognizes other borrowing costs as an expense. To the extent that the Group borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Group shall determine the amount of borrowing costs eligible for capitalization by applying a capitalization rate to the expenditures on that asset. The capitalization rate shall be the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs that the Group capitalizes during a period shall not exceed the amount of borrowing costs incurred during that period.

(23) Income Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

① Current income tax

Current income tax is the expected income tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period and any adjustment to tax payable in respect of previous years. The taxable profit is different from the accounting profit for the period since the taxable profit is calculated excluding the temporary differences, which will be taxable or deductible in determining taxable profit of future periods, and non-taxable or non-deductible items from the accounting profit.

The Group offsets current tax assets and current tax liabilities if, and only if, the Group:

- has a legally enforceable right to set off the recognized amounts, and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

② Deferred income tax

The measurement of deferred income tax liabilities and deferred tax assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. The Group recognizes a deferred income tax liability for all taxable temporary differences associated with investments in subsidiaries, associates, and joint ventures, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The Group recognizes a deferred income tax asset for deductible temporary differences arising from investments in subsidiaries, associates and joint ventures, to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

A deferred income tax asset is recognized for the carryforward of unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, tax credits and deductible temporary differences can be utilized. The future taxable profit depends on reversing taxable temporary differences. When there are insufficient taxable temporary differences to recognize the deferred tax assets completely, the probability of reversing temporary differences and the business plans of subsidiaries within the Group are considered in the future taxable income.

Temporary differences relating to right-of-use assets and lease liabilities are considered as a single transaction for the purposes of recognizing deferred tax.

The carrying amount of a deferred income tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax laws that have been enacted or substantively enacted by the end of the reporting period. When measuring deferred income tax assets and deferred income tax liabilities, income tax effects are reflected according to the method in which the Group expects to recover or settle the carrying amounts of the related assets and liabilities as of the end of the reporting period. Deferred income tax assets and liabilities are offset only if there is a legally enforceable right to offset the related current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority and they intend to settle current income tax liabilities and assets on a net basis. Any additional income tax expenses incurred as a result of the payment of dividends are recognized when liabilities related to the payment of dividends are recognized.

(24) Earnings Per Share

The Group calculates basic earnings per share of common shares in terms of profit or loss and presents it in the statement of comprehensive income. Basic earnings per share are calculated by dividing the profit or loss attributable to common shares by the weighted average number of common shares issued and outstanding during the reporting period.

(25) Operating Segment

The Group classifies segments based on internal reporting data that is periodically reviewed by the chief operating decision maker to make decisions on resources to be allocated to the segments and evaluate their performances. As described in Note 37, there are 3 reporting segments, each of which is a strategic unit of the Group. Strategic units provide different products and services and are operated separately because the technology and marketing strategies required for each business unit are different.

Segment information reported to the CEO includes items directly attributable to the division and items that can be reasonably allocated. The unallocated items are mainly common assets such as the headquarters building, expenses related to the headquarters, and corporate tax assets and corporate tax liabilities.

3. Significant Accounting Estimates and Assumptions

The preparation of financial statements requires assumptions and estimates about the future, and management is required to make judgments in applying the accounting policies of the Group. Estimates and assumptions are continuously evaluated, taking into account reasonably foreseeable future events, based on past experience and the current situation. The results of accounting estimates are rarely identical to actual results, thus carrying significant risks that may lead to material adjustments.

Management's judgments and estimates of significant risks that may affect the adjustments to the carrying amounts of assets and liabilities in the next fiscal year are as follows. Additional information on significant judgments and estimates for some items is included in the individual notes.

(1) Recoverable Amount of Cash-generating Units

The recoverable amount of cash-generating units, which is used to assess whether impairment exists, is determined based on the calculation of their value in use.

(2) Realizability of Deferred Tax Assets

The carrying amount of deferred tax assets is reviewed at each reporting period end, and the carrying amount of deferred tax assets is reduced if it is no longer probable that sufficient taxable income will be generated to allow all or part of the deferred tax assets to be recovered.

(3) Fair Value of Biological Assets

The fair value of biological assets that are not traded in an active market is primarily determined using valuation techniques. The Company makes judgments on the selection and determination of various valuation techniques based on significant market conditions as of the end of the reporting period.

4. Financial Risk Management

4.1 Components of Financial Risk Management

In relation to financial instruments, the Group is exposed to credit risk, liquidity risk and market risk. This note discloses information on the above risks to which the Group is exposed, as well as the Group's risk management objectives, policies, and risk assessment and management procedures. Additional quantitative information is disclosed throughout the consolidated financial statements.

(1) Risk Management System

The Board of Directors is responsible for establishing and supervising the risk management system of the Group and carries out implementation activities such as establishing risk management policies and identifying, evaluating and managing risks from the enterprise-level perspective.

The Group's risk management policy has been established to identify and analyze the risks the Group faces, to set appropriate risk thresholds and controls, and to prevent risks from exceeding the thresholds. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group aims at establishing a strict and structured control environment in which all employees can understand their roles and responsibilities through training and management standards and procedures.

The Group's audit committee supervises how management manages compliance with the Group's risk management policies and procedures, and reviews whether the Group's risk management system is appropriate. Internal audit assists the audit committee's supervisory function, conducts regular and special reviews on risk management controls and procedures, and reports the results to the audit committee.

(2) Credit Risk

“Credit Risk” refers to the risk that the Group will suffer financial loss due to failure of performing contractual obligations by customers or counterparties to financial instruments. It mainly arises from debt securities and trade receivables payable by customers.

① Trade receivables

The Group's exposure to credit risk is mainly affected by the characteristics of each customer, but the customer distribution, such as bankruptcy risk in the industry and country in which the customer operates, is also considered as a factor affecting credit risk. As the Group's exposure is dispersed among multiple customers, credit risk is not concentrated.

Many of the Group's customers have the continuous business relationships, so losses do not occur frequently. When reviewing credit risk for customers, the Group classifies them according to characteristics such as whether the customer is an individual or a corporation, whether the customer is a wholesaler, retailer, or consumer, credit, and previous financial difficulties. Most of the trade receivables arise from the Group's wholesale customers. Customers classified as “high risk” are included in the restricted customer list for management, and future sales are possible only when paying the operation security deposit or paying an advance payment.

The Group has established an allowance for losses expected to occur on trade receivables. This allowance consists of the specific impairment losses on individually significant items and an impairment loss that has arisen but has not yet been identified on a group of financial assets with similar characteristics. Allowance for a group of financial assets is determined based on historical data on the recovery of similar financial assets.

② Debt securities

The Group limits exposure to credit risk by investing only in regional development bonds and national housing bonds.

③ Guarantee

It is the policy of the Group to provide guarantees only to related parties or business partners who need support for business. As of December 31, 2024, the guarantees provided by the Group are described in Note 23.

(3) Liquidity Risk

“Liquidity Risk” refers to the risk that the Group will have difficulties in meeting its obligations related to financial liabilities. The Group's liquidity management method is to maintain sufficient liquidity to pay off its liabilities at maturity without the risk of incurring unacceptable losses or damaging the Group's reputation even in financially difficult circumstances.

The Group has sufficient demand deposits to cover the expected operating costs, including repayment of financial liabilities, and credit limits at financial institutions with high credit ratings. This does not include potential effects due to extreme conditions that cannot be reasonably foreseen.

(4) Market Risk

“Market Risk” refers to the risk that the fair value of financial instruments or future cash flows will fluctuate due to fluctuations in market prices such as exchange rates, interest rates, and price of equity securities. The objective of market price management is to manage and control market risk exposure within acceptable limits while optimizing returns.

① Currency risk

The Group is exposed to foreign exchange risk on sales, purchases and borrowings denominated in currencies other than the functional currency of the Group. The primary currency in which these transactions are presented is USD.

② Interest rate risk

The Group manages interest rate risk by periodically reviewing interest rate fluctuations and repaying or refinancing related liabilities to manage interest rate risk.

(5) Capital Management

The Group's capital management policy is to maintain sound capital for the trust of investors, creditors, and the market and the future development of the business. The Group strives to maintain a balance between sound financial positions. The Group's capital structure consists of equity and net liabilities after deducting cash and cash equivalents and short- and long-term financial instruments from borrowings. The details of capital management as of December 31, 2024 and 2023 are as follows.

(In thousands of Korean won)		
Item	Dec 31, 2024	Dec 31, 2023
Total borrowings	427,493,176	412,871,208
Less:		
Cash and cash equivalents	41,322,763	44,022,558
Short-term financial instruments	16,627,000	25,670,000
Long-term financial instruments	22,512,169	14,344,058
Adjusted borrowings	347,031,244	328,834,592
Equity	289,074,614	308,556,529
Adjusted debt ratio	120.05%	106.57%

4.2 Foreign Currency Risk

(1) Exposure to Foreign Currency Risk

The Group's exposure to foreign currency risk as of December 31, 2024 and 2023 are as follows:

(Unit: USD, JPY, KRW 1,000)						
Account	Dec 31, 2024			Dec 31, 2023		
	Foreign currency		KRW equivalent	Foreign currency		KRW equivalent
Cash and cash equivalents	USD	85,912	126,290	USD	1,894,784	2,443,135
	JPY	19,230,360	180,088	JPY	50,710,620	462,816
Total foreign currency assets			306,378			2,905,951
Short-term borrowings	USD	128,302,992	128,302,992	USD	91,610,655	118,122,779
Total foreign currency liabilities			128,302,992			118,122,779

(2) Sensitivity Analysis

The Group internally measures the foreign exchange risk of exchange rate fluctuations on a regular basis. When assuming that all other variables are constant as of December 31, 2024 and 2023, the results of sensitivity analysis on the effects of potential fluctuations in exchange rates on the Group's pre-tax net income and equity to the reasonable extent are as follows:

(In thousands of Korean won)					
Currency	FX rate change	Dec 31, 2024		Dec 31, 2023	
		Up	Down	Up	Down
USD	10%	(12,817,670)	12,817,670	(11,567,964)	11,567,964
JPY	10%	18,009	(18,009)	46,282	(46,282)
Total		(12,799,661)	12,799,661	(11,521,682)	11,521,682

4.3 Interest Rate Risk

The Group is exposed to interest rate risk because it has floating interest rate financial liabilities.

(1) The carrying amounts of floating interest rate financial liabilities held by the Group as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)		
Item	Dec 31, 2024	Dec 31, 2023
Floating interest rate financial liabilities:		
Short-term borrowings	246,493,717	227,808,309
Long-term borrowings	67,500,000	45,750,000
Total	313,993,717	273,558,309

(2) Cash flow sensitivity analysis of floating interest rate financial liabilities

If the interest rate would have changed by 100 basis points, the Group's equity and profit or loss should have increased or decreased at the end of the reporting period accordingly. Assuming that other variables such as exchange rates do not change, the specific amounts of changes in capital and profit or loss are as follows:

(In thousands of Korean won)								
Item	Dec 31, 2024				Dec 31, 2023			
	Profit or loss		Capital		Profit or loss		Capital	
	100bp Up	100bp Down	100bp Up	100bp Down	100bp Up	100bp Down	100bp Up	100bp Down
Short-term borrowings	(2,464,937)	2,464,937	(2,464,937)	2,464,937	(2,278,083)	2,278,083	(2,278,083)	2,278,083
Long-term borrowings	(675,000)	675,000	(675,000)	675,000	(457,500)	457,500	(457,500)	457,500
Total	(3,139,937)	3,139,937	(3,139,937)	3,139,937	(2,735,583)	2,735,583	(2,735,583)	2,735,583

4.4 Credit Risk

(1) Exposure to credit risk

The carrying amount of a financial asset represents the maximum exposure to credit risk. The maximum exposure to credit risk of the Group as of December 31, 2024 and 2023, is as follows:

(In thousands of Korean won)		
Item	Dec 31, 2024	Dec 31, 2023
Cash and cash equivalents	41,322,454	44,022,176
Short-term financial instruments	16,627,000	25,670,000
Long-term financial instruments	22,512,169	14,344,058
Trade and other receivables	95,084,661	87,614,012
Long-term trade and other receivables	9,195,092	8,063,300
Other financial assets	-	471,310
Total	184,741,376	180,184,856

As of December 31, 2024, the maximum exposure to credit risk of financial guarantees provided by the Group is KRW4,853,100,000 (Note 23).

On the other hand, since the Group maintains ordinary deposits in financial institutions with excellent credit ratings, it is expected that the credit risk from financial institutions is not high.

(2) Impairment loss

The ages of trade receivables and other receivables as of December 31, 2024 and 2023, and the amounts of expected credit loss for receivables by age are as follows:

(In thousands of Korean won)						
Item	Dec 31, 2024			Dec 31, 2023		
	Total receivables	Impaired receivables	Carrying amount	Total receivables	Impaired receivables	Carrying amount
0-3 months	94,513,471	54,914	94,458,557	87,343,171	74,566	87,268,605
4-6 months	1,060,835	70,045	990,790	1,384,158	70,549	1,313,609
7-9 months	178,955	41,690	137,265	30,921	7,620	23,301
10-12 months	10,394	7,059	3,335	34,894	29,934	4,960
Over 12 months	10,377,029	1,687,223	8,689,806	8,368,331	1,301,493	7,066,838
Total	106,140,684	1,860,931	104,279,753	97,161,475	1,484,162	95,677,313

4.5 Liquidity Risk

The Group maintains an appropriate level of undrawn borrowing facilities (refer to Note 23.2) and constantly monitors liquidity forecasts to meet operating cash flow demands without violating borrowing limits or covenants.

The Group has entered into supplier finance arrangements with various financial institutions, with varying terms depending on the financial institution. These arrangements have improved the Group's working capital. The financial institutions with which the Group has supplier finance arrangements maintain sound financial positions, and the Group has no significant concentration of liquidity risk with respect to these financial institutions (Note 18.2).

The management monitors cash and cash equivalents and borrowing facility covenants based on estimated expected cash flows. These estimations are managed regionally by each company according to practices and limits set by the Group. These limits are set differently considering the liquidity conditions of the regional markets in which each company operates. In addition, the Group's liquidity risk-related policies consider the status of liquid assets to meet estimated cash flow needs by major currency and manage the liquidity ratio on the statement of financial position to meet the requirements of internal and external supervisory bodies and to execute funding plans.

Contractual maturities of financial liabilities as of December 31, 2024 and 2023 are as follows:

① Dec 31, 2024

(In thousands of Korean won)						
Item	Carrying amount	Contractual cash flow	Within 3 months	3 months ~ 1 year	1-2 years	Over 2 years
Trade and other payables	107,315,630	107,315,630	98,738,077	8,577,553	-	-
Short-term borrowings	413,413,176	420,107,200	105,067,698	315,039,502	-	-
Long-term trade and other payables	1,537,852	1,537,851	-	-	445,000	1,092,851
Long-term borrowings	14,080,000	15,259,462	128,897	393,853	10,584,041	4,152,671
Other financial liabilities	609,130	609,130	609,130	-	-	-
Lease liabilities	4,164,897	4,562,149	796,053	1,813,677	965,919	986,500
Total	541,120,685	549,391,422	205,339,855	325,824,585	11,994,960	6,232,022

Meanwhile, in addition to the above other financial liabilities and long-term other financial liabilities, the maximum amount of guarantees the Group can assume under the financial guarantee contracts provided by the Group as of December 31, 2024 is KRW4,853,100,000.

② Dec 31, 2023

(In thousands of Korean won)						
Item	Carrying amount	Contractual cash flow	Within 3 months	3 months ~ 1 year	1-2 years	Over 2 years
Trade and other payables	111,282,432	111,282,432	100,754,285	10,528,147	-	-
Short-term borrowings	321,832,309	328,223,425	46,430,812	281,792,613	-	-
Long-term trade and other payables	993,530	993,529	-	-	255,000	738,529
Long-term borrowings	91,038,900	94,372,240	371,990	1,124,147	80,480,858	12,395,245
Lease liabilities	4,199,509	4,520,531	723,862	1,652,136	1,030,573	1,113,960
Total	529,346,680	539,392,157	148,280,949	295,097,043	81,766,431	14,247,734

The management of the Group believes that financial liabilities can be repaid by cash flows from operating activities and cash inflows from financial assets. Meanwhile, the Group enters into a credit limit contract with the major bank to manage liquidity risks that may arise temporarily.

5. Fair Value

5.1 Carrying Amount and Fair Value of Financial Instruments by Category

(1) The carrying amounts and fair values of financial instruments as of December 31, 2024 and 2023, are as follows

(In thousands of Korean won)				
Item	Dec 31, 2024		Dec 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Financial assets recognized at amortized cost				
Cash and cash equivalents	41,322,763	41,322,763	44,022,558	44,022,558
Short-term financial instruments	16,627,000	16,627,000	25,670,000	25,670,000
Long-term financial instruments	22,512,169	22,512,169	14,344,058	14,344,058
Trade and other receivables (*)	95,084,661	95,084,661	87,614,012	87,614,012
Long-term trade and other receivables	9,195,092	9,195,092	8,063,300	8,063,300
Other financial assets	-	-	2,110	2,110
Financial assets measured at fair value				
Derivatives assets	-	-	469,200	469,200
Total financial assets	184,741,685	184,741,685	180,185,238	180,185,238
Financial Liabilities:				
Financial liabilities not measured at fair value				
Trade and other payables (*)	107,315,630	107,315,630	111,282,432	111,282,432
Long-term trade and other payables	1,537,852	1,537,852	993,530	993,530
Short-term borrowings	413,413,176	413,413,176	321,832,309	321,832,309
Long-term borrowings	14,080,000	14,080,000	91,038,900	91,038,900
Financial liabilities measured at fair value				
Derivatives liabilities	609,130	609,130	-	-
Total financial liabilities	536,955,788	536,955,788	525,147,171	525,147,171

(*) The Company estimates that the carrying amounts of the aforementioned financial instruments are a reasonable approximation of their fair values.

5.2 Fair Value Hierarchy

Fair values are categorized into the following levels.

Category	Significance of input variables
Level 1	Quoted price in an active market for identical assets or liabilities
Level 2	Directly or indirectly observable inputs to an asset or liability
Level 3	Inputs to assets or liabilities that are not based on observable market data

The fair value measurement by fair value level for each type of financial instrument measured at fair value as of December 31, 2024 and 2023, is as follows:

1) Dec 31, 2024

(In thousands of Korean won)				
Item	Level 1	Level 2	Level 3	Total
Financial assets				
Derivatives assets	-	609,130	-	609,130

2) Dec. 31, 2023

(In thousands of Korean won)				
Item	Level 1	Level 2	Level 3	Total
Financial assets				
Derivatives assets	-	469,200	-	469,200

3) Descriptions on valuation method and inputs of Level 2 of the fair value hierarchy

Valuation technics and inputs of assets/liabilities classified as Level 2 of the fair value hierarchy among assets and liabilities measured at fair values as of December 31, 2024 and 2023 are as follows:

(In thousands of Korean won)				
Item	Dec 31, 2024	Dec 31, 2023	Valuation method	Inputs
Financial assets				
Derivatives assets	-	469,200	Market approach	FX rate, remaining maturity, etc.
Financial liabilities				
Derivatives liabilities	609,130	-	Market approach	FX rate, remaining maturity, etc.

6. Financial Instrument Category

6.1 Classification of Financial Instruments by Category

Carrying amounts of financial instruments by category as of December 31, 2024 and 2023, are as follows:

① Dec 31, 2024

(In thousands of Korean won)				
Item	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Financial assets measured at fair value	Financial liabilities measured at fair value
Cash and cash equivalents	41,322,763	-	-	-
Short-term financial instruments	16,627,000	-	-	-
Long-term financial instruments	22,512,169	-	-	-
Trade and other receivables	95,084,661	-	-	-
Long-term trade and other receivables	9,195,092	-	-	-
Total financial assets	184,741,685	-	469,200	-
Trade and other payables	-	107,315,630	-	-
Long-term trade and other payables	-	1,537,852	-	-
Short-term borrowings	-	413,413,176	-	-
Long-term borrowings	-	14,080,000	-	-
Other financial liabilities	-	-	-	609,130
Total financial liabilities	-	536,346,658	-	609,130

② Dec 31, 2023

(In thousands of Korean won)				
Item	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Financial assets measured at fair value	Financial liabilities measured at fair value
Cash and cash equivalents	44,022,558	-	-	-
Short-term financial instruments	25,670,000	-	-	-
Long-term financial instruments	14,344,058	-	-	-
Trade and other receivables	87,614,012	-	-	-
Long-term trade and other receivables	8,063,300	-	-	-
Other financial assets	2,110	-	469,200	-
Total financial assets	179,716,038	-	469,200	-
Trade and other payables	-	111,282,432	-	-
Long-term trade and other payables	-	993,530	-	-
Short-term borrowings	-	321,832,309	-	-
Long-term borrowings	-	91,038,900	-	-
Total financial liabilities	-	525,147,171	-	-

6.2 Profit or Loss on Financial Instruments by Category

Details of financial incomes and financial expenses by category of financial instruments for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)		
Item	2024	2023
Financial assets measured at amortized cost:		
Interest income	3,227,065	2,984,759
Loss on disposal of financial assets	-	(18,329)
Gain on foreign currency transactions	550,698	372,930
Loss on foreign currency transactions	(131,176)	(428,869)
Gain on foreign currency translation	9,541	18,450
Loss on foreign currency translation	(632)	(19,991)
Reversal of allowance for bad debt (bad debt expenses)	(411,279)	158,573
Financial assets measured at fair value:		
Gain on trading of derivatives	13,828,440	19,418,494
Loss on trading of derivatives	(32,428,925)	(19,642,581)
Gain on valuation of derivatives	-	469,200
Loss on valuation of derivatives	(609,130)	(196,080)
Financial liabilities measured at amortized cost:		
Interest expense	(21,037,215)	(21,818,634)
Gain on foreign currency transactions	194,303	1,730,510
Loss on foreign currency transactions	(8,899,538)	(5,740,231)
Gain on foreign currency translation	-	2,478,181
Loss on foreign currency translation	(10,000,957)	(544,994)
Total	(55,708,805)	(20,778,612)

7. Cash and Cash Equivalents

7.1 Details of Cash and Cash Equivalents

Details of cash and cash equivalents as of December 31, 2024 and 2023 are as follows:

(In thousands of Korean won)		
Item	Dec 31, 2024	Dec 31, 2023
Cash on hand	309	382
Ordinary deposits	41,322,454	44,022,176
Total	41,322,763	44,022,558

7.2 Details of Restricted Deposits

Details of restricted deposits as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)				
Item	Dec 31, 2024	Dec 31, 2023	Financial institution	Remarks
Short-term financial instruments	2,000,000	2,000,000	Nonghyup Bank	Win-win loans
	7,000,000	5,000,000	Nonghyup Bank	
Long-term financial instruments	-	7,000,000	Nonghyup Bank	Collaterals for borrowings
	3,000,000	3,000,000	Gyobo Life Insurance	
	7,600,000	-	Shinhan Bank	
	7,600,000	-	Shinhan Bank	
Total	27,200,000	17,000,000		

8. Financial Assets

8.1 Other Financial Assets

The composition of short-term and long-term financial assets as of December 31, 2024 and 2023 is as follows:

(In thousands of Korean won)			
Item	Descriptions	Dec 31, 2024	Dec 31, 2023
Short-term financial assets	Periodical deposits	16,577,000	25,670,000
Short-term financial assets	Periodical deposits	50,000	-
Sub-total			16,627,000
Long-term financial assets	Long-term deposits	22,512,169	14,344,058
Total		39,139,169	40,014,058

8.2 Derivatives

(1) The composition of derivatives as of December 31, 2024 and 2023 is as follows:

(In thousands of Korean won)				
Item	Dec 31, 2024		Dec 31, 2023	
	Current	Non-current	Current	Non-current
Derivatives assets:				
Currency futures	-	-	469,200	-
Total	-	-	469,200	-
Derivatives liabilities:				
Currency futures	609,130	-	-	-
Total	609,130	-	-	-

(2) The details of derivatives as of December 31, 2024 and 2023 is as follows:

① Dec 31, 2024

(In thousands of Korean won, USD)				
Purpose	Item	Contracting Party	Amount	Derivatives assets (liabilities)
Trading	Currency futures	Samsung Futures	USD29,150,000	(130,570)
		SI Securities	USD99,700,000	(478,560)
Total			USD128,850,000	(609,130)

② Dec 31, 2023

(In thousands of Korean won, USD)				
Purpose	Item	Contracting Party	Amount	Derivatives assets (liabilities)
Trading	Currency futures	Samsung Futures	USD27,800,000	133,440
		SI Securities	USD69,950,000	335,760
Total			USD97,750,000	469,200

(3) Profit or loss on trading of derivatives for years ended December 31, 2024 and 2023 is as follows:

(In thousands of Korean won)				
Item	Gain or loss on valuation		Gain or loss on trading	
	2024	2023	2024	2023
Know out Forward	-	-	(241,600)	2,245,018
Forward Exchange	-	-	-	204
CAP(Capped Forward)	-	-	718,700	564,210
Currency Futures	(609,130)	273,120	(19,077,585)	(3,033,519)
Total	(609,130)	273,120	(18,600,485)	(224,087)

9. Inventories

The composition of inventories as of December 31, 2024 and 2023 is as follows:

(In thousands of Korean won)						
Item	Dec 31, 2024			Dec 31, 2023		
	Acquisition cost	Valuation loss	Carrying amount	Acquisition cost	Valuation loss	Carrying amount
Goods	2,802,291	-	2,802,291	1,954,006	-	1,954,006
Products	40,779,800	(2,917,223)	37,862,577	39,157,002	(1,560,855)	37,596,147
Work in progress	4,415,920	-	4,415,920	3,142,209	-	3,142,209
Raw materials	66,175,931	-	66,175,931	80,756,610	-	80,756,610
Subsidiary materials	2,457,565	-	2,457,565	2,648,290	-	2,648,290
Stored goods	8,242,074	-	8,242,074	9,024,073	-	9,024,073
Total	124,873,581	(2,917,223)	121,956,358	136,682,190	(1,560,855)	135,121,335

As inventories are valued at net realizable value, the loss on valuation of inventories additionally added to the cost of sales during the current year is KRW1,356,369,000.

10. Biological Assets

10.1 Composition of Biological Assets

The composition of biological assets as of December 31, 2024 and 2023 is as follows:

(In thousands of Korean won)		
Item	Dec 31, 2024	Dec 31, 2023
Biological assets for production	13,257,334	11,238,612
Biological assets for consumption	28,597,662	24,692,367
Total	41,854,996	35,930,979

10.2 Changes in Biological Assets for Production

Changes in biological assets for production for the years ended December 31, 2024 and 2023 are as follows:

① 2024

(In thousands of Korean won)			
Item	GPS	PS	Total
Acquisition cost:			
Beginning balance	10,788,902	23,259,224	34,048,126
Acquisition cost	6,581,662	-	6,581,662
Increase due to breeding	1,416,243	15,931,218	17,347,461
Disposal amount	(4,791,822)	(13,466,346)	(18,258,168)
Ending balance	13,994,985	25,724,096	39,719,081
Accumulated depreciation:			
Beginning balance	(5,776,696)	(17,032,818)	(22,809,514)
Depreciation	(6,901,152)	(15,009,249)	(21,910,401)
Disposal amount	4,791,822	13,466,346	18,258,168
Ending balance	(7,886,026)	(18,575,721)	(26,461,747)
Carrying amount:			
Beginning balance	5,012,206	6,226,406	11,238,612
Ending balance	6,108,959	7,148,375	13,257,334

② 2023

(In thousands of Korean won)			
Item	GPS	PS	Total
Acquisition cost:			
Beginning balance	8,054,031	21,977,961	30,031,992
Acquisition cost	3,226,771	-	3,226,771
Increase due to breeding	3,091,254	16,559,330	19,650,584
Disposal amount	(3,583,154)	(15,278,067)	(18,861,221)
Ending balance	10,788,902	23,259,224	34,048,126
Accumulated depreciation:			
Beginning balance	(3,290,651)	(13,781,621)	(17,072,272)
Depreciation	(6,069,199)	(18,529,264)	(24,598,463)
Disposal amount	3,583,154	15,278,067	18,861,221
Ending balance	(5,776,696)	(17,032,818)	(22,809,514)
Carrying amount:			
Beginning balance	4,763,380	8,196,340	12,959,720
Ending balance	5,012,206	6,226,406	11,238,612

10.3 Changes in Biological Assets for Consumption

Changes in biological assets for consumption for the years ended December 31, 2024 and 2023 are as follows:

(In thousands of Korean won)		
Item	Dec 31, 2024	Dec 31, 2023
Beginning carrying amount	24,692,367	35,055,461
Increase due to breeding	527,118,518	533,097,359
Increase due to purchasing	18,205,981	24,215,683
Changes in net fair value of harvest	72,003,204	170,664,220
Changes in net fair value of biological assets held	3,457,037	(668,360)
Transfer to inventories after harvest	(616,879,445)	(737,671,996)
Ending carrying amount	28,597,662	24,692,367

10.4 Fair Value of Biological Assets for Consumption

10.4.1 Fair Value Hierarchy

The measurement of fair values of biological assets measured at fair value as of December 31, 2024 and 2023 is as follows:

i) Dec 31, 2024

(In thousands of Korean won)				
Item	Level 1	Level 2	Level 3	Total
Biological assets for consumption – Live chickens	-	-	28,597,662	28,597,662

ii) Dec 31, 2023

(In thousands of Korean won)				
Item	Level 1	Level 2	Level 3	Total
Biological assets for consumption – Live chickens	-	-	24,692,367	24,692,367

10.4.2 Valuation Techniques and Inputs of Fair Value Hierarchy

Valuation techniques for repetitive fair value measurements classified as Level 3 in the fair value hierarchy and inputs used in fair value measurement are as follows:

Item	Valuation techniques	Unobservable inputs	Correlation between key unobservable variables and fair value
Biological assets for consumption	Fair value to be determined by a market approach	- Unit price per kg: Adjusted unit price using the market price of Korea Broiler Association, Korea Chicken Association, and Korea Native Chicken Association as of the end of the reporting period: - Unit per kg: Application of estimated average weight	As the estimate of unit price per kg increases, the estimate of fair value increases.

10.4.3 Fair value measurement methods and assumptions for biological assets for consumption

In the case of live chickens, the biological assets for consumption that are subject to fair value evaluation, as there is no active trading market, the market value publicly announced by the association is applied to the fair value per unit. In addition, in the case of live chickens that are growing, since there is no transaction price, it is assumed that the market price according to the average weight is linearly distributed.

10.5 Risks exposed in relation to biological assets

The Group is exposed to the following various risks in relation to biological assets.

① Regulatory and environmental risks

The Group complies with the laws and regulations of Korea and others regions where the business sites are located. The Group enacts and implements environmental policies to comply with local environmental and other laws and management of the Group conducts periodic reviews to identify environmental risks and to ensure that the Group's policies are appropriate to manage these risks.

② Supply and demand risk

The Group is exposed to financial risks arising from changes in the price of biological assets. The Group does not anticipate that the price of biological assets will not decrease significantly in the foreseeable future by breeding them depending on the size of supply and demand requested in the market.

In addition, the management periodically reviews the outlook for the price of biological assets by analyzing industry trends to ensure that the expected breeding scale and expected demand are consistent.

③ Climate and other risks

The Group may be financially affected from diseases and other risks of biological assets held by the Group. The Group monitors the possibility of disease on a regular basis and, if there are signs of disease, prevents the spread of the disease through extensive quarantine and mass cull. In addition, to strengthen immunity to disease, the Group improves breeding facilities and supply high-quality feed for biological assets.

11. Trade and Other Receivables

11.1 Details of Trade and Other Receivables

The composition of trade and other receivables as of December 31, 2024 and 2023, is as follows.

(In thousands of Korean won)				
Item	Dec 31, 2024		Dec 31, 2023	
	Current	Non-current	Current	Non-current
Trade receivable	74,832,605	-	78,674,243	-
Allowance for trade receivables	(1,829,654)	-	(1,462,013)	-
Loans	5,009,295	-	19,159	-
Allowance for loans	-	-	-	-
Account receivables	8,273,493	-	487,487	-
Allowance for account receivables	(26,797)	-	(17,669)	-
Accrued income	999,107	-	693,505	-
VAT paid for others	1,681,708	-	1,657,017	-
Security deposits	7,826,612	9,558,751	9,219,300	8,476,729
Allowance for security deposits	-	(4,480)	-	(4,480)
Unrealized security deposits	-	(359,179)	-	(408,949)
Total	96,766,369	9,195,092	89,271,029	8,063,300

11.2 Changes in allowance for bad debts for trade and other receivables

Changes in allowance for bad debts for trade and other receivables for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)		
Item	Dec 31, 2024	Dec 31, 2023
Beginning balance	1,484,162	1,988,646
Bad debt expenses	449,980	21,894
Reversal of allowance for bad debt	(38,700)	(180,467)
Writ-off of allowance for bad debt	(34,511)	(345,921)
Gain or loss on translation of overseas operations	-	10
Ending balance	1,860,931	1,484,162

12. Other Assets

12.1 Details of Other Assets

The composition of other assets as of December 31, 2024 and 2023 are as follows:

(In thousands of Korean won)				
Item	Dec. 31, 2024		Dec. 31, 2023	
	Current	Non-current	Current	Non-current
Advance payment	842,959	1,217,581	1,783,102	-
Allowance for advance payment	(32,359)	-	(99,359)	-
Advance payment for breeding	3,075,508	-	2,968,663	-
Allowance for breeding advance payment	(129,175)	-	(178,387)	-
Prepaid expenses	974,568	1,194,394	1,043,544	-
Total	4,731,501	2,411,975	5,517,563	-

12.2 Changes in allowance for bad debts in other assets

Changes in allowance for bad debts in other assets for the years ended December 31, 2024 and 2023 are as follows:

(In thousands of Korean won)		
Item	2024	2023
Beginning balance	277,746	404,229
Writ-off of allowance for bad debt	(67,000)	(97,520)
Reversal of allowance for bad debt	(49,212)	(28,963)
Ending balance	161,534	277,746

13. Investment Property

13.1 Changes in Investment Property

Changes in investment property for the years ended December 31, 2024 and 2023 are as follow:

(In thousands of Korean won)						
Item	2024			2023		
	Land (*)	Building	Total	Land	Building	Total
Acquisition cost:						
Beginning	4,247,830	21,757,833	26,005,663	-	-	-
Disposal	(100,939)	-	(100,939)	-	-	-
Changes (*)	1,673,200	7,334,984	9,008,184	4,247,830	21,757,833	26,005,663
Ending	5,820,091	29,092,817	34,912,908	4,247,830	21,757,833	26,005,663
Accumulated depreciation:						
Beginning	-	(11,798,468)	(11,798,468)	-	-	-
Disposal	-	(687,062)	(687,062)	-	(520,485)	(520,485)
Changes (*)	-	(2,027,194)	(2,027,194)	-	(11,277,983)	(11,277,983)
Ending	-	(14,512,724)	(14,512,724)	-	(11,798,468)	(11,798,468)
Carrying amount:						
Beginning	4,247,830	9,959,365	14,207,195	-	-	-
Ending	5,820,091	14,580,093	20,400,184	4,247,830	9,959,365	14,207,195

(*) Changes are the amount which is transferred from PP&E to investment property.

13.2 Lease revenues/expenses arising from investment property

Details recognized as gain or loss related to investment properties for the years ended December 31, 2024 and 2023 are as follow:

(In thousands of Korean won)		
Item	2024	2023
Lease revenue	1,302,860	662,987
Cost of lease	(1,208,712)	(588,962)
Total	94,148	74,025

13.3 Fair Value of Investment Property

Fair value and carrying amount of investment property as of December 31, 2024 are as follow:

(In thousands of Korean won)		
Item	Fair value	Carrying amount
Land	5,464,391	5,820,091
Building	25,232,914	14,580,093
Total	30,697,305	20,400,184

As of December 31, 2024, the fair value of investment property was determined using information such as officially published real estate prices.

14. Property, Plant and Equipment (PP&E)

14.1 Changes in PP&E

(1) Changes in PP&E for the years ended December 31, 2024 and 2023 are as follows:

① 2024

(In thousands of Korean won)									
Item	Land	Building	Structures	Machinery	Facilities and equipment	Vehicles	Others	Construction in progress (*1)	Total
Acquisition cost:									
Beginning balance	23,145,819	273,278,714	21,054,775	275,018,554	250,699,968	1,916,394	39,750,033	6,115,621	890,979,878
Acquisition	-	8,818	27,860	749,313	3,170,794	-	1,983,483	23,522,295	29,462,563
Disposal	(603,351)	-	(963,065)	(15,447,091)	(4,212,663)	(807,429)	(11,284,570)	-	(33,318,169)
Other changes	-	-	-	7,873,966	7,932,032	-	679,089	(18,212,795)	(1,727,708)
Reclassification	(1,673,201)	(7,334,980)	-	-	-	-	-	-	(9,008,181)
Ending balance	20,869,267	265,952,552	20,119,570	268,194,742	257,590,131	1,108,965	31,128,035	11,425,121	876,388,383
Accumulated depreciation:									
Beginning balance	-	(80,070,005)	(12,159,569)	(174,230,998)	(120,060,010)	(1,725,708)	(33,804,614)	-	(422,050,904)
Disposal	-	-	963,046	15,345,108	4,194,380	783,276	11,194,713	-	32,480,523
Depreciation	-	(6,609,518)	(832,249)	(15,214,682)	(18,041,247)	(63,032)	(2,707,062)	-	(43,467,790)
Reclassification	-	2,027,194	-	-	-	-	-	-	2,027,194
Ending balance	-	(84,652,329)	(12,028,772)	(174,100,572)	(133,906,877)	(1,005,464)	(25,316,963)	-	(431,010,977)
Accumulated impairment losses									
Beginning balance	-	(2,328,826)	(31,516)	(1,351,600)	(1,866,926)	-	(67,710)	-	(5,646,578)
Disposal	-	-	-	10,446	1,352	-	1,275	-	13,073
Ending balance	-	(2,328,826)	(31,516)	(1,341,154)	(1,865,574)	-	(66,435)	-	(5,633,505)
Government grants:									
Beginning balance	-	(8,854,842)	(177,852)	(204,444)	(50,780)	-	-	-	(9,287,918)
Acquisition	-	-	-	-	(166,860)	-	-	-	(166,860)
Depreciation	-	258,721	9,047	78,268	20,178	-	-	-	366,214
Ending balance	-	(8,596,121)	(168,805)	(126,176)	(197,462)	-	-	-	(9,088,564)
Carrying amount:									
Beginning balance	23,145,819	182,025,041	8,685,838	99,231,512	128,722,252	190,686	5,877,709	6,115,621	453,994,478
Ending balance	20,869,267	170,375,276	7,890,477	92,626,840	121,620,218	103,501	5,744,637	11,425,121	430,655,337

(*1) Other changes in construction in progress are the amount transferred to PP&E and intangible assets.

② 2023

(In thousands of Korean won)									
Item	Land	Building	Structures	Machinery	Facilities and equipment	Vehicles	Others	Construction in progress (*1)	Total
Acquisition cost:									
Beginning balance	26,896,408	293,352,572	20,606,011	245,238,839	233,624,716	2,035,861	39,495,037	16,605,192	877,854,636
Acquisition	-	29,804	536,756	1,476,687	2,935,996	1,888	1,999,813	38,117,144	45,098,088
Disposal	(101,428)	(876,167)	(87,992)	(269,343)	(810,610)	(121,355)	(2,080,041)	(212,610)	(4,559,546)
Other changes	598,669	2,530,341	-	28,572,371	14,949,866	-	501,814	(48,394,105)	(1,241,044)
Change in consolidation scope	-	-	-	-	-	-	(166,590)	-	(166,590)
Reclassification(*2)	(4,247,830)	(21,757,836)	-	-	-	-	-	-	(26,005,666)
Ending balance	23,145,819	273,278,714	21,054,775	275,018,554	250,699,968	1,916,394	39,750,033	6,115,621	890,979,878
Accumulated depreciation:									
Beginning balance	-	(84,726,686)	(11,360,762)	(159,181,164)	(102,394,149)	(1,741,480)	(32,155,486)	-	(391,559,727)
Disposal	-	244,513	48,679	243,879	405,740	121,289	1,929,740	-	2,993,840
Depreciation	-	(6,865,815)	(847,486)	(15,292,458)	(18,096,376)	(105,517)	(3,646,915)	-	(44,854,567)
Other changes	-	-	-	(1,255)	24,775	-	(34,128)	-	(10,608)
Change in consolidation scope	-	-	-	-	-	-	102,175	-	102,175
Reclassification(*2)	-	11,277,983	-	-	-	-	-	-	11,277,983
Ending balance	-	(80,070,005)	(12,159,569)	(174,230,998)	(120,060,010)	(1,725,708)	(33,804,614)	-	(422,050,904)
Accumulated impairment losses (*3)									
Impairment loss	-	(2,328,826)	(31,516)	(1,351,600)	(1,866,926)	-	(67,710)	-	(5,646,578)
Ending balance	-	(2,328,826)	(31,516)	(1,351,600)	(1,866,926)	-	(67,710)	-	(5,646,578)
Government grants:									
Beginning balance	-	(9,113,563)	-	(282,712)	(67,445)	-	-	-	(9,463,720)
Acquisition	-	-	(180,930)	-	8,500	-	-	-	(172,430)
Depreciation	-	258,721	3,078	78,268	8,165	-	-	-	348,232
Ending balance	-	(8,854,842)	(177,852)	(204,444)	(50,780)	-	-	-	(9,287,918)
Carrying amount:									
Beginning balance	26,896,408	199,512,323	9,245,249	85,774,963	131,163,122	294,381	7,339,551	16,605,192	476,831,189
Ending balance	23,145,819	182,025,041	8,685,838	99,231,512	128,722,252	190,686	5,877,709	6,115,621	453,994,478

(*1) Other changes in construction in progress are the amount transferred to PP&E and intangible assets.

(*2) Amount transferred from PP&E to investment property during the prior year.

(*3) During the prior period, the Group performed an impairment review for the meat processing segment's cash-generating unit due to continuous operating losses. As the recoverable amount was lower than the carrying amount of the cash-generating unit, an impairment loss of KRW5,647,000,000 was recognized and allocated to the tangible assets (buildings, structures, machinery, facilities & equipment, and other tangible assets) of the meat processing segment.

14.2 Cash-Generating Unit Impairment Review

The Group performed an impairment review due to the continuous operating losses in the meat processing segment's cash-generating unit. Since the recoverable amount exceeded the carrying amount of the cash-generating unit, no impairment loss was recognized.

(In millions of Korean won)	
Item	Contents
Cash flow estimation period	Estimation of cash flows for 5 years based on the future business plans
Perpetual growth rate	Application of 1% in the light of industry average growth rate
Weighted average cost of capital	7.2%
Comparison target carrying value	91,041
Recoverable value (use value)	91,848
Impairment amount	807

The results of the sensitivity analysis for the use value with respect to changes in the discount rate and the perpetual growth rate, which are the key variables, are as follows;

(In millions of Korean won)				
Item		Discount Rate (WACC)		
		6.2%	7.2%	8.2%
Permanent growth rate	0.0%	100,474	80,817	66,118
	1.0%	117,189	91,848	73,729
	2.0%	141,892	107,135	83,800

15. Lease

15.1 Amount recognized in financial statements

The composition of leasehold right-of-use assets as of December 31, 2024 and 2023 are as follows:

① Dec 31, 2024

(In thousands of Korean won)			
Item	Acquisition amount	Accumulated depreciation	Carrying amount
Building	2,721,258	(1,386,233)	1,335,025
Facilities and equipment	406,588	(67,765)	338,823
Vehicles	4,273,076	(1,567,491)	2,705,585
Others	132,054	(95,372)	36,682
Total	7,532,976	(3,116,861)	4,416,115

② Dec 31, 2023

(In thousands of Korean won)			
Item	Acquisition amount	Accumulated depreciation	Carrying amount
Building	2,930,837	(1,576,142)	1,354,695
Facilities and equipment	582,449	(264,127)	318,322
Vehicles	5,254,549	(2,549,408)	2,705,141
Others	132,054	(51,355)	80,699
Total	8,899,889	(4,441,032)	4,458,857

15.2 Amount recognized in Income Statement

Expenses incurred from leases for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)		
Item	2024	2023
Interest expense incurred on lease liabilities	358,843	280,599
Short-term lease related expenses	1,067,897	733,762
Costs related to small asset lease	1,699,207	1,609,928
Variable lease payments not included in lease assets and liabilities (*)	483,638	424,463
Total expense	3,609,585	3,048,752

(*) In applying the recognition exemption criteria for leases under K-IFRS 1116, the difference between purchases and sales in the form of transactions where chicks and feed are sold to farmers for contract farming and livestock is recognized as a fee for the facilities excluded from lease accounting under the variable lease requirements. This includes expenses related to rearing such as fuel, electricity, water, veterinary medicine, and labor costs, and may vary depending on the quality of the live chickens. Therefore, due to the difficulty in measuring lease expenses for such cases in practice, the amount of such cases was not separately calculated and disclosed.

15.3 Changes in Right-of-Use Assets

Changes in the carrying amount of leasehold right-of-use assets for the years ended December 31, 2024 and 2023, are as follows:

① 2024

(In thousands of Korean won)					
Item	Beginning	Increase/ decrease	Depreciation	Effect of translation of overseas operations	Ending balance
Building	1,354,694	1,630,931	(1,652,431)	1,831	1,335,025
Facilities and equipment	318,322	406,588	(386,087)	-	338,823
Vehicles	2,705,141	1,509,898	(1,509,453)	-	2,705,586
Others	80,699	-	(44,018)	-	36,681
Total	4,458,856	3,547,417	(3,591,989)	1,831	4,416,115

② 2023

(In thousands of Korean won)					
Item	Beginning	Increase/ decrease	Depreciation	Effect of translation of overseas operations	Ending balance
Building	1,561,512	1,599,999	(1,806,964)	148	1,354,695
Facilities and equipment	95,843	582,449	(359,970)	-	318,322
Vehicles	2,627,415	1,559,629	(1,481,903)	-	2,705,141
Others	124,717	-	(44,018)	-	80,699
Total	4,409,487	3,742,077	(3,692,855)	148	4,458,857

15.4 Changes in Lease Liabilities

Changes in lease liabilities for the years ended December 31, 2024 and 2023, are as follows:

① 2024

(In thousands of Korean won)						
Item	Beginning	Change	Interest expense	Payments	Effect of translation of overseas operations	Ending balance
Lease liability	4,199,510	2,942,265	298,234	(3,277,012)	1,900	4,164,897

② 2023

(In thousands of Korean won)						
Item	Beginning	Change	Interest expense	Payments	Effect of translation of overseas operations	Ending balance
Lease liability	4,319,343	3,029,969	358,843	(3,508,770)	125	4,199,510

16. Intangible Assets

Changes in intangible assets for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)								
Item	2024				2023			
	Membership (*1)	Software	Industrial property rights	Total	Membership (*1)	Software	Industrial property rights	Total
Acquisition cost:								
Beginning	546,791	10,586,392	96,693	11,229,876	673,791	10,516,358	78,224	11,268,373
Acquisition	-	191,266	-	191,266	-	105,934	-	105,934
Disposal	-	(863,500)	-	(863,500)	(127,000)	(35,900)	-	(162,900)
Other changes (*2)	770,760	122,300	7,188	900,248	-	-	18,469	18,469
Ending	1,317,551	10,036,458	103,881	11,457,890	546,791	10,586,392	96,693	11,229,876
Accumulated amortization:								
Beginning	-	(10,026,417)	(53,688)	(10,080,105)	-	(9,647,837)	(42,293)	(9,690,130)
Amortization	-	(263,389)	(14,178)	(277,567)	-	(414,477)	(11,395)	(425,872)
Disposal	-	863,499	-	863,499	-	35,897	-	35,897
Ending	-	(9,426,307)	(67,866)	(9,494,173)	-	(10,026,417)	(53,688)	(10,080,105)
Carrying amount:								
Beginning	546,791	559,975	43,005	1,149,771	673,791	868,521	35,931	1,578,243
Ending	1,317,551	610,151	36,015	1,963,717	546,791	559,975	43,005	1,149,771

(*1) As there is no foreseeable limit on the period over which it is expected to be used, the estimated useful life of membership is indefinite and not amortized accordingly.

(*2) Other changes are the amounts transferred from PP&E.

17. Trade and Other Payables

The composition of trade and other payables as of December 31, 2024 and 2023 is as follows:

(In thousands of Korean won)				
Item	Dec 31, 2024		Dec 31, 2023	
	Current	Non-current	Current	Non-current
Trade payables (*)	39,177,043	-	42,431,360	-
Account payables	39,105,013	-	35,032,518	-
Accrued expenses	23,517,089	1,019,357	28,247,706	666,695
Deposits received	1,610,263	-	1,625,806	-
Import deposit	3,906,222	518,495	3,945,042	326,835
Total	107,315,630	1,537,852	111,282,432	993,530

(*) In accordance with agreements with financial institutions, when it is determined that the terms of a liability have been substantially changed due to the financial provider paying suppliers on behalf of the Group, the trade payables are derecognized and short-term borrowings are recognized (refer to Note 18). As of Dec. 31, 2024, the supplier finance arrangement liabilities included in trade payables amount to KRW 14,217,000,000 (2023: KRW 12,649,000,000).

18. Borrowings

18.1 Details of Borrowings

The composition of borrowings as of December 31, 2024 and 2023, is as follows:

(In thousands of Korean won)				
Item	Dec 31, 2024		Dec 31, 2023	
	Current	Non-current	Current	Non-current
Short-term borrowings (*)	330,233,717	-	300,048,309	-
Long-term borrowings (*)	63,190,000	14,080,000	21,784,000	71,070,000
Bonds	20,000,000	-	-	20,000,000
Discount on bonds payables	(10,541)	-	-	(31,100)
Total	413,413,176	14,080,000	321,832,309	91,038,900

(*) As of December 31, 2024, financial assets, inventories, PP&E and investment properties were provided as collaterals for borrowings from banks (refer to Note 23).

18.2 Details of Short-term Borrowings

(1) The composition of short-term borrowings as of December 31, 2024 and 2023 is as follows:

(In thousands of Korean won)				
Lender	Type	Interest rate (%)	Dec 31, 2024	Dec 31, 2023
Nonghyup Bank	General loan	MOR+1.50	9,000,000	9,000,000
	General loan	MOR+1.82	1,940,000	1,940,000
KEB Hana Bank	General loan	CD (3M) + 1.644	20,000,000	20,000,000
	Facility Loan	Finance Bond (6M) + 1.612	18,750,000	23,750,000
KDB	General loan	Industrial Finance Bond (6M) + 1.15	57,000,000	57,000,000
	General loan	4.51	8,000,000	8,000,000
Export-Import Bank of Korea	General loan	4.69	25,800,000	25,800,000
	General loan	Export-Import Bank Bond (3M) + 1.18~1.2	8,500,000	16,500,000
	General loan	Export-Import Bank Bond (3M) + 0.9~0.97	40,000,000	20,000,000
SH Bank	General loan	MOR + 174	13,000,000	-
Kookmin Bank	Import L/C	Term SOFR + 1.00	128,243,717	118,058,309
Total			330,233,717	300,048,309

(2) Supplier Finance Arrangement Liabilities

Supplier finance arrangements are characterized by one or more financial institutions paying the amounts owed by the Group to suppliers, and the Group paying the financial institutions according to the terms of the arrangement after the suppliers receive payment. These arrangements provide the Group with extended payment terms beyond the due date of the related invoices or allow the Group's suppliers to receive payment earlier.

The Group has entered into supplier finance arrangements with several financial institutions, under which the banks acquire rights to specific trade receivables from suppliers. The following terms have been changed as a result of the arrangements, while other terms are the same as the terms of trade payables to the respective suppliers:

- The payment due date is 180 days after the invoice date and can be extended in 90-day increments.
- The trade payables acquired by the banks can no longer be offset against credits received from the suppliers.

Scope of Payment Due	Dec 31, 2024	Dec 31, 2023
Supplier Finance Arrangement Liabilities	After 180 days from the date of invoice	After 180 days from the date of invoice
Trade payables not a part of Supplier Finance Arrangement Liabilities	Within 30 days from the date of invoice	Within 30 days from the date of invoice

Carrying amount of supplier finance arrangements liabilities is as follow:

(In thousands of Korean won)			
Item	Dec 31, 2024	Dec 31, 2023	Jan 01, 2023
Supplier Finance Arrangement Liabilities	142,460,455	130,707,434	214,448,472
Supplier finance arrangement liabilities for which financial institutions have paid suppliers	128,243,717	118,058,309	192,543,035

There were no significant business combinations or exchange rate differences that affected the supplier finance arrangement liabilities, and these liabilities are considered short-term, so their carrying amount is a reasonable approximation of their fair value.

(3) Significant Judgement – Supplier Finance Arrangements

The Group has entered into supplier finance arrangements, agreeing to support the cash flows of its suppliers. Under these arrangements, banks acquire rights to specific trade receivables of the suppliers. Following this acquisition, the Group can no longer make early direct payments to the suppliers and cannot offset the debt against receivables from the suppliers. The Group has judged it appropriate to derecognize the existing financial liability, trade payables, in the statement of financial position and recognize a new financial liability (short-term borrowings), considering that the terms of the liability have been substantially changed upon payment by the financial institutions.

In the statement of cash flows, the management has considered the financial institutions to be settling payments on behalf of the Group. Therefore, the amounts paid by the financial institutions are presented as cash outflows from operating activities and cash inflows from financing activities. Subsequent payments made by the Group to the financial institutions are presented as cash outflows from financing activities (refer to Note 35).

18.3 Details of Long-term Borrowings

The composition of long-term borrowings as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)				
Lender	Type	Interest rate (%)	Dec 31, 2024	Dec 31, 2023
Nonghyup Bank	General loan	3.0	570,000	760,000
	General loan	2.5	-	1,344,000
	General loan	-	45,000,000	54,000,000
	General loan	3.00	6,200,000	3,000,000
KEB Hana Bank	Facility loan	CD (3M) + 1.54	14,250,000	17,250,000
	Facility loan	CD (3M) + 2.62	-	1,500,000
KDB	Facility loan	Industrial Finance Bond (6M) +1.98	11,250,000	15,000,000
Subtotal			77,270,000	92,854,000
Liquidity Substitution			(63,190,000)	(21,784,000)
Total			14,080,000	71,070,000

18.4 Details of Bonds

Details of bonds as of December 31, 2024 and 2023 are as follows:

(In thousands of Korean won)					
Item	Date of issue	Maturity	Interest rate (%)	Dec 31, 2024	Dec 31, 2023
5 th Non-Guaranteed Bonds (*)	2022-06-30	2025-06-30	4.80%	20,000,000	20,000,000
Total				20,000,000	20,000,000

(*) Regarding bonds other than the 5th private placement bonds, there is a covenant stipulating that if the benefit of time is lost for those other bonds, the benefit of time will also be lost for the 5th private placement bonds.

18.5 Repayment Schedule of Borrowings

The repayment schedule of borrowings as of December 31, 2024 is as follows:

(In thousands of Korean won)					
Item	Within 1 year	1~2 years	2-3 years	Over 3 years	Total
Short-term borrowings	330,233,717	-	-	-	330,233,717
Long-term borrowings	63,190,000	10,140,000	3,940,000	-	77,270,000
Bonds	20,000,000	-	-	-	20,000,000
Total	413,423,717	10,140,000	3,940,000	-	427,503,717

19. Other Financial Liabilities

The composition of other financial liabilities as of December 31, 2024 and 2023, is as follows:

(In thousands of Korean won)				
Item	Dec 31, 2024		Dec 31, 2023	
	Current	Non-current	Current	Non-current
Derivatives Liabilities	609,130	-	-	-

20. Other Liabilities

The composition of other liabilities as of December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)		
Item	Dec 31, 2024	Dec 31, 2023
Advances received	1,927,037	1,924,741
Accrued income	198,550	-
Greenhouse gas emission liability	85,397	79,078
Other current liabilities	46,000	-
Total	2,256,984	2,003,819

21. Provisions

21.1 Details of Provisions

Details of provisions as of December 31, 2024 and 2023 are as follows:

(In thousands of Korean won)		
Item	Dec 31, 2024	Dec 31, 2023
Provision for returns	14,232	11,683

21.2 Changes in Provisions

Changes in provisions for the years ended December 31, 2024 and 2023, are as follows:

(In thousands of Korean won)		
Item	2024	2023
	Provision for returns (*)	Provision for returns (*)
Beginning	14,232	11,683
Increase	17,185	14,232
Decrease	(14,232)	(11,683)
Ending	17,185	14,232

(*) As a subsidiary (SingGreen FS Co., Ltd.) transferred the control over the product to the customer and grants the right to return the product, the amount is recognized as a provision for returns (refund liability).

22. Employee Benefits

22.1 Details of liabilities related to defined benefit liability and other employee benefit

Net assets and liabilities related to employee benefits to be recognized in the consolidated statements of financial position as of December 31, 2024 and 2023 are as follows:

(In thousands of Korean won)		
Item	Dec 31, 2024	Dec 31, 2023
Defined benefit liability (assets)	(250,415)	808,684
Annual paid leave allowance liabilities	4,958,682	4,004,456
Other long-term employee benefit liabilities	1,019,357	666,695

22.2 Changes in defined benefit liability and plan assets

Adjustments to defined benefit liabilities (assets) for the years ended December 31, 2024 and 2023 are as follows:

(In thousands of Korean won)						
Item	Defined benefit obligations		Fair value of plan assets		Net defined benefit liabilities (assets)	
	2024	2023	2024	2023	2024	2023
Beginning balance	54,494,126	48,836,348	(53,685,442)	(51,370,212)	808,684	(2,533,864)
Recognized as expense for the year:						
Current service cost	8,029,265	8,007,147	-	-	8,029,265	8,007,147
Interest cost (income)	1,838,204	2,212,399	(1,810,592)	(2,349,776)	27,612	(137,377)
Subtotal	9,867,469	10,219,546	(1,810,592)	(2,349,776)	8,056,877	7,869,770
Recognized in other comprehensive income:						
Loss (gain) on remeasurement						
- Actuarial gain or loss						
Demographic assumptions	(471)	(88,777)	-	-	(471)	(88,777)
Financial assumptions	3,478,126	736,193	-	-	3,478,126	736,193
Experience adjustment	1,907,382	2,921,945	-	-	1,907,382	2,921,945
- Loss from plan assets	-	-	(245,909)	759,134	(245,909)	759,134
Subtotal	5,385,037	3,569,361	(245,909)	759,134	5,139,128	4,328,495
Others						
Contributions paid	-	-	(12,749,323)	(7,091,885)	(12,749,323)	(7,091,885)
Wages paid	(7,296,685)	(8,066,964)	5,856,539	6,370,583	(1,440,146)	(1,696,381)
Transfer from affiliates	116,368	125,196	(116,368)	(57,403)	-	67,793
Transfer to affiliates	(202,560)	(189,361)	136,925	110,482	(65,635)	(78,879)
Change in consolidation scope	-	-	-	(56,365)	-	(56,365)
Subtotal	(7,382,877)	(8,131,129)	(6,872,227)	(724,588)	(14,255,104)	(8,855,717)
Ending balance	62,363,755	54,494,126	(62,614,170)	(53,685,442)	(250,415)	808,684

22.3 Composition of Plan Assets

The composition of plan assets as of December 31, 2024 and 2023 is as follows:

(In thousands of Korean won)		
Item	Dec 31, 2024	Dec 31, 2023
Equity securities	2,796,051	2,035,414
Debt securities	2,125,027	1,420,178
Financial instruments such as term and periodic deposits	55,530,307	47,847,059
Transfer to National Pension	6,424	7,805
Others	2,156,361	2,374,986
Total	62,614,170	53,685,442

Amounts related to defined benefit liabilities as of December 31, 2024 and 2023 are as follows:

(In thousands of Korean won)		
Item	Dec 31, 2024	Dec 31, 2023
Defined benefit obligation	62,363,755	54,494,126
Plan assets	(62,614,170)	(53,685,442)
Under-accumulated amount of plan assets	(250,415)	808,684
Reconciliation of differences between original estimates and actual values related to defined benefit obligations	(5,385,037)	(3,569,361)
Adjustment of differences between original estimates and actual values related to plan assets	245,909	(759,134)

22.4 Key Actuarial Assumptions

Details of the key assumptions used to evaluate the remeasurement components of the defined benefit plan as of December 31, 2024 and 2023 are as follows:

Item	Dec 31, 2024	Dec 31, 2023
Discount rate	3.19%~ 3.64%	3.70%~ 4.23%
Future wage growth rate	3.47%~ 6.98%	3.02%~ 7.32%

As of December 31, 2024, the weighted average maturity of the defined benefit liabilities is 4.46 ~ 8.22 years.

22.5 Sensitivity Analysis of Defined Benefit Obligation

The impact on the defined benefit obligation if each significant actuarial assumption as of the end of the current period were to change within its reasonably possible range is as follow:

① Sensitivity analysis according to discount rate

(In thousands of Korean won)			
Item	Discount rate 1% down	Dec 31, 2024	Discount rate 1% up
Present value of defined benefit obligation	65,222,500	62,363,755	59,761,831
Applicable discount rate	2.19%~ 2.64%	3.19%~ 3.64%	4.19%~ 4.64%
Increase or decrease	2,858,745	-	(2,601,924)

② Sensitivity analysis according to the wage growth rate

(In thousands of Korean won)			
Item	Wage growth rate 1% down	Dec 31, 2024	Wage growth rate 1% up
Present value of defined benefit obligation	59,728,983	62,363,755	65,204,470
Applicable wage growth rate	2.47%~5.98%	3.47%~ 6.98%	4.47%~7.98%
Increase or decrease	(2,634,772)	-	2,840,715

22.6 Impact of Defined Benefit Plan on Future Cash Flows

Meanwhile, the expected contributions to be paid in the following year (2025) related to the defined benefit plan amount to KRW 8,577,173,000.

23. Contingent Liabilities and Commitments

23.1 Details of Pending Lawsuits and Non-lawsuit Claims as Defendant

The pending lawsuits of the Group as of December 31, 2024 are as follows, and the outcome of the lawsuits is unpredictable.

(In thousands of Korean won)					
Court	Plaintiff	Defendant	Descriptions	Value	Progress
Seoul Central Court	-	Harim Corporation	Case of Violation of the Monopoly Regulation and Fair Trade Act (Criminal Litigation)	-	1 st trial in progress

23.2 Status of Borrowing Limit Commitments

Commitments with financial institutions as of December 31, 2024 are as follow:

(In USD, thousands of Korean won)			
Lender	Descriptions	Amount used	Limit
KEB Hana Bank	Import L/C Guarantee	USD 8,481,507	USD 20,020,000
Woori Bank		USD 8,813,939	USD 14,200,000
KDB		USD 15,222,597	USD 30,000,000
Kookmin Bank		USD 10,765,903	USD 20,000,000
Nonghyup Bank		USD 3,420,283	USD 12,000,000
Fisheries Cooperative Federation		USD 5,160,604	USD 10,000,000
Export-Import Bank of Korea		USD 12,077,833	USD 26,000,000
Shinhan Bank		USD 1,633,365	USD 15,000,000
Jeonbuk Bank		USD 5,555,617	USD 10,000,000
SC Cheil Bank		USD 12,671,533	USD 20,000,000
IM Bank		USD 3,437,443	USD 10,000,000
Export-Import Bank of Korea	Import loan	30,000,000	USD 23,000,000
		31,800,000	USD 24,000,000
		12,500,000	12,500,000
KEB Hana Bank	Working capital & facility	53,000,000	66,195,600
KDB	Working capital & facility	76,250,000	78,250,000
Shinhan Bank	General foreign currency loan	-	USD 20,000,000
Nonghyup Bank	Working capital	62,710,000	62,710,000
SH Bank	Working capital	13,000,000	13,000,000
Hanyang Securities (*)	Bonds	20,000,000	20,000,000
Total		USD 87,240,624	USD 254,220,000
		KRW 299,260,000	KRW 252,655,600

(*) Regarding bonds other than the 5th private placement bonds, there is a covenant stipulating that if the benefit of time is lost for those other bonds, the benefit of time will also be lost for the 5th private placement bonds.

23.3 Details of Assets provided as Collateral

(1) Details of assets provided as collateral for liabilities of the Company as of the December 31, 2024 are as follows:

(In USD, thousands of Korean won)					
Collateralized assets	Carrying amount	Collateralized amount	Type	Borrowing amount	Provided to
Land, building, machinery and etc.	428,331,625	160,000,000	General Funds	53,000,000	KEB Hana Bank
		18,328,000	General Funds	10,940,000	Nonghyup Bank
		8,270,000	General Funds	USD 8,813,939	Woori Bank
		151,550,000	General Funds	76,250,000	KDB
				USD 15,222,597	
		84,000,000	General Funds	34,300,000	Export-Import Bank of Korea
Short-term financial instruments	7,000,000	7,000,000	General Funds	7,000,000	Nonghyup Bank
Long-term financial instruments	3,000,000	3,000,000	General Funds	12,000,000	Nonghyup Bank
	15,200,000	16,720,000	General Funds	-	Shinhan Bank
Inventories	118,534,576	USD 63,700,000	Import Usance	USD 12,077,833	Export-Import Bank of Korea
				30,000,000	
				10,000,000	
Total	-	USD 63,700,000		USD 36,114,369	
	KRW 572,066,201	KRW 461,868,000		KRW 233,490,000	

(2) As of Dec. 31, 2024, there are no assets pledged as collateral for related parties.

23.4 Details of Assets Received as Collateral

As of Dec. 31, 2024, there are no assets received as collateral.

23.5 Details of Guarantees provided for Others

Details of payment guarantee provided for the 3rd parties (individual farmers) other than related parties as of December 31, 2024 are as follows:

(In thousands of Korean won)				
Beneficiary	Guarantee limit	Drawn amount	Guarantee details	Issuing Bank
16 parties other than Ire Farm	4,853,100	2,580,200	Debt Guarantee	Eco Capital Corporation

23.6 Details of Guarantees received from Others

As of Dec. 31, 2024, there are no guarantees received from others.

23.7 Others

Details of outstanding derivative financial instrument contracts as of the December 31, 2024 and 2023 are as follows:

(In USD)		
Item	Dec 31, 2024	Dec 31, 2023
Currency futures	125,850,000	97,750,000

24. Capital and Capital Surplus

24.1 Details of Capital

(1) The composition of capital as of December 31, 2024 and 2023 is as follow:

(In thousands of Korean won)		
Item	Dec 31, 2024	Dec 31, 2023
Number of authorized shares	200,000,000 shares	200,000,000 shares
Number of shares issued	106,209,702 shares	106,209,702 shares
Value per share	KRW500	KRW500
Capital – common share	53,104,851	53,104,851

(2) There are no changes in the number of shares issued by the controlling entity for the years ended December 31, 2024 and 2023.

24.2 Capital Surplus

The composition of capital surplus as of December 31, 2024 and 2023 is as follow:

(In thousands of Korean won)		
Item	Dec 31, 2024	Dec 31, 2023
Capital surplus in excess of par value (*1,2)	256,293,544	256,293,544

(*1) On January 1, 2011, the Group adopted a proportional share allocation method for its demerger from Harim Holdings Co., Ltd. As a result, the assets and liabilities acquired from the demerged company (formerly Harim Corporation) were accounted for at carrying amount, and the carrying amount of the acquired net assets included an amount of KRW151,396,892,000 that exceeded the par value of the shares issued by the Group.

(*2) On March 3, 2020, the Group issued new shares for the purpose of a business combination, resulting in an amount of KRW39,875,991,000 that exceeded the par value of the shares issued by the Group.

25. Capital Adjustment and Other Accumulated Comprehensive Income

The composition of other equity items as of December 31, 2024 and 2023, is as follows:

(In thousands of Korean won)		
Item	Dec 31, 2024	Dec 31, 2023
Treasury stock (*)	(77,314)	(77,314)
Other capital adjustments	(35,443,080)	(35,443,080)
Gain or loss on overseas operation translation	297,728	194,567
Total	(35,222,666)	(35,325,827)

(*) When allocating new shares to existing shareholders due to spin-off, the Group paid in cash the amount calculated based on the closing price traded in the stock market as of the date of suspension of trading of old shares to the shareholders of fractional shares less than a share, which were acquired by the Group.

26. Retained Earnings

26.1 Details of Retained Earnings

The composition of retained earnings as of December 31, 2024 and 2023 is as follows:

(In thousands of Korean won)		
Item	Dec 31, 2024	Dec 31, 2023
Legal reserve (*)	1,388,922	1,070,361
Unappropriated retained earnings	12,776,272	32,607,788
Total	14,165,194	33,678,149

(*) According to the Commercial Act, the legal reserve is required to accumulate at least 10% of the profit dividends in each settlement period until it reaches 50% of its capital. The legal reserve shall not be distributed in cash and may only be used to compensate for losses carried forward and transfer to capital by resolution of the general meeting of shareholders

Changes in retained earnings for the years ended December 31, 2024 and 2023 are as follows:

(In thousands of Korean won)		
Item	2024	2023
Beginning balance	33,678,149	26,233,256
Annual dividends	(3,185,615)	(2,123,744)
Net Income (loss)	(12,262,649)	13,032,524
Remeasurements for net defined benefit plans	(4,064,691)	(3,463,887)
Ending balance	14,165,194	33,678,149

27. Revenue from Contracts with Customers

27.1 Composition of Revenue Sources

The composition of revenue sources for the years ended December 31, 2024 and 2023 is as follows:

(In thousands of Korean won)		
Item	2024	2023
Revenue from contracts with customers	1,209,958,601	1,240,841,865
Revenue from changes in fair value less cost to sell of biological assets	75,460,241	169,995,860
Total	1,285,418,842	1,410,837,725

Revenues generated from contracts with customers depending on major geographic markets, major product and service contracts, and revenue recognition timing are as follows:

(In thousands of Korean won)		
Item	2024	2023
(1) Major geographic markets		
Republic of Korea	1,175,476,563	1,194,830,548
United States of America	6,234,241	5,849,973
Vietnam	25,735,763	37,775,559
Canada	697,450	1,045,816
Japan	495,169	619,350
Others	1,319,415	720,619
Total	1,209,958,601	1,240,841,865
(2) Major product and service lines		
Revenue from sale of products	1,089,567,385	1,119,205,916
Revenues from sale of goods	85,071,678	90,143,182
Other sales	35,319,538	31,492,767
Total	1,209,958,601	1,240,841,865
(3) Timing of revenue recognition		
Fulfillment at one point	1,209,147,783	1,240,058,689
Fulfillment over time	810,818	783,176
Total	1,209,958,601	1,240,841,865

The above table does not include income from changes in fair value less cost to sell of biological assets.

28. Greenhouse Gas Emission Liabilities

28.1 Greenhouse gas emission rights held for the fulfillment of obligations

28.1.1 The number of emission rights allocated free of charge for the 3rd planning period (2021-2025)

The number of emission rights allocated free of charge for the 3rd planning period (2021-2025) as of Dec 31, 2024 is as follows.

(Unit: Ton (tCO ₂ -eq))						
Item	2021	2022	2023	2024	2025	Total
Free allotted emission rights	77,180	77,180	77,180	76,456	76,456	384,452

28.1.2 Changes and carrying amounts of emission rights

Changes and carrying amounts of emission rights as of December 31, 2024 are as follows:

Item	(Unit: Ton (tCO ₂ -eq), In thousands of Korean won)					
	2023		2024		2025	
	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount
Free allocation at beginning of the year	77,180	-	76,456	-	76,456	-
Additional allocation (*)	15,210	-	15,210	-	-	-
Purchase (Sell)	7,981	73,660	-	-	-	-
Submit to the government	(100,371)	(73,660)	(100,999)	-	-	-
Carried forward	-	-	-	-	-	-
Ending balance	-	-	(9,333)	-	76,456	-

(*) Due to the addition of the Bio Headquarters (Iksan, Jeongeup), Processing Plant 2 and Livestock Processing Facility, the Group plans to apply for additional free allocation in 2024. The estimated emissions for 2024 are 100,999 tons, and the shortfall of 9,333 tons is expected to be purchased from the market.

28.1.3 Provision of Collaterals

There are no emission rights provided as collaterals as of Dec 31, 2024.

28.2 Emission Liability

28.2.1 Estimated greenhouse gas emissions for the compliance year

As of the end of the current period, the Group's estimated greenhouse gas emissions for 2024 are 100,999 tons (tCO₂-eq). An emissions allowance liability has been recognized for the shortfall of 9,333 tons (tCO₂-eq), reflecting the year-end market price.

28.2.2 Changes in emission liabilities and the carrying amount

Changes in emission liabilities for the years ended December 31, 2024 and 2023 are as follows:

(In thousands of Korean won)		
Item	2024	2023
Beginning balance	79,078	92,272
Transfer	85,397	79,078
Reversal	(79,078)	(92,272)
Ending balance	85,397	79,078

29. Selling and Administrative Expenses

The composition of selling and administrative expenses for the years ended December 31, 2023 and 2022, is as follows:

(In thousands of Korean won)		
Item	2024	2023
Wage	39,515,658	40,058,348
Retirement benefits	2,707,885	3,180,695
Employee benefits	5,627,435	4,973,095
Travel and transportation	810,964	741,515
Communications	564,552	542,162
Water and utilities	45,940	39,372
Electricity	559,248	519,729
Taxes and dues	4,252,428	4,130,520
Rents	1,914,956	2,120,552
Repairs	1,079,499	1,239,639
Insurance premiums	652,316	811,044
Entertainment	454,684	429,496
Advertising	5,136,733	12,796,175
Freight	57,210,324	57,694,255
Commissions	30,061,530	28,898,415
Vehicle maintenance	1,305,020	1,239,698
Consumables	2,310,416	2,182,723
Books and printing	129,573	127,026
Education and training	263,883	260,196
Sales promotion	333,945	329,345
Depreciation	5,959,101	6,490,593
Storage	983,672	663,187
Ordinary development	1,061,878	1,123,084
Bad debt expenses (reversal)	362,068	(187,536)
Amortization of intangible assets	260,759	414,387
Amortization of right-of-use assets	2,576,612	2,365,319
Depreciation of investment properties	687,062	520,485
Total	166,828,141	173,703,519

30. Expenses by Nature

30.1 Expenses by Nature

Expenses (including cost of sales and selling & administrative expenses) by nature for the years ended December 31, 2024 and 2023 are as follows:

(1) 2024

(In thousands of Korean won)			
Item	Selling & administrative expenses	Cost of sales	Total
Changes in products and work in progress	-	(1,540,141)	(1,540,141)
Amount of raw materials used	-	627,677,453	627,677,453
Cost of goods sold	-	75,055,262	75,055,262
Employee benefits	47,850,978	103,685,246	151,536,224
Depreciation	5,959,101	37,142,475	43,101,576
Depreciation of investment properties	687,062	-	687,062
Amortization of intangible assets	260,759	16,808	277,567
Amortization of right-of-use assets	2,576,612	1,015,378	3,591,990
Depreciation of biological assets	-	21,910,401	21,910,401
Other expenses	109,493,629	225,115,162	334,608,791
Total	166,828,141	1,090,078,044	1,256,906,185

(2) 2023

(In thousands of Korean won)			
Item	Selling & administrative expenses	Cost of sales	Total
Changes in products and work in progress	-	(8,501,344)	(8,501,344)
Amount of raw materials used	-	756,934,920	756,934,920
Cost of goods sold	-	75,911,054	75,911,054
Employee benefits	48,212,138	101,481,839	149,693,977
Depreciation	6,490,593	38,015,742	44,506,335
Depreciation of investment properties	520,485	-	520,485
Amortization of intangible assets	414,387	11,485	425,872
Amortization of right-of-use assets	2,365,319	1,327,536	3,692,855
Depreciation of biological assets	-	24,598,463	24,598,463
Other expenses	115,700,597	206,907,576	322,608,173
Total	173,703,519	1,196,687,271	1,370,390,790

31. Other Operating Income

31.1 Other Operating Revenue

The composition of other income for the years ended December 31, 2024 and 2023 is as follows.

(In thousands of Korean won)		
Item	2024	2023
Rents income	34,101	33,534
Gain on disposal of PP&E	299,567	739,742
Gain on disposal of investment properties	9,061	-
Miscellaneous income	9,453,245	3,864,678
Gain on insurance adjustment	-	484,057
Gain on disposal of right-of-use assets	28,929	71,248
Total	9,824,903	5,193,259

31.2 Other Operating Expenses

The composition of other operating expenses for the years ended December 31, 2024 and 2023 is as follows.

(In thousands of Korean won)		
Item	2024	2023
Donations	530,120	991,505
Loss on disposal of PP&E	90,481	483,482
Loss on disposal of intangible assets	1	3
Impairment loss on PP&E	-	5,646,578
Miscellaneous losses	1,105,401	929,185
Total	1,726,003	8,050,753

32. Financial Income and Financial Expenses

32.1 Financial Income

The composition of financial income for the years ended December 31, 2024 and 2023 are as follows:

(In thousands of Korean won)		
Item	2024	2023
Interest income	3,227,065	2,984,759
Gain on foreign currency transactions	745,001	2,103,440
Gain on foreign currency translation	9,541	2,496,631
Gain on trading of derivatives	13,828,440	19,418,494
Gain on valuation of derivatives	-	469,200
Total	17,810,047	27,472,524

32.2 Financial Expenses

The composition of financial expenses for the years ended December 31, 2024 and 2023 are as follows:

(In thousands of Korean won)		
Item	2024	2023
Interest expense	21,037,215	21,818,634
Loss on disposal of financial assets	-	18,329
Loss on foreign currency transactions	9,030,713	6,169,100
Loss on foreign currency translation	10,001,589	564,985
Loss on trading of derivatives	32,428,925	19,642,581
Loss on valuation of derivatives	609,131	196,080
Total	73,107,573	48,409,709

33. Income Tax Expenses

33.1 Composition of Income Tax Expenses

The composition of income tax expenses for the years ended December 31, 2024 and 2023 are as follows:

(In thousands of Korean won)		
Item	2024	2023
Current income tax	329,966	3,103,706
Adjustments recognized in the current period for current income tax for the prior periods	(289,585)	126,848
Changes in deferred income tax due to the occurrence and disappearance of temporary differences, etc.	543,498	(2,800,146)
Changes in deferred income tax due to tax losses carried forward	(8,009,514)	2,325,801
Total income tax expense	(7,425,635)	2,756,209
Income tax expense related to items recognized as other than profit or loss	1,076,066	867,928
Income tax expense	(6,349,569)	3,624,137

33.2 Relationship between Income Tax Expense and Accounting Income

The relationship between income tax expense and accounting income for the years ended December 31, 2024 and 2023, is as follows:

(In thousands of Korean won)		
Item	2024	2023
Net income before tax	(18,685,968)	16,652,256
Tax burden according to applicable tax rate	(3,949,056)	4,249,831
Adjustments:		
Income tax effect of non-taxable income and non-deductible expenses for tax purposes	(1,441,316)	161,619
Tax credits and tax reductions	(291,646)	(729,843)
Effect of temporary difference recognized related to income tax for the prior periods	(523)	5,493
Effect of change in tax rate	(10,305)	25,813
Income tax refund	(289,585)	126,848
Others	(367,138)	(215,624)
Income tax expense	(6,349,569)	3,624,137
Average effective tax rate	(*)	21.76%

(*) The average effective tax rate was not calculated as there was net loss before income tax expense for the current period.

33.3 Income Tax Effect directly reflected in other comprehensive income and capital

Current income tax and deferred income tax related to items recognized as other than current income or loss for the years ended December 31, 2024 and 2023 are as follows.

(In thousands of Korean won)		
Item	2024	2023
Current income tax:		
- Remeasurements for defined benefit plans (*)	1,076,066	867,928
Income tax expense related to items recognized as other than the current profit or loss	1,076,066	867,928

(*) Income tax related to the remeasurements of the defined benefit plan was recognized in other comprehensive income.

33.4 Timing of collection and payment of deferred income tax assets and liabilities

Times of collection and payment of deferred income tax assets and liabilities are as follows:

(In thousands of Korean won)		
Item	2024	2023
Deferred income tax assets		
Deferred income tax assets to be collected after 12 months	34,077,734	25,047,593
Deferred income tax assets to be collected within 12 months	2,224,626	1,602,037
Sub-total	36,302,360	26,649,630
Current income tax liabilities		
Deferred income tax liabilities to be collected after 12 months	(17,837,964)	(16,836,639)
Deferred income tax liabilities to be collected within 12 months	(1,242,471)	(57,082)
Sub-total	(19,080,435)	(16,893,721)
Net amount of deferred income tax assets (liabilities)	17,221,925	9,755,909

33.5 Changes in deferred income tax assets (liabilities)

(1) Changes in deferred income tax assets (liabilities) for the years ended December 31, 2024 and 2023 are as follows:

① 2024

(In thousands of Korean won)							
Item	Beginning	Beginning adjustment	Reflection in profit or loss	Directly reflected in capital	Ending balance		
					Net amount	Deferred tax assets	Deferred tax liabilities
PP&E	(1,160,486)	-	155,091	-	(1,005,395)	1,153,506	(2,158,901)
Allowance for bad debt	108,588	456	134,214	-	243,258	243,258	-
Others	672,882	1	185,702	-	858,585	2,755,294	(1,896,709)
Defined benefit obligation	184,958	-	(1,244,517)	1,076,066	16,507	13,008,835	(12,992,328)
Allowance for inventory valuation	324,804	-	284,898	-	609,702	609,702	-
Gain on valuation of biological assets	205,140	-	(1,238,797)	-	(1,033,657)	-	(1,033,657)
Gain on valuation of derivatives	(57,082)	-	184,389	-	127,307	127,307	-
Long-term deposit present value discount difference.	85,470	-	(10,402)	-	75,068	75,068	-
Gain on insurance adjustment	(1,073,133)	-	74,293	-	(998,840)	-	(998,840)
Accrued expenses (long-term employee benefits)	188,723	-	81,419	-	270,142	270,142	-
Greenhouse gas emission liabilities	16,527	-	1,321	-	17,848	17,848	-
Tax loss carried forward	10,246,066	-	7,517,875	-	17,763,941	17,763,941	-
Tax credit carried forward	13,452	-	264,007	-	277,459	277,459	-
Deferred income tax before off-set	9,755,909	457	6,389,493	1,076,066	17,221,925	36,302,360	(19,080,435)
Off-set effect	-	-	-	-	-	(19,080,435)	19,080,435
Net deferred income tax assets (liabilities)	9,755,909	-	-	-	-	17,221,925	-

② 2023

(In thousands of Korean won)						
Item	Beginning balance	Reflection in profit or loss	Directly reflected in capital	Ending balance		
				Net amount	Deferred tax assets	Deferred tax liability
PP&E	(2,411,076)	1,250,590	-	(1,160,486)	1,274,990	(2,435,476)
Allowance for bad debt	321,914	(213,326)	-	108,588	108,588	-
Others	944,836	(271,954)	-	672,882	2,820,412	(2,147,530)
Defined benefit obligation	211,499	(894,469)	867,928	184,958	11,365,458	(11,180,500)
Allowance for inventory valuation	236,490	88,314	-	324,804	324,804	-
Gain on valuation of biological assets	(2,772,655)	2,977,795	-	205,140	205,140	-
Gain on valuation of derivatives	152,175	(209,257)	-	(57,082)	-	(57,082)
Long-term deposit present value discount difference.	53,476	31,994	-	85,470	85,470	-
Gain on insurance adjustment	(1,135,893)	62,760	-	(1,073,133)	-	(1,073,133)
Accrued expenses (long-term employee benefits)	143,856	44,867	-	188,723	188,723	-
Greenhouse gas emission liabilities	19,377	(2,850)	-	16,527	16,527	-
Tax loss carried forward	13,504,113	(3,258,047)	-	10,246,066	10,246,066	-
Tax credit carried forward	13,452	-	-	13,452	13,452	-
Deferred income tax before off-set	9,281,564	(393,583)	867,928	9,755,909	26,649,630	(16,893,721)
Off-set effect	-	-	-	-	(16,893,721)	16,893,721
Net deferred income tax assets (liabilities)	-	-	-	-	9,755,909	-

(2) Deferred income tax expenses due to occurrence and disappearance of temporary differences for the years ended December 31, 2024 and 2023 are as follows:

(In thousands of Korean won)		
Item	2024	2023
Deferred income tax assets at the end of the year	17,221,925	9,755,909
Deferred income tax assets at the beginning of the year	9,755,909	9,281,564
Deferred tax expense due to occurrence and disappearance of temporary differences, etc.	(7,466,016)	(474,345)

(3) The income tax effect of temporary differences as of December 31, 2024 was calculated by applying the expected future tax rate for the fiscal year in which the temporary differences are extinguished.

(4) Deferred income tax assets and deferred income tax liabilities of the Group are offset and presented in the statement of financial position only when they relate to income taxes levied by the same taxation authority and the Group has a legally enforceable right and intention to offset current income tax assets and current income tax liabilities.

(5) Deferred income tax assets and liabilities and current income tax assets and liabilities based on the total amount before offset as of December 31, 2024 and 2023 are as follows:

(In thousands of Korean won)		
Item	2024	2023
Deferred income tax assets	36,302,360	26,649,630
Deferred income tax liabilities	(19,080,435)	(16,893,721)
Total	17,221,925	9,755,909
Current income tax assets	334,340	6,968
Current income tax liabilities	(150,789)	(1,255,368)
Total	183,551	(1,248,400)

33.6 Details of temporary differences unrecognized as deferred income tax assets (liabilities)

Details of temporary differences unrecognized as deferred income tax assets (liabilities) as of December 31, 2024 and 2023 are as follows:

(In thousands of Korean won)			
Item	2024	2023	Reason
Investment in subsidiaries	351,563	5,285,840	No disposal plan
Investment in subsidiaries	(1,158,855)	(143,554)	No disposal plan Consideration of exclusion from gross income of revenue dividends
Total	(807,292)	5,142,286	

34. Earnings per share

34.1 Calculation details of earnings per share

Calculation details of basic earnings per share for the years ended December 31, 2024 and 2023 are as follows:

(In Korean won)		
Item	2024	2023
Net income attributable to common shares	(12,262,648,700)	13,032,524,294
Weighted average number of common shares issued and outstanding (*)	106,187,182 shares	106,187,182 shares
Basic earnings per share	(115)	123

(*) The weighted average number of common shares issued and outstanding is the number of common shares adjusted to the number of treasury shares acquired during the accounting period or newly issued common shares considering the weights according to each circulation period to the number of common shares issued outstanding at beginning of the year.

34.2 Calculation details of diluted earnings per share

Basic earnings per share and diluted earnings per share are the same as the Group has no dilutive potential common shares.

35 Statement of Cash Flows

35.1 Adjustments of liabilities arising from financial activities

Adjustments of liabilities arising from financial activities for the years ended December 31, 2024 and 2023 are as follows:

① 2024

(In thousands of Korean won)							
Item	Beginning	Cash flow (*)	Non-cash change				Ending
			FX rate change	Transfer to current portion	Interest expense amortization	Change	
Current liabilities							
Short-term borrowings	300,048,309	11,607,135	18,578,274	-	-	-	330,233,718
Current portion of long-term borrowings	21,784,000	(16,784,000)	-	63,190,000	-	(5,000,000)	63,190,000
Current bonds	-	-	-	19,978,996	10,463	-	19,989,459
Current portion of lease liabilities	2,194,812	(2,978,778)	-	746,396	298,234	2,126,725	2,387,389
Non-current liabilities							
Long-term borrowings	71,070,000	6,200,000	-	(63,190,000)	-	-	14,080,000
Bonds	19,968,900	-	-	(19,978,996)	10,096	-	-
Non-current lease liabilities	2,004,698	-	-	(746,396)	-	519,208	1,777,510
Total	417,070,719	(1,955,643)	18,578,274	-	318,793	(2,354,067)	431,658,076

(*) The cash flows from short-term borrowings include KRW 176,417,000,000 paid by financial institutions to suppliers under supplier finance arrangements (increase (decrease) in trade payables in operating activities and cash inflow from financing activities) and KRW 182,648,000,000 paid by the Group to financial institutions at the maturity date of the supplier finance arrangement liabilities.

② 2023

(In thousands of Korean won)							
Item	Beginning	Cash flow (*)	Non-cash change				Ending
			FX rate change	Transfer to current portion	Interest expense amortization	Change	
Current liabilities							
Short-term borrowings	389,433,035	(96,451,539)	(1,933,187)	-	-	9,000,000	300,048,309
Current portion of long-term borrowings	19,860,000	(11,030,000)	-	21,954,000	-	(9,000,000)	21,784,000
Current bonds	-	-	-	-	-	-	-
Current portion of lease liabilities	2,302,983	(3,149,927)	-	1,263,022	358,843	1,419,891	2,194,812
Non-current liabilities							
Long-term borrowings	48,024,000	45,000,000	-	(21,954,000)	-	-	71,070,000
Bonds	19,949,321	-	-	-	19,578	-	19,968,899
Non-current lease liabilities	2,016,360	-	-	(1,263,022)	-	1,251,360	2,004,698
Total	481,585,699	(65,631,466)	(1,933,187)	-	378,421	2,671,251	417,070,718

(*) The cash flows from short-term borrowings include KRW 204,440,000,000 paid by financial institutions to suppliers under supplier finance arrangements (increase (decrease) in trade payables in operating activities and cash inflow from financing activities) and KRW 205,009,000,000 paid by the Group to financial institutions at the maturity date of the supplier finance arrangement liabilities

35.2 Significant Non-cash Investing and Financing Activities

The significant non-cash transactions arising from investing and financing activities for the years ended December 31, 2024 and 2023 are as follows:

(In thousands of Korean won)		
Item	2024	2023
Trade payables related to the acquisition of PP&E	1,868,638	3,552,686
Transfer from construction in progress	18,212,795	48,394,105
Reclassification of borrowings to current portion	83,168,996	21,784,000
Transfer to investment property	6,980,989	14,727,681
Acquisition cost of right-of-use assets	7,532,975	8,899,889

36. Related Parties

36.1 Status of related parties with transactions

(1) Details of the companies that have a special relationship with the Group as of December 31, 2024 are as follows:

Category	Company Name
Controlling Entity	Harim Holdings Co., Ltd.
Other related parties	Related parties of Harim Holdings Co., Ltd.

36.2 Transactions such as sale and purchase with related parties

The Group engages in transactions with related parties, such as sale of goods and provision of services, and transactions such as sale and purchase with related parties for the years ended December 31, 2024 and 2023 are as follows:

① 2024

(In thousands of Korean won)								
Category	Company	Sales	Other income	Disposal of PP&E	Purchase of raw materials	Purchase of goods	Other expenses	Acquisition of PP&E
Controlling Entity	Harim Holdings Co., Ltd.	426,161	-	-	-	-	4,947,110	-
Other related parties	Excello Equine R&D Center	3,603	-	-	-	-	-	-
	Glyde Co., Ltd.	252,457	-	-	-	-	40,598	-
	Donglim Corporation	2,988	-	-	-	-	145,552	855,083
	DD F&B Co., Ltd.	8,300	-	-	-	-	-	-
	Maxican Co., Ltd.	4,719,985	-	-	-	-	263	-
	Sunjin Corporation	334,009	-	-	253,411	-	1,200	-
	Sunjin FS Co., Ltd.	151,939	-	-	21,249	213,628	7,621	-
	Sunjin Farm Co., Ltd.	32,869	-	-	-	-	-	-
	Sunjin Ham Co., Ltd.	464,027	-	-	-	-	-	-
	Ceti Co., Ltd.	-	-	-	-	-	-	590,000
	Ever Miracle Co., Ltd.	-	-	-	193,698	6,864	280,188	-
	Eco Capital Co., Ltd.	4,808	69,041	-	-	-	-	-
	ND Co., Ltd.	190,800	-	-	-	-	-	-
	N Bicorn Co., Ltd.	116,030	-	-	-	-	45,691	-
	NS Shopping Co., Ltd.	4,533,590	-	-	-	-	984,815	-
	ORPUM Co., Ltd.	5,862,521	46,604	-	1,728,374	121,633	-	-
	Charm Trading Co., Ltd.	6,955,208	-	-	2,395,177	34,520	13,480	-
	Farmsco Co., Ltd.	1,903,664	-	-	35,883	854,922	26,817	-
	POSSM Co., Ltd.	14,637	-	-	-	-	-	-
	Harim Industry Co., Ltd.	2,488,560	297,971	-	563,661	3,373,918	858,099	-
	Harim Distribution Co., Ltd.	3,744,429	-	-	-	-	-	-
	Harim Pet Food Co., Ltd.	1,316,637	-	-	-	7,637	-	-
	Harim Food Co., Ltd.	1,659	-	-	-	-	-	-
	Hangang Food Co., Ltd.	36,152,459	16,842	-	1,465,898	312,675	6,056	-
	PAN OCEAN TRADING & LOGISTICS PTE. LTD.	-	-	-	24,963,204	-	-	-
	Sunjin Hanmaeul Co., Ltd.	13,795	-	-	-	-	-	-
	Soonwoori Co., Ltd.	3,723	-	-	-	2,197	2,190	-
	Iksan Co., Ltd.	-	-	713,517	-	-	-	-
	Joowonsan Ducks Co., Ltd.	683,095	-	-	2,528	4,273,942	2,208	-
	Farmsco Bio Inte Co., Ltd.	2,999	-	-	-	-	-	-
	Harim Animal Clinic Center	642	-	-	-	-	288,688	-
	Jeil Feed Co., Ltd.	1,513,447	-	-	802,347	494,048	1,082,903	-
	G-Fore Co., Ltd.	1,307	-	-	-	-	-	-
	Pan Ocean Trading & Logistics Pte. Ltd. (Korea Office)	918	-	-	-	-	-	-
	Pan Ocean Co., Ltd.	107,188	-	-	-	-	-	-
	Korea Thumb Vet Co., Ltd.	158,643	-	-	14,058,672	-	151,212	-
Total		72,167,097	430,458	713,517	46,484,102	9,695,984	8,884,691	1,445,083

② 2023

(In thousands of Korean won)							
Category	Company	Sales	Other income	Purchase of raw materials	Purchase of goods	Other expenses	Acquisition of PP&E
Controlling Entity	Harim Holdings Co., Ltd.	424,793	-	-	-	3,904,459	322,443
Other related parties	PAN OCEAN TRADING & LOGISTICS PTE LTD.	-	-	34,747,349	-	-	-
	Excello Equine R&D Center	3,254	-	-	-	-	-
	Glyde Co., Ltd.	372,973	-	-	-	-	-
	Donglim Corporation	3,619	-	-	-	335,413	608,500
	DD F&B Co., Ltd.	14,160	-	-	-	-	-
	Maxican Co., Ltd.	4,963	-	-	-	-	-
	Sunjin Corporation	298,858	-	-	-	1,200	-
	Sunjin FS Co., Ltd.	542,243	-	21,741	457,823	3,746	-
	Sunjin Farm Co., Ltd.	47,773	-	-	83	-	-
	Sunjin Ham Co., Ltd.	350,358	-	-	-	-	-
	Ever Miracle Co., Ltd.	-	-	-	36	502,137	-
	HS Food Co., Ltd.	22,833	-	-	92	-	-
	Eco Capital Co., Ltd.	8,135	-	-	-	-	-
	ND Co., Ltd.	47,700	-	-	-	-	-
	N Bicorn Co., Ltd.	160,058	-	-	-	29,440	-
	NS Shopping Co., Ltd.	3,992,090	3,715	-	-	661,787	-
	ORPUM Co., Ltd.	6,508,248	48,670	2,435,339	-	8,779	-
	Charm Trading Co., Ltd.	6,916,561	-	3,961,824	560	22,667	-
	Farmsco Co., Ltd. (*)	1,841,719	-	279,953	1,109	19,074	-
	POSSM Co., Ltd.	15,315	-	-	-	-	-
	Harim Industry Co., Ltd.	3,907,944	8,908	588,137	7,676,982	217,314	-
	Harim Distribution Co., Ltd.	8,621,486	-	-	-	-	-
	Harim Pet Food Co., Ltd.	1,129,889	-	-	5,804	-	-
	Harim Food Co., Ltd.	2,597	-	-	-	-	-
	Hangang Food Co., Ltd.	12,154,791	19,195	1,311,037	74,791	452,021	-
	Sunjin Hanmaeul Co., Ltd.	13,650	-	-	-	-	-
	Soonwoori Co., Ltd.	4,916	3,029	-	4,989	-	-
	Joowonsan Ducks Co., Ltd.	482,350	-	36,579	3,427,191	117,573	-
	Farmsco Bio Inte Co., Ltd.	8,992	-	-	-	-	-
	Jeil Feed Co., Ltd.	1,381,298	-	898,662	174,140	1,103,157	-
	Pan Ocean Co., Ltd.	99,998	-	-	-	-	-
	Korea Thumb Vet Co., Ltd.	107,485	-	13,077,708	36,707	222,672	-
	Korea Biotech Co., Ltd.	-	-	-	-	2,462	1,917,777
	Harim Animal Clinic Center	-	-	-	-	212,260	-
Total		49,491,049	83,517	57,358,329	11,860,307	7,816,161	2,848,720

(*) The Group has made agreements for lending raw materials of compounded feed with other related parties and the amount of transfer (cost of raw materials rented) is KRW1,984,500,000 and the transaction amount (cost of recovered raw materials) for the prior period is KRW1,984,500,000.

36.3 Details of Financial Transaction with Related Parties

Details of financial transaction with related parties for the years ended December 31, 2024 and 2023 are as follows:

① 2024

(In thousands of Korean won)			
Category	Company	Dividend payment	Financial transaction
			Loan
Controlling entity	Harim Holdings Co., Ltd.	1,827,853	-
Others	Eco Capital Co., Ltd.		5,000,000
	Major Management and Others	48,498	-

② 2023

(In thousands of Korean won)		
Category	Company	Dividend payment
Controlling entity	Harim Holdings Co., Ltd.	1,218,568
Others	Major Management and Others	32,358

36.4 Details of Receivables from and Payables to Related Parties

Details of receivables from and payables to related parties as of December 31, 2024 and 2023 are as follows:

① Dec 31, 2024

(In thousands of Korean won)							
Category	Company	Receivables				Payables	
		Trade receivable	Security deposits	Account receivables	Short-term loans	Trade payables	Account payables
Controlling entity	Harim Holdings Co., Ltd.	30,151	4,671,810	1,089,636	-	-	2,494,378
Other related parties	Excello Equine R&D Center	88	-	-	-	-	-
	Glyde Co., Ltd.	22,584	-	-	-	-	-
	Maxican Co., Ltd.	22,189	-	-	-	-	-
	Sunjin Corporation	30,043	-	-	-	13,718	-
	Sunjin FS Co., Ltd.	7,035	-	-	-	13,256	-
	Sunjin Farm Co., Ltd.	1,720	-	-	-	-	-
	Ever Miracle Co., Ltd.	-	-	-	-	674	40,126
	Eco Capital Co., Ltd.	-	-	-	5,000,000	-	198,551
	N Bicorn Co., Ltd.	8,206	-	-	-	-	-
	NS Shopping Co., Ltd.	127,813	-	-	-	-	-
	ORPUM Co., Ltd.	291,046	-	23,685	-	18,796	-
	Charm Trading Co., Ltd.	250,807	-	-	-	195,077	13,385
	Farmsco Co., Ltd.	10,199	-	-	-	2,913	-
	Harim Industry Co., Ltd.	166,692	-	67,238	-	207,343	372,964
	Harim Pet Food Co., Ltd.	105,394	-	-	-	643	-
	Hangang Food Co., Ltd.	5,567,799	-	1,544	-	86,687	-
	Soonwoori Hanwoo Co., Ltd.	129	-	-	-	-	-
	Joowonsan Ducks Co., Ltd.	47,134	-	-	-	246,675	125
	Harim Animal Clinic Center	-	-	-	-	-	36,139
	Jeil Feed Co., Ltd.	93,058	1,583,255	-	-	71,286	157,832
	Korea Thumb Vet Co., Ltd.	11,666	-	-	-	818,774	18,333
Total		6,793,753	6,255,065	1,182,103	5,000,000	1,675,842	3,331,833

② Dec 31, 2023

(In thousands of Korean won)						
Category	Company	Receivables			Payables	
		Trade receivable	Security deposits	Account receivables	Trade payables	Account payables (*)
Controlling Entity	Harim Holdings Co., Ltd.	16,886	2,775,860			7,786,502
Other related parties	PAN OCEAN TRADING & LOGISTICS PTE. LTD.	-	-	-	2,799,219	-
	Excello Equine R&D Center	88	-	-	-	-
	Glyde Co., Ltd.	25,654	-	-	-	-
	Donglim Corporation	-	-	-	-	11,465
	DD F&B Co., Ltd.	528	-	-	-	-
	Sunjin Corporation	14,826	-	-	-	-
	Sunjin FS Co., Ltd.	96,038	-	-	14,230	312
	Sunjin Farm Co., Ltd.	3,238	-	-	-	-
	Sunjin Ham Co., Ltd.	85,374	-	-	-	-
	Ever Miracle Co., Ltd.	-	-	-	-	47,180
	N Bicorn Co., Ltd.	13,640	-	-	-	-
	NS Shopping Co., Ltd.	145,943	-	-	-	-
	ORPUM Co., Ltd.	701,835	-	26,464	144,064	-
	Charm Trading Co., Ltd.	340,448	-	-	220,385	12,005
	Farmsco Co., Ltd.	48,558	-	-	3,285	-
	Harim Industry Co., Ltd.	179,937	-	4,714	337,935	72,810
	Harim Distribution Co., Ltd.	33,846	-	-	-	-
	Harim Pet Food Co., Ltd.	91,678	-	-	741	-
	Harim Food Co., Ltd.	48	-	-	-	-
	Hangang Food Co., Ltd.	6,118,194	-	4,132	48,427	-
	Soonwoori Hanwoo Co., Ltd.	129	-	3,332	-	-
	Joowonsan Ducks Co., Ltd.	39,922	-	-	316,927	-
	Farmsco Bio Inte Agricultural Co., Ltd.	657	-	-	-	-
	Jeil Feed Co., Ltd.	68,094	595,428	-	132,345	96,937
	Korea Thumb Vet Co., Ltd.	9,156	-	-	1,389,207	42,260
	Harim Animal Clinic Center	-	-	-	-	20,190
Total		8,034,717	3,371,288	38,642	5,406,765	8,089,661

(*) It includes the fine of KRW5,732,000,000 to be paid to the controlling entity, Harim Holdings Co., Ltd.

36.5 There are no guarantees and collaterals provided by the Group to related parties as of Dec 31, 2024.

36.6 There are no guarantees received from related parties as of Dec 31, 2024.

36.7 Remuneration for Major Management

The Group has determined that registered officers with important authorities and responsibilities for the planning, operation and control of its activities are the major management, and the remunerations paid for major management for the years ended December 31, 2024 and 2023 are as follows:

(In thousands of Korean won)		
Item	2024	2023
Short-term employee wage	2,692,951	3,293,542
Other long-term employee benefits	213	-
Retirement benefits	229,482	878,636
Total	2,922,646	4,172,178

37. Operating Segments

The Group has three (3) reporting segments, which are strategic business units. These strategic business units offer different products and are operated separately because the technology and marketing strategies required for each business unit are different. The chief operating decision-maker reviews internal reporting information for each strategic business unit at least quarterly.

37.1 Three (3) Reporting Segments, which are strategic business units

The Group's reporting segments are as follows:

- ① Broiler Division: Sales of live poultry slaughtering and simple processing.
- ② Meat Processing Division: Sales of secondary processing of fresh meat.
- ③ Other Division: Sales of feed, hatching, and food service businesses, etc.

37.2 Financial Information by Operating Segment

The information on reporting segments of the Group for the years ended December 31, 2024 and 2023 are as follows:

① 2024

(In thousands of Korean won)				
Item	Chicken meat	Meat processing	Others	Total
External revenue	903,707,609	248,006,786	133,704,447	1,285,418,842
Gain or reporting segments	38,075,141	(11,247,278)	1,684,795	28,512,658
Tangible and intangible assets of reporting segments	327,329,479	70,928,202	34,361,374	432,619,055
Depreciation and amortization on reporting segments (*)	32,336,491	7,449,143	3,593,509	43,379,143
Depreciation on biological assets of reporting segments	21,910,401	-	-	21,910,401
Borrowings for reporting segments	226,825,832	50,735,795	149,931,549	427,493,176

(*) Depreciation and amortization on PP&E and intangible assets

② 2023

(In thousands of Korean won)				
Item	Chicken meat	Meat processing	Others	Total
External revenue	1,084,167,831	243,968,709	82,701,185	1,410,837,725
Gain or reporting segments	56,076,700	(16,244,697)	614,931	40,446,934
Tangible and intangible assets of reporting segments	342,729,272	70,616,349	41,798,630	455,144,251
Depreciation and amortization on reporting segments (*)	34,102,181	7,094,630	3,735,397	44,932,208
Depreciation on biological assets of reporting segments	24,598,463	-	-	24,598,463
Borrowings for reporting segments	226,163,854	48,048,125	138,659,229	412,871,208

(*) Depreciation and amortization on PP&E and intangible assets

38. Dividends

38.1 Dividends Payment

① Calculation of dividends for the years ended December 31, 2024 and 2023 is as follows:

(In thousands of Korean won)		
Item	2024	2023
Number of shares entitled to dividends	-	106,187,182 shares
Par value per share	500	500
Dividend rate on par value	-	6%
Dividend amount	-	3,185,615,460

② Calculation of dividend payout ratio for the years ended December 31, 2024 and 2023 is as follows:

(In thousands of Korean won)		
Item	2024	2023
Dividend amount	-	3,185,615,460
Net income (loss)	(17,965,856,701)	10,049,710,279
Dividend payout ratio	-	31.70%

③ Calculation of dividend yield for the years ended December 31, 2024 and 2023 is as follows:

(In thousands of Korean won)		
Item	2024	2023
Dividend amount per share	-	30
Closing price on the year-end date	2,805	4,380
Dividend yield	-	0.68%

Information on External Audit

This Information on External Audit is attached pursuant to the provision of the Article 18(3) of the “Act on External Audit of Stock Companies”.

1. Scope of Audit

Company	Harim Corporation
Audited fiscal year	For the Year Ended December 31, 2024

2. Number of Audit Participants and Audit Hours

(Unit: person, time)

Participants / No. of personnel and time		Quality control reviewer		CPA responsible for audit						Experts in IT-audit/tax/valuation, etc.		Experts in order-made industry including construction contract, etc.		Total	
				Director in charge (Engagement Partner)		Registered CPA		Probation CPA							
		2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
No. of personnel input		5	5	1	1	10	11	4	3	5	7	-	-	25	27
Time	Quarter/half year review	17	16	60	43	903	815	69	126	-	-	-	-	1,049	1,000
	Audit	97	91	86	99	1,522	1,368	230	190	353	467	-	-	2,288	2,215
	Total	114	107	146	142	2,425	2,183	299	316	353	467	-	-	3,337	3,215

3. Major Descriptions on Audit

Classification	Details											
Overall audit plan (start phase)	Period		06.13.2024 ~ 10.07.2024			5		days				
	Contents		Decision on procedures and timing of audit based on the overall understanding of the Company and industry									
Major information on field audit	Period				Input				Descriptions on major audit works			
					Full time		Part time					
	06.17.2024~ 06.21.2024 07.15.2024~ 07.19.2024		10	days	5	persons	3	persons	Evaluation of design of internal control over financial reporting, early demonstration audit			
	10.14.2024~ 10.18.2024 12.16.224~ 12.20.2024		10	days	5	persons	3	persons	Evaluation of design of internal control over financial reporting, early demonstration audit			
	01.20.2025~ 01.24.2025		5	days	5	persons	3	persons	Question, analytical procedures and sample tests (documentation, re-calculation and etc.) on significant balances and disclosures in the consolidated and separate financial statements			
Due diligence on inventories (attendance)	Time		01.13.2025				1		day			
	Location		Head Office in Iksan, Factory in Jeoneup									
	Target		Whole of Inventories									
Due diligence on financial assets (attendance)	Time		01.13.2025				1		day			
	Location		Head Office in Iksan									
	Target		Membership and etc.									
External investigations	Financial transactions		O		Payables & Receivables			O		Investigation through lawyers		O
	Other investigation		Inventories stored in other places									
Communications with those charged with governance	Communication		4		Times							
	Period		05.08.2024 / 08.12.2024 / 11.05.2024 / 02.11.2025									
Use of external experts	Activity		-									
	Period		-						-		day	

4. Communications with Auditor (Audit Committee)

No.	Date	Attendees	Method	Descriptions on major discussions
1	05.08.2024	Company: Audit Committee External Auditors: Responsible Director and CPA in charge	Physically Meeting	Quarterly review progress report, Key audit plans, Key audit matters, Responsibilities of the management and auditors
2	08.12.2024	Company: Audit Committee External Auditors: Responsible Director and CPA in charge	Physically Meeting	Half-year review progress report, Key audit plans and etc.
3	11.05.2024	Company: Audit Committee External Auditors: Responsible Director and CPA in charge	Physically Meeting	Half-year review progress report, Key audit matters and etc.
4	02.11.2025	Company: Audit Committee External Auditors: Responsible Director and CPA in charge	Physically Meeting	Year-end audit progress report, Independence, Subsequent events, key audit matters, Internal control over financial reporting and etc.