

**HARIM CORPORATION AND
ITS SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022**

ATTACHMENT: INDEPENDENT AUDITORS' REPORT

Harim Corporation

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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, 2023 and 2022, 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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean 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, 2023. 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

Cash-Generating Unit Impairment Test

A. Reason decided as a key audit matter

As described in Note 14 to the consolidated financial statements, the Group judged that there exist signs of impairment on the cash-generating units by considering of poor performance of the cash generating units in meat processing segment and competitive market situation and conducted impairment test pursuant to the K-IFRS No. 1036.

The management of the Group conducted impairment tests on the evaluation target cash-generating units, utilizing external experts. Since the recoverable amount of the cash-generating units exceeded the carrying amount, no impairment losses were recognized. (See the Note 14)

We determined that the impairment test of the evaluation target cash-generating units was a key audit matter, as the management's assumptions and judgments included in the estimation of the recoverable amount of the cash-generating units have a significant impact on the consolidated financial statements.

B. How to address the key audit matters in Audit

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

- Evaluation of the design and effectiveness of internal controls operated by management in relation to impairment assessments, such as reviewing and approving future cash flow estimates and key assumption
- Evaluation of management's review results on impairment indicators of the cash-generating units
- Evaluation of the qualifications and independence of the external expert utilized by management for estimating the recoverable amount
- Evaluation of the appropriateness of the valuation model used for estimating the recoverable amount
- Evaluation of the reasonableness of the key input variables and assumptions used in the recoverable amount estimation
- Evaluation of the appropriateness of the sensitivity analysis related to impairment

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

Mar. 14, 2024

This report is effective as of the audit report date (March 14, 2024). 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 ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED

DECEMBER 31, 2023 AND 2022

“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

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Harim Corporation and Its Subsidiaries
Consolidated Statements of Financial Position
As of December 31, 2023, and 2022

(In Korean won)

Account	Note	December 31, 2023		December 31, 2022	
Assets					
I. Current Assets			336,011,742,482		397,405,599,817
Cash and cash equivalents	5,7,35	44,022,557,701		57,995,948,640	
Short-term financial instruments	5,7,35	25,670,000,000		69,342,380,643	
Trade and other receivables	9,33,35	89,271,029,416		80,910,952,686	
Other financial assets	8,22,34,35	471,310,000		197,405,000	
Inventories	10	135,121,335,311		135,887,831,984	
Biological assets	11	35,930,979,493		48,015,180,721	
Current tax assets	29	6,967,603		51,050,234	
Other current assets	12	5,517,562,958		5,004,849,909	
II. Non-current assets			506,125,556,335		512,427,122,686
Long-term financial instruments	5,7,35	14,344,057,754		7,012,410,300	
Long-term trade and other receivables	9,34,35	8,063,300,497		9,032,397,663	
Long-term other financial assets	7,8,35	-		2,110,000	
Investment in real estate	13	14,207,195,190		-	
Property, plant and equipment	6,14,34	453,994,479,497		476,831,189,278	
Intangible assets	6,17	1,149,771,423		1,578,242,565	
Deferred tax assets	29	9,762,037,116		9,286,501,753	
Right-of-use assets	15	4,458,857,103		4,409,487,166	
Defined benefit assets	23	145,857,755		4,274,783,961	
Total Assets			842,137,298,817		909,832,722,503
Liabilities					
I. Current Liabilities			438,582,972,834		530,725,212,392
Trade and other payables	18,34,35	111,282,432,233		113,912,474,106	
Short-term borrowings	5,6,19,35,36,37	321,832,308,784		409,293,035,155	
Other financial liabilities	20,22,35	-		920,721,646	
Current lease liabilities	15,37	2,194,811,760		2,302,983,420	
Current tax liabilities	29	1,255,368,361		743,874,274	
Other current liabilities	20,38	2,003,819,222		3,540,440,480	
Provisions	21	14,232,474		11,683,311	
II. Non-current liabilities			94,997,796,625		78,006,950,393
Long-term trade and other payables	18,35	993,530,137		6,271,410,226	
Long-term borrowings	5,6,19,35,36,37	91,038,899,633		67,973,321,459	
Non-current lease liabilities	15,35,37	2,004,697,642		2,016,359,818	
Defined benefit liability	23	954,541,353		1,740,920,997	
Deferred tax liabilities	29	6,127,860		4,937,893	

Account	Note	December 31, 2023		December 31, 2022	
Total Liabilities			533,580,769,459		608,732,162,785
Equity	30				
I. Shareholders' equity of the controlling company			307,750,716,782		300,293,715,281
Capital		53,104,851,000		53,104,851,000	
Capital surplus	30	256,293,544,034		256,293,544,034	
Other capital items	31	(35,325,827,172)		(35,337,935,431)	
Retained earnings	32	33,678,148,920		26,233,255,678	
II. Non-controlling interest	1		805,812,576		806,844,437
Total Equity			308,556,529,358		301,100,559,718
Total Liabilities and Equity			842,137,298,817		909,832,722,503

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, 2023 and 2022

(In Korean won)

Account	Note	2023		2022	
I. Sales	6,24,34		1,410,837,724,581		1,342,909,403,482
II. Cost of sales	25,34		1,196,687,271,272		1,129,901,650,001
III. Gross profit			214,150,453,309		213,007,753,481
IV. Sales and administrative expenses	25,26		173,703,519,133		166,188,406,339
V. Operating profit	6		40,446,934,176		46,819,347,142
VI. Other income and expenses	27,34		(2,857,493,758)		(17,621,477,079)
Other income		5,193,259,448		1,750,164,183	
Other expenses		8,050,753,206		19,371,641,262	
VII. Financial income and expenses	22,28,35		(20,937,184,673)		(25,434,620,271)
Financial income		27,472,524,016		27,706,678,104	
Financial expenses		48,409,708,689		53,141,298,375	
VIII. Income before tax			16,652,255,745		3,763,249,792
IX. Income tax expense (revenue)	29		3,624,137,109		(1,238,559,953)
X. Net Income			13,028,118,636		5,001,809,745
Other comprehensive income (loss)			(3,448,405,356)		831,533,596
XI. Items not subsequently reclassified to profit or loss:					
Remeasurements of defined benefit plans	23,29	(3,460,513,615)		806,213,782	
XII. Items that are subsequently reclassified to profit or loss:					
Gain (loss) on translation of foreign operations		12,108,259		25,319,814	
Total comprehensive income			9,579,713,280		5,833,343,341
XIII. Net income attributable to			13,028,118,636		5,001,809,745
Owners of the controlling company		13,032,524,294		5,027,066,603	
Non-controlling interest	1	(4,405,658)		(25,256,858)	
XIV. Total comprehensive income attributable			9,579,713,280		5,833,343,341
Ownership interest of the controlling company		9,580,745,141		5,852,419,006	
Non-controlling interest	1	(1,031,861)		(19,075,665)	
XV. Earnings per share for the equity of owners of the controlling company	33				
Basic earnings per share			123		47

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

Harim Corporation and Its Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity
For the Year Ended December 31, 2023

(In 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, 2022	53,104,851,000	256,293,544,034	(35,363,255,245)	23,591,771,946	297,626,911,735	825,920,102	298,452,831,837
Total comprehensive income:							
Net Income	-	-	-	5,027,066,603	5,027,066,603	(25,256,858)	5,001,809,745
Remeasurements for net defined benefit plans	-	-	-	800,032,589	800,032,589	6,181,193	806,213,782
Loss on translation of foreign operations	-	-	25,319,814	-	25,319,814	-	25,319,814
Transactions with shareholders directly reflected in equity							
Dividend	-	-	-	(3,185,615,460)	(3,185,615,460)	-	(3,185,615,460)
Balance at Dec 31, 2022	53,104,851,000	256,293,544,034	(35,337,935,431)	26,233,255,678	300,293,715,281	806,844,437	301,100,559,718
Balance at Jan 1, 2023	53,104,851,000	256,293,544,034	(35,337,935,431)	26,233,255,678	300,293,715,281	806,844,437	301,100,559,718
Total comprehensive income:							
Net Income	-	-	-	13,032,524,294	13,032,524,294	(4,405,658)	13,028,118,636
Remeasurements for net defined benefit plans	-	-	-	(3,463,887,412)	(3,463,887,412)	3,373,797	(3,460,513,615)
Gain on translation of foreign operations	-	-	12,108,259	-	12,108,259	-	12,108,259
Transactions with shareholders directly reflected in equity							
Dividend	-	-	-	(2,123,743,640)	(2,123,743,640)	-	(2,123,743,640)
Balance at Dec 31, 2023	53,104,851,000	256,293,544,034	(35,325,827,172)	33,678,148,920	307,750,716,782	805,812,576	308,556,529,358

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, 2023 and 2022

(In Korean won)

Account	2023	2022
I. Cash flow from operating activities	84,366,203,926	61,746,506,010
(1) Net income	13,028,118,636	5,001,809,745
(2) Adjustment	108,306,618,232	92,738,403,700
Income tax expense (profit)	3,624,137,109	(1,238,559,953)
Depreciation of PP&E	44,506,335,218	44,139,958,750
Depreciation of investment in real estate	520,485,451	-
Amortization of intangible assets	425,872,437	523,773,436
Depreciation of right-of-use assets	3,692,854,933	3,476,398,551
Depreciation of biological assets for production	24,598,463,433	23,312,499,293
Loss on valuation of inventories (reversal)	428,801,000	(6,511,991)
Loss on valuation of derivatives	196,080,000	928,109,519
Gain on valuation of derivatives	(469,200,000)	(3,582,903,592)
Loss on transaction of derivatives	19,642,581,000	3,470,354,000
Gain on transaction of derivatives	(19,418,493,646)	(6,466,504,153)
Retirement benefits	7,869,769,303	7,493,733,276
Loss on disposal of PP&E	483,482,486	441,883,780
Gains on disposal of PP&E	(739,741,718)	(73,824,587)
Loss on disposal of intangible assets	3,000	-
Gain on disposal of right-of-use assets	(71,248,145)	(52,886,222)
Bad debt expenses (reversal)	(187,536,086)	(65,587,248)
Interest income	(2,984,758,923)	(4,144,428,213)
Interest expense	21,818,634,031	19,046,662,503
Changes in fair value of biological assets held for consumption	668,359,761	(9,649,571,878)
Impairment loss on PP&E	5,646,577,836	-
Gain on foreign currency translation	(2,496,631,499)	(8,326,235,226)
Loss on foreign currency translation	564,984,911	6,424,593,355
Greenhouse gas emission liabilities (reversal)	(13,193,660)	(108,549,700)
Contribution to provisions for contingent loss liabilities	-	17,196,000,000
(3) Changes in net working capital	(16,077,324,757)	(21,468,438,735)
Decrease (increase) in trade receivables	(21,199,721,085)	(15,344,715,391)
Decrease (increase) in other receivables	1,053,548,602	(1,257,353,887)
Decrease (increase) in inventories	(14,379,218,860)	(34,340,944,775)
Decrease (increase) in biological assets for consumption	9,694,733,307	(22,641,102)
Decrease (increase) in biological assets for production	13,911,373,358	8,583,874,119
Decrease (increase) in other assets	5,856,464,775	26,329,572,274
Increase (decrease) in trade payables	(1,394,809,264)	3,796,724,913
Increase (decrease) in other payables	(820,344,095)	201,314,535
Increase (decrease) in other liabilities	(8,131,128,800)	(8,424,208,180)
Payment of severance pay	(668,222,695)	(990,061,241)
Decrease (increase) in plan assets	2,477,565,560	3,163,736,029
(4) Receipt of interest	(21,018,842,572)	(17,493,357,095)
(5) Payment of interest	(2,349,931,173)	(195,647,634)
(6) Income tax refund (payment amount)	(30,558,479,157)	(123,347,054,942)
II. Cash flow from investing activities	84,366,203,926	61,746,506,010
Decrease in short-term financial instruments	109,608,380,643	143,179,500,000
Increase in short-term financial instruments	(60,925,000,000)	(195,778,887,522)
Decrease in short-term security deposits	16,971,475,361	52,780,760
Increase in short-term security deposits	(23,712,597,326)	(8,777,440,902)

Account	2023		2022	
Decrease in short-term loans	30,832,900		102,878,000	
Increase in short-term loans	(29,650,000)		(49,295,000)	
Decrease in long-term financial instruments	1,037,160,512		78,200,000	
Increase in long-term financial instruments	(13,368,807,966)		(6,365,410,300)	
Decrease in long-term deposit	1,789,350,000		2,283,004,199	
Increase in long-term deposit	(974,618,000)		(216,910,000)	
Decrease in amortized cost financial assets	1,325,000		3,510,000	
Disposal of PP&E	1,821,966,356		163,250,045	
Disposal of intangible assets	127,000,000		22,000,000	
Receipt of government subsidy	180,930,000		8,500,000	
Acquisition of PP&E	(42,021,647,109)		(33,118,046,784)	
Acquisition of intangible assets	(105,934,255)		(137,082,130)	
Increase in biological assets for production	(22,877,355,273)		(24,797,605,308)	
Settlement of derivatives	1,888,710,000		-	
III. Cash flow from financing activities		(67,755,209,685)		25,793,857,040
Increase in short-term borrowings	234,481,491,541		400,189,810,749	
Repayment of short-term borrowings	(330,933,030,475)		(343,918,251,817)	
Repayment of current portion of long-term liabilities	(11,030,000,000)		(22,616,220,000)	
Repayment of liquidity bond	-		(35,000,000,000)	
Increase in long-term borrowings	45,000,000,000		13,344,000,000	
Increase in bonds	-		19,939,780,000	
Payment of dividends.	(2,123,743,640)		(3,185,615,460)	
Repayment of lease liabilities	(3,149,927,111)		(2,959,646,432)	
IV. Effect of exchange rate fluctuation on cash and cash equivalents		(25,906,023)		(230,648,059)
V. Increase in cash and cash equivalents (I+II+III+IV)		(13,973,390,939)		(36,037,339,951)
VI. Cash and cash equivalents at beginning of the year		57,995,948,640		94,033,288,591
VII. Cash and cash equivalents at end of the year		44,022,557,701		57,995,948,640

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

Notes to the Consolidated Financial Statements

For the Years ended December 31, 2023 and 2022

Harim Corporation and Its Subsidiaries

1. General Information

(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, 2023 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 Dec 31, 2023 consist of Harim Holdings Co., Ltd. (57.37%) and others.

(2) Consolidated Subsidiaries

The consolidated subsidiaries as of December 31, 2023 and 2022 are as follows:

Subsidiary	Location	Major activities	Equity rate owned by the controlling entity					
			Dec 31, 2023			Dec 31, 2022		
			Controlling entity	Subsidiary	Total	Controlling entity	Subsidiary	Total
HBC Agricultural	Iksan, Jeollabuk-do	Poultry	90.00%	-	90.00%	90.00%	-	90.00%
Harim Animal Clinic Co., Ltd. (*1)	Iksan, Jeollabuk-do	Animal hospital & health	-	-	-	100.00%	-	100.00%
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%
BNP Agricultural Co., Ltd. (*2)	Iksan, Jeollabuk-do	Poultry	-	-	-	90.00%	-	90.00%

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

(*2) The entity has been merged into HBC Agricultural.

(3) Summarized financial information of subsidiaries

Summarized financial information of consolidated subsidiaries for the years ended December 31, 2023 and 2022, are as follows.

(In thousands of Korean won)										
Item	2023					2022				
	HBC Agricultural	Harim Animal Clinic(*1)	SingGreen FS	Singgreen Vina	BNP Agricultural (*2)	HBC Agricultural	Harim Animal Clinic	SingGreen FS	Singgreen Vina	BNP Agricultural
Assets	8,943,577	-	38,120,852	1,515,748	-	8,642,990	699,698	41,235,958	4,026,759	2,995,488
Liabilities	912,364	-	12,802,471	302,493	-	1,671,121	181,149	21,851,575	108,423	1,809,325
Equity	8,031,213	-	25,318,381	1,213,255	-	6,971,869	518,549	19,384,383	3,918,336	1,186,163
Sales	6,660,827	1,548,602	54,252,043	22,022,043	1,872,822	5,133,172	2,430,327	52,395,101	26,203,553	4,025,591
Operating profit	50,173	117,359	4,518,901	560,648	(290,035)	180,540	125,825	9,540,532	1,373,924	(324,120)
Net income	108,511	(442,662)	6,109,672	486,900	(280,640)	87,780	126,246	12,486,420	1,196,185	(250,913)
Total comprehensive income	142,249	(442,662)	5,933,998	499,009	(280,640)	109,048	126,246	12,778,960	1,221,505	(210,369)

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

(*2) The entity has been merged into HBC Agricultural.

(4) Information on non-controlling interests of the Group for the years ended December 31, 2023 and 2022, is as follows.

(In thousands of Korean won)				
Item	2023		2022	
	HBC Agricultural	BNP Agricultural(*)	HBC Agricultural	BNP Agricultural
Non-controlling equity	10%	10%	10.00%	10.00%
Current assets	3,657,747	-	3,067,477	2,201,379
Non-current assets	5,285,830	-	5,575,513	794,109
Current Liabilities	471,491	-	970,058	1,311,573
Non-current liabilities	440,873	-	701,063	497,752
Net assets	8,031,213	-	6,971,869	1,186,163
Carrying amount of non-controlling interests	692,384	113,428	693,416	113,428
Sales	6,660,827	1,872,822	5,133,172	4,025,591
Net Income	108,511	(280,640)	87,780	(250,913)
Other comprehensive income (loss)	33,738	-	21,268	40,544
Total comprehensive income	142,249	(280,640)	109,048	(210,369)
Net income allocated to non-controlling interests	17,328	-	5,007	(30,264)
Total comprehensive income allocated to non-controlling interests	20,702	-	7,134	(26,210)
Cash flow from operating activities	376,382	85,361	1,445,596	212,536
Cash flow from investing activities	1,057,218	(596,892)	(322,540)	(430,085)
Cash flow from financing activities	(550,193)	(153,119)	(1,349,111)	(257,614)
Net change in cash and cash equivalents	883,407	(664,650)	(226,055)	(475,163)

(*) The entity has been merged into HBC Agricultural.

2. Basis of consolidated financial statements preparation

The consolidated financial statements have been prepared in accordance with Korean International Financial Reporting Standards (“K-IFRS”) by adopting the International Accounting Standards Committee's International Accounting Standards Committee, as prescribed in Article 5(1)(1) of the Act on External Audit of Stock Companies, etc.

The consolidated financial statements of the Group were approved by the board of directors on February 13, 2024 and expected to be approved finally at the general meeting of shareholders on March 27, 2024.

(1) Basis of measurement

The consolidated financial statements have been prepared on the basis of historical cost, except for the major items in the consolidated statement of financial position listed below.

- ① Financial assets measured at fair value
- ② Biological assets for consumption measured at fair value less the sales cost
- ③ Defined benefit liability which is the present value of defined benefit liability less the fair value of plan assets

(2) Functional and presentation currency

The financial statements of individual companies within the Group have been prepared in functional currency, which is the currency of the main economic environment in which each individual company operates. The consolidated financial statements of the Group are prepared and reported in Korean Won, which is the functional and presentation currency of the reporting and controlling entity.

(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.

3. Changes in Accounting Policies and Disclosures

(1) Adopted and amended standards and interpretations by the Group

The Group has adopted the following new and amended standards and interpretations for the accounting periods beginning on January 1, 2023.

① Amendment to K-IFRS No. 1001 'Presentation of Financial Statements' – Disclosure of 'Accounting Policies'

It defines and requires disclosure of material accounting policy information (which means the level of information that, when considered together with other information contained in the financial statements, would influence the decision-making of the primary users of the financial statements). This amendment has no significant impact on the financial statements.

② Amendment to K-IFRS No. 1001 'Presentation of Financial Statements' – Disclosure of profit or loss from valuation of financial liabilities with exercise price adjustment conditions

It requires disclosure of the carrying amount and related profit or loss of financial liabilities that are classified as financial liabilities, in whole or in part, when a financial instrument has an exercise price that is adjusted based on changes in the issuer's stock price. This amendment has no significant impact on the financial statements.

③ Amendment to K-IFRS No. 1008 'Changes and Errors of Accounting Policy and Accounting Estimates' - Definition of 'Accounting Estimates'

It defines accounting estimates and clarifies how to change and distinguish accounting policies. This amendment has no significant impact on the financial statements.

④ Amendment to K-IFRS No. 1012 'Corporate Income Tax' – Deferred income tax on assets and liabilities arising from a single transaction

The initial recognition exception for transactions in which assets or liabilities are first recognized has been amended to include the requirement that the transaction does not give rise to additions or deductions to temporary differences at the time of transaction. This amendment has no significant impact on the financial statements.

⑤ Adoption of K-IFRS No. 1117 'Insurance Contracts'

K-IFRS No. 1117 'Insurance Contracts' replaces K-IFRS No. 1104 'Insurance Contracts'. It requires the measurement of insurance liabilities using all cash flows estimated and discounted at rates reflecting current assumptions and risks at the reporting date and recognizing revenue on an accrual basis reflecting the services provided to policyholders (insurance coverage) each fiscal year. Also, investment components (surrender/maturity refunds) paid to policyholders regardless of insurance events are excluded from insurance income, and insurance income and investment income are separately presented so that users of financial information can identify the sources of profit or loss. This adoption has no significant impact on the financial statements.

⑥ K-IFRS No. 1012 'Corporate Income Tax' – 'International Tax Reform – Pillar 2 Model Rules'

The amendment temporarily relaxes the accounting treatment for deferred income tax arising from the implementation of the Pillar 2 Model Rules, which reform the international taxation of multinational corporations and requires disclosure of the current income tax effects and other related matters. This adoption has no significant impact on the financial statements.

(2) Newly adopted and amended standards and interpretations not applied by the Group

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

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 the existence of substantive rights at the end of the reporting period, and the possibility of exercising the rights to defer settlement or management expectations are not considered. Also, the settlement of liabilities includes the transfer of equity instruments, but it excludes cases where the option to settle with equity instruments in a compound financial instrument meets the definition of an equity instrument and is recognized separately from the liability. In addition, covenants required to be complied with by the Company after the end of the reporting period do not affect the classification of such liabilities, and if liabilities that are required to comply with the covenants within 12 months after the reporting period is classified as non-current liabilities, the information on the risk that the liabilities may be repaid within 12 months after the reporting period shall be disclosed. This amendment is to be applied from the fiscal year commencing after January 1, 2024, and the early adoption is permitted. The Group is reviewing the impact on the financial statement due to this amendment.

② Amendment to K-IFRS No. 1007 'Statements of Cash Flows', K-IFRS No. 1107 'Financial Instruments: Disclosure' – Disclosure of information on Supplier Financing Agreement

In case of applying supplier financing agreement, the information on supplier financing agreement shall be disclosed to enable users of the financial statements assess the impact of supplier financing agreement on the Company's liabilities, cash flows and liquidity risk exposure. This amendment is to be applied from the fiscal year commencing after January 1, 2024, and the early adoption is permitted. The Group is reviewing the impact on the financial statement due to this amendment.

③ Amendment to K-IFRS No. 1116 'Lease' – Lease liability arising from sale & leaseback transactions

In case of subsequently measuring lease liability arising from sale and leaseback transactions, lease payments or amended lease payments are determined in a manner that does not recognize gains or losses related to the right of use held by the seller-lessee. This amendment is to be applied from the fiscal year commencing after January 1, 2024, and the early adoption is permitted. The Group is reviewing the impact on the financial statement due to this amendment.

④ Amendment to K-IFRS No. 1001 'Presentation of Financial Statements' – Disclosure of virtual assets

It defines additional disclosure requirements for entities that hold virtual assets, hold virtual assets on behalf of customers or issue virtual assets. This amendment is to be applied from the fiscal year commencing after January 1, 2024, and the early adoption is permitted. The Group is reviewing the impact on the financial statement due to this amendment. This adoption has no significant impact on the financial statements.

4. Significant Accounting Policies

The significant accounting policies applied by the Group in preparation of its consolidated financial statements 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 disclosed in Note 3.

(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 it 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 within (3) months from the acquisition date as cash and cash equivalents. Equity instruments are excluded from cash equivalents but may be included in cash equivalents if they are actually cash equivalents, such as preferred shares with a fixed redemption date and a short period from the acquisition date to redemption date.

(3) Biological assets

① Biological assets for consumption

Biological assets for consumption are measured at net fair value which is the fair value less estimated cost of sale 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 are measured at the acquisition cost less accumulated depreciation and accumulated impairment loss.

Bearer biological assets 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 outstanding 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 an asset when the right to receive the cash flows of the financial asset is extinguished or the contractual right to receive the cash flows of a financial asset is transferred and substantially all of the risks and rewards of ownership of the transferred financial asset are transferred, or the Group retains or transfers substantially all of the risks and rewards of ownership. In case the financial assets are not under control.

If the Group transfers assets recognized in the consolidated statement 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 statement 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 foreign 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 foreign operation site.

(7) Impairment for 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 balances 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 each reporting date, 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 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Objective evidence that a financial asset or group of financial assets are impaired includes:

- significant financial difficulty of the issuer or borrower
- a breach of contract, such as a default or delinquency in interest or principal payments
- the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider
- it becoming probable that the borrower will enter bankruptcy or other financial reorganization
- the disappearance of an active market for that financial asset because of financial difficulties

④ Presentation of allowance for ECL in the statement 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, 2023 and 2022 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 subsidy 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 subsidy 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 for 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 foreign 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 Foreign operations

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

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

When a foreign 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 a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign 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 a foreign 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 foreign operation, are recognized in other comprehensive income in the translation reserve.

③ Translation of net investment in foreign operations

Among the monetary items to be received from or paid to an foreign 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 foreign 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.

As described in Note 4 to the consolidated financial statements, 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) Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense;
- income for the year - net gain or loss on financial assets measured at fair value through profit or loss;
- foreign currency gain or loss 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 6, 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 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.

5. 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, 2022, the guarantees provided by the Group are described in Notes 16 and 34.

(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, 2023 and 2022 are as follows.

(In thousands of Korean won)		
Item	Dec 31, 2023	Dec 31, 2022
Total borrowings	412,871,208	477,266,357
Less:		
Cash and cash equivalents	44,022,558	57,995,949
Short-term financial instruments	25,670,000	69,342,381
Long-term financial instruments	14,344,058	7,012,410
Adjusted borrowings	328,834,592	342,915,617
Equity	308,556,529	301,100,560
Adjusted debt ratio	106.57%	113.89%

6. Operating Segments

The Group has 3 reporting segments, which are strategic sales units. Strategic sales units provide different products and are operated separately because the technology and marketing strategies required for each sales unit are different. The chief operating decision maker reviews internal reporting data for each strategic sales unit at least quarterly.

(1) The reporting segments of the Group are as follows:

- ① Chicken segment: Sales from live poultry and simple processing
- ② Meat processing segment: Sales from secondary processing of fresh meat
- ③ Other segment: Sales of feed, hatching and catering business, etc.

(2) Information on the reporting segments for the years ended December 31, 2023 and 2022 is as follows:

① 2023

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

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

② 2022

(In thousands of Korean won)				
Item	Chicken	Meat processing	Others	Total
External revenue	1,025,853,992	225,459,582	91,595,829	1,342,909,403
Operating income of reporting segments	50,771,135	(18,497,106)	14,545,318	46,819,347
PP&E and intangible assets of reporting segments	347,068,438	70,828,951	60,512,043	478,409,432
Depreciation in reporting segments(*)	33,661,138	6,621,901	4,380,693	44,663,732
Depreciation of biological assets in reporting segments	23,312,499	-	-	23,312,499
Borrowings in reporting segments	273,648,132	56,722,117	146,896,108	477,266,357

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

(3) As the sales of the Group are distributed to many customers, sales that depend more than 10% on specific customers do not occur. Therefore, there is no disclosure of segment-specific information on regions and major customers.

7. Cash and cash equivalents

(1) Cash and cash equivalents as of December 31, 2023 and 2022 are as follows:

(In thousands of Korean won)		
Item	Dec 31, 2023	Dec 31, 2022
Cash on hand	382	556
Ordinary deposits	44,022,176	57,995,393
Total	44,022,558	57,995,949

(2) Restricted deposits as of December 31, 2023 and 2022, are as follows:

(In thousands of Korean won)				
Item	Dec 31, 2023	Dec 31, 2022	Financial institution	Remarks
Short-term financial instruments	2,000,000	2,000,000	Nonghyup Bank	Win-win loans
	5,000,000	-	Nonghyup Bank	Collaterals for borrowings
	-	57,647,500	Kookmin Bank	
	-	4,255,000	KEB Hana Bank	
	-	2,500,000	KDB	
Long-term financial instruments	7,000,000	5,000,000	Nonghyup Bank	Collaterals for borrowings
	-	680,000	KEB Hana Bank	
	3,000,000	-	Gyobo Life Insurance	
Total	17,000,000	72,082,500		

(3) The composition of short-term and long-term financial instruments as of December 31, 2023 and 2022 is as follows:

(In thousands of Korean won)			
Item	Descriptions	Dec 31, 2023	Dec 31, 2022
Short-term financial instruments	Term deposits	25,670,000	68,277,381
	Periodical deposits	-	1,065,000
	Subtotal	25,670,000	69,342,381
Long-term financial instruments	Long-term deposit	14,344,058	7,012,410
Total		40,014,058	76,354,791

8. Other financial assets

(1) The composition of other financial assets as of December 31, 2023 and 2022 is as follows:

(In thousands of Korean won)				
Item	Dec 31, 2023		Dec 31, 2022	
	Current	Non-current	Current	Non-current
Amortized cost financial assets	2,110	-	1,325	2,110
Derivatives assets	469,200	-	196,080	-
Total	471,310	-	197,405	2,110

(2) The composition of amortized cost financial assets as of December 31, 2023 and 2022 is as follows:

(In thousands of Korean won)				
Item	Dec 31, 2023		Dec 31, 2022	
	Current	Non-current	Current	Non-current
Local development bond	-	-	1,325	-
National housing bond	2,110	-	-	2,110
Total	2,110	-	1,325	2,110

(3) Changes in amortized cost financial assets for years ended December 31, 2023 and 2022 is as follows:

(In thousands of Korean won)				
Item	Dec 31, 2023		Dec 31, 2022	
	Current	Non-current	Current	Non-current
Beginning balance	1,325	2,110	3,510	3,435
Deducted amount	(1,325)	-	(3,510)	-
Sub-total	-	2,110	-	3,435
Liquidity substitution	2,110	(2,110)	1,325	(1,325)
Total	2,110	-	1,325	2,110

9. Trade and other receivables

(1) The composition of trade receivables and other receivables as of December 31, 2023 and 2022 is as follows:

(In thousands of Korean won)				
Item	Dec 31, 2023		Dec 31, 2022	
	Current	Non-current	Current	Non-current
Trade receivable	78,674,243	-	69,595,992	-
Allowance for trade receivables	(1,462,013)	-	(1,827,468)	-
Loans	19,159	-	86,341	40,000
Allowance for loans	-	-	(66,000)	(40,000)
Account receivables	487,487	-	364,433	-
Allowance for account receivables	(17,669)	-	(50,698)	-
Accrued income	693,505	-	653,828	-
VAT paid for others	1,657,017	-	2,931,585	-
Security deposits	9,219,300	8,476,729	9,222,940	9,291,525
Allowance for security deposits	-	(4,480)	-	(4,480)
Unrealized security deposits	-	(408,949)	-	(254,647)
Total	89,271,029	8,063,300	80,910,953	9,032,398

(2) Changes in allowance for bad debts for trade and other receivables for the years ended December 31, 2023 and 2022, are as follows:

(In thousands of Korean won)		
Item	Dec 31, 2023	Dec 31, 2022
Beginning balance	1,988,646	2,396,324
Bad debt expenses	21,894	34,288
Reversal of allowance for bad debt	(180,467)	(20,487)
Writ-off of allowance of bad debt	(345,921)	(421,625)
Gain or loss on translation of foreign operations	10	146
Ending balance	1,484,162	1,988,646

10. Inventories

(1) The composition of inventories as of December 31, 2023 and 2022 is as follows:

(In thousands of Korean won)						
Item	Dec 31, 2023			Dec 31, 2022		
	Acquisition cost	Valuation loss	Carrying amount	Acquisition cost	Valuation loss	Carrying amount
Goods	1,954,006	-	1,954,006	3,336,666	-	3,336,666
Products	39,157,002	(1,560,855)	37,596,147	30,116,405	(1,132,054)	28,984,351
Work in progress	3,142,209	-	3,142,209	3,280,693	-	3,280,693
Raw materials	80,756,610	-	80,756,610	88,301,665	-	88,301,665
Subsidiary materials	2,648,290	-	2,648,290	2,447,646	-	2,447,646
Stored goods	9,024,073	-	9,024,073	9,536,811	-	9,536,811
Total	136,682,190	(1,560,855)	135,121,335	137,019,886	(1,132,054)	135,887,832

As inventories are valued at net realizable value, the provision for loss on valuation of inventories additionally added to the cost of sales during the current year is KRW428,801,000.

(2) Inventories provided as collaterals in relation to borrowing arrangements as of December 31, 2023 are as follows:

(In USD, thousands of Korean won)			
Collaterals	Coverage	Related borrowings	Provided to
Inventories	USD 63,700,000	USD 15,448,570	Export-Import Bank of Korea
		17,500,000	
		10,500,000	

11. Biological assets

(1) The composition biological assets as of December 31, 2023 and 2022 is as follows:

(In thousands of Korean won)		
Item	Dec 31, 2023	Dec 31, 2022
Biological assets for production	11,238,612	12,959,720
Biological assets for consumption	24,692,367	35,055,461
Total	35,930,979	48,015,181

(2) Changes in Biological assets for production for the years ended December 31, 2023 and 2022 are as follows:

① 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

② 2022

(In thousands of Korean won)			
Item	GPS	PS	Total
Acquisition cost:			
Beginning balance	4,967,806	18,944,187	23,911,993
Acquisition amount	3,581,559	-	3,581,559
Increase due to breeding	2,453,620	18,762,425	21,216,045
Disposal amount	(2,925,858)	(15,751,747)	(18,677,605)
Other changes	(23,096)	23,096	-
Ending balance	8,054,031	21,977,961	30,031,992
Accumulated depreciation:			
Beginning balance	(907,286)	(11,530,092)	(12,437,378)
Depreciation	(5,309,223)	(18,003,276)	(23,312,499)
Disposal amount	2,925,858	15,751,747	18,677,605
Ending balance	(3,290,651)	(13,781,621)	(17,072,272)
Carrying amount:			
Beginning balance	4,060,520	7,414,095	11,474,615
Ending balance	4,763,380	8,196,340	12,959,720

(3) Fair value of biological assets for consumption

① Fair value hierarchy

The fair values of biological assets measured at fair values as of Dec 31, 2023 and Dec 31, 2022 are as follows:

i) 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

ii) Dec 31, 2022

(In thousands of Korean won)				
Item	Level 1	Level 2	Level 3	Total
Biological assets for consumption – Live chickens	-	-	35,055,461	35,055,461

② Changes in the beginning and endings balances of the repeated fair value measurements classified as Level 3 for the years ended December 31, 2023 and 2022, are as follows:

(In thousands of Korean won)		
Item	2023	2022
Beginning carrying amount	35,055,461	24,720,233
Increase due to breeding	533,097,359	494,607,147
Increase due to external purchases	24,215,683	21,500,264
Changes in net fair value of harvest	170,664,220	165,266,480
Changes in net fair value of biological assets held	(668,360)	9,649,572
Transfer to inventories after harvest	(737,671,996)	(680,688,235)
Ending carrying amount	24,692,367	35,055,461

③ 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.

(4) 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.

(5) Risks exposed in relation to biological assets

The Group are 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.

12. Other Current Assets

(1) Other current assets as of December 31, 2023 and 2022 are as follows:

(In thousands of Korean won)		
Item	Dec 31, 2023	Dec 31, 2022
Advance payment	1,783,102	967,096
Allowance for advance payment	(99,359)	(174,879)
Advance payment for breeding	2,968,663	3,167,155
Allowance for breeding advance payment	(178,387)	(229,350)
Prepaid expenses	1,043,544	1,274,828
Total	5,517,563	5,004,850

(2) Changes in allowance for bad debts in other assets for the years ended December 31, 2023 and 2022 are as follows:

(In thousands of Korean won)		
Item	2023	2022
Beginning balance	404,229	482,814
Bad debt expenses	(97,520)	-
Reversal of allowance for bad debt	(28,963)	(79,388)
Effect of translation for foreign operations	-	803
Ending balance	277,746	404,229

13. Investment property

(1) Changes in investment real estate for the year ended December 31, 2023 are as follow:

(In thousands of Korean won)			
Item	2023		
	Land	Building	Total
Acquisition cost:			
Beginning balance	-	-	-
Other changes (*)	4,247,830	21,757,833	26,005,663
Ending balance	4,247,830	21,757,833	26,005,663
Accumulated depreciation:			
Beginning balance			
Depreciation	-	(520,485)	(520,485)
Other changes (*)	-	(11,277,983)	(11,277,983)
Ending balance	-	(11,798,468)	(11,798,468)
Carrying amount:			
Beginning balance	-	-	-
Ending balance	4,247,830	9,959,365	14,207,195

(*) Amount transferred from PP&E for the year

(2) Gains or losses related to investment property for the years ended December 31, 2023 are as follow:

(In thousands of Korean won)	
Item	2023
Lease revenue	662,987
Cost of lease	(588,962)
Total	74,025

(3) Fair value and carrying amount of investment property as of December 31, 2023 are as follow:

(In thousands of Korean won)		
Item	Fair value	Carrying amount
Land	4,275,050	4,247,830
Building	19,248,978	9,959,365
Total	23,524,028	14,207,195

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

(1) Changes in PP&E for the years ended December 31, 2023 and 2022 are as follows:

① 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									
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 for the year.

② 2022

(In thousands of Korean won)									
Item	Land	Building	Structures	Machinery	Facilities and equipment	Vehicles	Others	Construction in progress (*)	Total
Acquisition cost:									
Beginning balance	26,896,408	286,475,519	21,000,831	286,179,456	231,949,878	2,191,261	47,444,992	10,581,785	912,720,130
Acquisition	-	374,550	6,500	1,182,110	3,573,793	14,580	1,375,421	26,251,631	32,778,585
Disposal	-	(46,002)	(401,320)	(48,576,521)	(8,209,315)	(313,352)	(9,641,076)	-	(67,187,586)
Other changes	-	6,548,505	-	6,453,794	6,310,360	143,372	315,700	(20,228,224)	(456,493)
Ending 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
Accumulated depreciation:									
Beginning balance	-	(77,377,626)	(10,733,470)	(192,826,871)	(93,104,432)	(1,911,689)	(37,775,859)	-	(413,729,947)
Disposal	-	14,951	243,331	48,408,077	8,156,193	284,003	9,549,722	-	66,656,277
Depreciation	-	(7,364,011)	(870,623)	(14,762,370)	(17,445,910)	(113,794)	(3,929,349)	-	(44,486,057)
Ending balance	-	(84,726,686)	(11,360,762)	(159,181,164)	(102,394,149)	(1,741,480)	(32,155,486)	-	(391,559,727)
Government grants:									
Beginning balance	-	(9,372,284)	-	(360,980)	(68,054)	-	-	-	(9,801,318)
Acquisition	-	-	-	-	(8,500)	-	-	-	(8,500)
Depreciation	-	258,721	-	78,268	9,109	-	-	-	346,098
Ending balance	-	(9,113,563)	-	(282,712)	(67,445)	-	-	-	(9,463,720)
Carrying amount:									
Beginning balance	26,896,408	199,725,609	10,267,361	92,991,605	138,777,392	279,572	9,669,133	10,581,785	489,188,865
Ending 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

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

(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	9.3%
Comparison target carrying value	94,393
Recoverable value (use value)	88,746
Impairment amount	(5,647)

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)		
		8.28%	9.28%	10.28%
Permanent growth rate	0.0%	95,167	80,582	68,958
	1.0%	106,310	88,746	75,098
	2.0%	121,002	99,152	82,720

15. Lease

(1) The composition of leasehold right-of-use assets as of December 31, 2023 and 2022 are as follows:

① 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

② Dec 31, 2022

(In thousands of Korean won)			
Item	Acquisition amount	Accumulated depreciation	Carrying amount
Building	3,527,286	(1,965,774)	1,561,512
Facilities and equipment	343,547	(247,704)	95,843
Vehicles	5,208,020	(2,580,605)	2,627,415
Others	132,054	(7,337)	124,717
Total	9,210,907	(4,801,420)	4,409,487

(2) Changes in the carrying amount of leasehold right-of-use assets for the years ended December 31, 2023 and 2022, are as follows:

① 2023

(In thousands of Korean won)					
Item	Beginning	Increase/decrease	Depreciation	Effect of translation of foreign 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

② 2022

(In thousands of Korean won)					
Item	Beginning	Increase/decrease	Depreciation	Effect of translation of foreign operations	Ending balance
Building	1,688,715	1,604,943	(1,731,280)	(866)	1,561,512
Facilities and equipment	101,716	343,547	(349,420)	-	95,843
Vehicles	3,094,619	849,877	(1,317,082)	-	2,627,414
Others	71,281	132,054	(78,617)	-	124,718
Total	4,956,331	2,930,421	(3,476,399)	(866)	4,409,487

(3) Changes in lease liabilities for the years ended December 31, 2023 and 2022, are as follows:

① 2023

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

② 2022

(In thousands of Korean won)						
Item	Beginning	Change	Interest expense	Payments	Effect of translation of foreign operations	Ending balance
Lease liability	4,599,049	2,680,787	280,599	(3,240,246)	(846)	4,319,343

(4) Expenses incurred from leases for the years ended December 31, 2023 and 2022, are as follows:

(In thousands of Korean won)		
Item	2023	2022
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 cost	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.

16. Collateralized Assets

(1) Details of assets provided as collateral for liabilities of the Company as of the December 31, 2023 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.	449,608,282	160,000,000	General Funds	62,500,000	KEB Hana Bank
		6,328,000	General Funds	10,940,000	Nonghyup Bank
		8,270,000	General Funds	USD 10,278,267	Woori Bank
		145,229,000	General Funds	80,000,000	KDB
				USD 12,104,186	
84,000,000	General Funds	34,300,000	Export-Import Bank of Korea		
Short-term financial instruments	5,000,000	5,000,000	General Funds	5,000,000	Nonghyup Bank
Long-term financial instruments	7,000,000	7,000,000	General Funds	7,000,000	Nonghyup Bank
	3,000,000	3,000,000	General Funds	12,000,000	Nonghyup Bank
Inventories	130,859,614	USD 63,700,000	Import Usance	USD 15,448,570	Export-Import Bank of Korea
				17,500,000	
				10,500,000	
Total	USD 0	USD 63,700,000		USD 37,831,023	
	KRW 595,467,896	KRW 418,827,000		KRW 239,740,000	

(2) Details of payment guarantee provided for the 3rd parties (individual farmers) other than related parties as of December 31, 2023 are as follows:

(In thousands of Korean won)				
Beneficiary	Guarantee limit	Drawn amount	Guarantee details	Issuing Bank
23 parties including Areum Farm	9,274,940	6,628,972	Liability guarantee	Eco Capital Corporation

17. Intangible Assets

Changes in intangible assets for the years ended December 31, 2023 and 2022, are as follows:

(In thousands of Korean won)								
Item	2023				2022			
	Membership (*1)	Software	industrial property rights	Total	Membership (*1)	Software	Industrial property rights	Total
Acquisition cost:								
Beginning balance	673,791	10,516,358	78,224	11,268,373	671,349	10,115,234	71,887	10,858,470
Acquisition	-	105,934	-	105,934	24,442	112,640	-	137,082
Other changes (*2)	-	-	18,469	18,469	-	288,484	6,337	294,821
Disposal	(127,000)	(35,900)	-	(162,900)	(22,000)	-	-	(22,000)
Ending balance	546,791	10,586,392	96,693	11,229,876	673,791	10,516,358	78,224	11,268,373
Accumulated amortization:								
Beginning balance	-	(9,647,837)	(42,293)	(9,690,130)	-	(9,134,216)	(32,141)	(9,166,357)
Amortization	-	(414,477)	(11,395)	(425,872)	-	(513,621)	(10,152)	(523,773)
Disposal	-	35,897	-	35,897	-	-	-	-
Ending balance	-	(10,026,417)	(53,688)	(10,080,105)	-	(9,647,837)	(42,293)	(9,690,130)
Carrying amount:								
Beginning balance	673,791	868,521	35,931	1,578,243	671,349	981,018	39,746	1,692,113
Ending balance	546,791	559,975	43,005	1,149,771	673,791	868,521	35,931	1,578,243

(*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 increases or decreases in software and industrial property rights are the amounts transferred from PP&E.

18. Trade and other payables

The composition of trade and other payables as of December 31, 2023 and 2022 is as follows:

(In thousands of Korean won)				
Item	Dec 31, 2023		Dec 31, 2022	
	Current	Non-current	Current	Non-current
Trade payables	42,431,360	-	49,597,904	-
Account payables	35,032,518	-	29,272,582	-
Accrued expenses	28,247,706	666,695	29,759,028	6,199,575
Deposits received	1,625,806	-	1,450,705	-
Import deposit	3,945,042	326,835	3,832,255	71,835
Total	111,282,432	993,530	113,912,474	6,271,410

19. Borrowings

(1) The composition of borrowings as of December 31, 2023 and 2022, is as follows:

(In thousands of Korean won)				
Item	Dec 31, 2023		Dec 31, 2022	
	Current	Non-current	Current	Non-current
Short-term borrowings (*)	300,048,309	-	389,433,035	-
Long-term borrowings (*)	21,784,000	71,070,000	19,860,000	48,024,000
Bonds	-	20,000,000	-	20,000,000
Discount on bonds payables	-	(31,100)	-	(50,679)
Total	321,832,309	91,038,900	409,293,035	67,973,321

(*) As of December 31, 2022, financial assets, inventories and PP&E were provided as collaterals for borrowings from banks (Refer to Notes 7, 10 and 14).

(2) The composition of short-term borrowings as of December 31, 2023 and 2022 is as follows:

(In thousands of Korean won)				
Lender	Type	Interest rate (%)	Dec 31, 2023	Dec 31, 2022
Nonghyup Bank	General loan	MOR+1.75	9,000,000	9,500,000
	General loan	MOR+1.82	1,940,000	1,940,000
KEB Hana Bank	General loan	CD (12M) + 1.508	20,000,000	30,000,000
	General loan	CD (3M) + 1.611~2.15	23,750,000	18,750,000
KDB	General loan	Industrial Finance Bond fixated at +1.29	-	50,000,000
	General loan	CD (3M) + 1.15	-	11,500,000
	General loan	Industrial Finance Bond (6M) + 1.2	57,000,000	2,400,000
	General loan	4.79	8,000,000	-
Export-Import Bank of Korea	General loan	4.81	25,800,000	25,800,000
	General loan	4.91~5.05	16,500,000	16,500,000
	General loan	Export-Import Bank Bond (3M) + 1.15~1.33	20,000,000	16,500,000
Kookmin Bank	General loan	4.69	-	14,000,000
Kookmin Bank	Import L/C	Term SOFR + 1.00	118,058,309	192,543,035
Total			300,048,309	389,433,035

(3) Long-term borrowings as of December 31, 2023 and 2022, are as follows:

(In thousands of Korean won)				
Lender	Type	Interest rate (%)	Dec 31, 2023	Dec 31, 2022
Nonghyup Bank	General loan	3.00	760,000	950,000
	General loan	2.50	1,344,000	1,344,000
	General loan	0.00	54,000,000	12,000,000
	General loan	3.00	3,000,000	-
KEB Hana Bank	Facility loan	CD (3M) + 1.54	17,250,000	20,250,000
	Facility loan	CD (3M) + 2.62	1,500,000	15,500,000
	Livestock development fund loan	2.00	-	340,000
KDB	Facility loan	Industrial Finance Bond (6M) +1.98	15,000,000	15,000,000
	Facility loan	0.00	-	2,500,000
Subtotal			92,854,000	67,884,000
liquidity substitution			(21,784,000)	(19,860,000)
Total			71,070,000	48,024,000

(4) Details of bonds as of December 31, 2023 and 2022 are as follows:

(In thousands of Korean won)					
Item	Date of issue	Maturity	Interest rate (%)	Dec 31, 2023	Dec 31, 2022
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

(*) There is a provision of acceleration in the contract, in the event of acceleration for bonds other than the 5th privately placed bonds

(5) The repayment schedule of borrowings as of December 31, 2023 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	300,048,309	-	-	-	300,048,309
Long-term borrowings	21,784,000	63,190,000	3,940,000	3,940,000	92,854,000
Bonds	-	20,000,000	-	-	20,000,000
Total	321,832,309	83,190,000	3,940,000	3,940,000	412,902,309

20. Other financial liabilities and other current liabilities

(1) The composition of other financial liabilities as of December 31, 2023 and 2022, is as follows:

(In thousands of Korean won)				
Item	Dec 31, 2023		Dec 31, 2022	
	Current	Non-current	Current	Non-current
Derivatives Liabilities	-	-	920,722	-
Total	-	-	920,722	-

(2) Details of other current liabilities as of December 31, 2023 and 2022, are as follows:

(In thousands of Korean won)		
Item	Dec 31, 2023	Dec 31, 2022
Advances received	1,924,741	3,448,168
Greenhouse gas emission liability	79,078	92,272
Total	2,003,819	3,540,440

21. Provisions

(1) Provisions as of December 31, 2023 and 2022 are as follows:

(In thousands of Korean won)		
Item	Dec 31, 2023	Dec 31, 2022
Provision for returns	14,232	11,683

(2) Changes in provisions for the years ended December 31, 2023 and 2022, are as follows:

(In thousands of Korean won)		
Item	2023	2022
	Provision for returns (*)	Provision for returns (*)
Beginning balance	11,683	15,325
Increase	14,232	11,683
Decrease	(11,683)	(15,325)
Ending balance	14,232	11,683

(*) 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. Derivatives

(1) The composition derivatives as of December 31, 2023 and 2022, is as follows:

(In thousands of Korean won)				
Item	Dec 31, 2023		Dec 31, 2022	
	Current	Non-current	Current	Non-current
Derivative assets:				
Currency forward	469,200	-	196,080	-
Total	469,200	-	196,080	-
Derivative liabilities:				
Knock out Forward	-	-	418,084	-
Forward exchange	-	-	33,704	-
CAP (Capped Forward)	-	-	468,934	-
Total	-	-	920,722	-

(2) Details of derivative instruments as of December 31, 2023 are as follows:

(In thousands of Korean won, USD)				
Purpose	Item	Counterparty	Contract amount	Carrying amount
Trading purpose	Currency forward	Samsung Futures Co., Ltd.	USD 27,800,000	133,440
		SI Securities Co., Ltd.	USD 69,950,000	335,760
	Total			USD 97,950,000

(3) Gains and losses on the above derivatives transactions for the years ended December 31, 2023 and 2022 are as follows:

(In thousands of Korean won)				
Item	Gain or loss on valuation (current)		Gain or loss on trading (current)	
	2023	2022	2023	2022
Knock out forward	-	(418,084)	2,245,018	(2,135,600)
Forward exchange	-	(33,704)	204	-
IRS (Interest Rate Swap)	-	(7,388)	-	-
CAP (Capped Forward)	-	(468,934)	564,210	(804,800)
Currency forward	273,120	196,080	(3,033,519)	2,979,077
Currency swap	-	3,386,824	-	17,073
Total	273,120	2,654,794	(224,087)	55,750

23. Employee Benefits

(1) Net liabilities related to employee benefits to be recognized in the consolidated statements of financial position as of December 31, 2023 and 2022 are as follows:

(In thousands of Korean won)		
Item	Dec 31, 2023	Dec 31, 2022
Defined benefit liability (assets)	808,684	(2,533,864)
Annual paid leave allowance liabilities	4,004,456	3,705,960
Other long-term employee benefit liabilities	666,695	467,575

(2) Adjustments to net defined benefit liabilities for the years ended December 31, 2023 and 2022 are as follows:

(In thousands of Korean won)						
Item	Defined benefit obligation		Fair value of plan assets		Net defined benefit liabilities (assets)	
	2023	2022	2023	2022	2023	2022
Beginning balance	48,836,348	49,883,661	(51,370,212)	(49,553,225)	(2,533,864)	330,436
Recognized as expense for the year:						
Current service cost	8,007,147	7,479,741	-	-	8,007,147	7,479,741
Interest cost (income)	2,212,399	1,075,209	(2,349,776)	(1,061,217)	(137,377)	13,992
Subtotal	10,219,546	8,554,950	(2,349,776)	(1,061,217)	7,869,770	7,493,733
Recognized in other comprehensive income:						
Loss (gain) on remeasurement						
- Actuarial gain or loss						
Demographic assumptions	(88,777)	(7,257)	-	-	(88,777)	(7,257)
Financial assumptions	736,193	(4,251,425)	-	-	736,193	(4,251,425)
Experience adjustment	2,921,945	3,080,627	-	-	2,921,945	3,080,627
- Income from plan assets	-	-	759,134	234,291	759,134	234,291
Subtotal	3,569,361	(1,178,055)	759,134	234,291	4,328,495	(943,764)
Others						
Contributions paid	-	-	(7,091,885)	(6,326,898)	(7,091,885)	(6,326,898)
Wages paid	(8,066,964)	(8,436,820)	6,370,583	5,273,365	(1,696,381)	(3,163,455)
Transfer from affiliates	125,196	253,248	(57,403)	(52,527)	67,793	200,721
Transfer to affiliates	(189,361)	(240,636)	110,482	115,999	(78,879)	(124,637)
Change in consolidation scope	-	-	(56,365)	-	(56,365)	-
Subtotal	(8,131,129)	(8,424,208)	(724,588)	(990,061)	(8,855,717)	(9,414,269)
Ending balance	54,494,126	48,836,348	(53,685,442)	(51,370,212)	808,684	(2,533,864)

(3) The composition of plan assets as of December 31, 2023 and 2022 is as follows:

(In thousands of Korean won)		
Item	Dec 31, 2023	Dec 31, 2022
Equity securities	2,035,414	1,302,543
Debt securities	1,420,178	2,557,802
Financial instruments such as term and periodic deposits	47,847,059	45,761,145
Transfer to National Pension	7,805	8,808
Others	2,374,986	1,739,914
Total	53,685,442	51,370,212

(4) Amounts related to defined benefit liabilities as of December 31, 2023 and 2022 are as follows:

(In thousands of Korean won)		
Item	Dec 31, 2023	Dec 31, 2022
Defined benefit obligation	54,494,126	48,836,348
Plan assets	(53,685,442)	(51,370,212)
Under-accumulated amount of plan assets	808,684	(2,533,864)
Reconciliation of differences between original estimates and actual values related to defined benefit obligations	(3,569,361)	1,178,055
Adjustment of differences between original estimates and actual values related to plan assets	(759,134)	(234,291)

(5) Sensitivity analysis

Effects of change in each significant actuarial assumption as of the end of the current term changes within a reasonable range on the defined benefit obligation is as follows:

① Sensitivity analysis according to discount rate

(In thousands of Korean won)			
Item	Discount rate 1% down	Dec 31, 2022	Discount rate 1% up
Present value of defined benefit obligation	56,637,479	54,494,125	52,142,131
Applicable discount rate	2.70% ~ 3.23%	3.70% ~ 4.23%	4.70% ~ 5.23%
Increase or decrease	2,143,354	-	(2,351,994)

② Sensitivity analysis according to the wage increase rate

(In thousands of Korean won)			
Item	Discount rate 1% down	Dec 31, 2023	Discount rate 1% up
Present value of defined benefit obligation	52,086,070	54,494,125	56,656,340
Applicable discount rate	2.02%~6.32%	3.02% ~ 7.32%	4.02%~8.32%
Increase or decrease	(2,408,055)	-	2,162,215

(6) Major estimates used for re-measurement of defined benefit plans as of December 31, 2023 and 2022 are as follows:

Item	Dec 31, 2023	Dec 31, 2022
Discount rate	3.70% ~ 4.23%	5.02% ~ 5.14%
Future wage growth rate	3.02% ~ 7.32%	3.30% ~ 7.09%

As of December 31, 2023, the weighted average maturity of the defined benefit liabilities was 4.23 ~ 8.50 years.

With reference to the defined benefit plan, the contribution amount estimated to pay in the following year of 2023 is KRW 7,623,238,000.

24. Revenue

(1) The composition of revenue sources for the years ended December 31, 2023 and 2022, is as follows:

(In thousands of Korean won)		
Item	2023	2022
Revenue from contracts with customers	1,240,841,865	1,167,993,351
Revenue from changes in fair value of biological assets	169,995,860	174,916,052
Total	1,410,837,725	1,342,909,403

(2) 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	2023	2022
(1) Major geographic markets		
Republic of Korea	1,194,830,548	1,132,901,845
United States of America	5,849,973	5,079,660
Vietnam	37,775,559	27,145,255
Canada	1,045,816	1,012,634
Japan	619,350	715,447
Others	720,619	1,138,510
Total	1,240,841,865	1,167,993,351
(2) Major product and service lines		
Revenue from sale of products	1,119,205,916	1,038,236,312
Revenues from sale of goods	90,143,182	102,098,588
Other sales	31,492,767	27,658,451
Total	1,240,841,865	1,167,993,351
(3) Timing of revenue recognition		
Fulfillment at one point	1,240,058,689	1,166,996,282
Fulfillment over time	783,176	997,069
Total	1,240,841,865	1,167,993,351

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

25. Expenses by Nature

Expenses (including manufacturing cost, sales and administrative expenses) by nature for the years ended December 31, 2023 and 2022 are as follows:

(1) 2023

(In thousands of Korean won)			
Item	Manufacturing cost	Sales and administrative expenses	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	101,481,839	48,212,138	149,693,977
Depreciation cost	38,015,742	6,490,593	44,506,335
Depreciation of investment properties	-	520,485	520,485
Amortization of intangible assets	11,485	414,387	425,872
Amortization of right-of-use assets	1,327,536	2,365,319	3,692,855
Depreciation of biological assets	24,598,463	-	24,598,463
Other expenses	206,907,576	115,700,597	322,608,173
Total	1,196,687,271	173,703,519	1,370,390,790

(2) 2022

(In thousands of Korean won)			
Item	Manufacturing cost	Sales and administrative expenses	Total
Changes in products and work in progress	(355,937)	-	(355,937)
Amount of raw materials used	711,749,313	-	711,749,313
Cost of goods sold	87,170,672	-	87,170,672
Employee benefits	94,595,300	43,374,751	137,970,051
Depreciation	36,899,819	7,240,140	44,139,959
Amortization of intangible assets	8,874	514,899	523,773
Amortization of right-of-use assets	1,342,253	2,134,146	3,476,399
Depreciation of biological assets	23,312,499	-	23,312,499
Other expenses	175,178,857	112,924,470	288,103,327
Total	1,129,901,650	166,188,406	1,296,090,056

26. Selling and Administrative Expenses

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

Item	(In thousands of Korean won)	
	2023	2022
Wage	40,058,348	36,175,053
Retirement benefits	3,180,695	2,525,329
Employee benefits	4,973,095	4,674,369
Travel and transportation	741,515	615,692
Communications	542,162	567,231
Water and utilities	39,372	36,225
Electricity	519,729	416,339
Taxes and dues	4,130,520	3,466,638
Rents paid	2,120,552	1,950,748
Repairs	1,239,639	602,672
Insurance premiums	811,044	1,031,965
Entertainment	429,496	471,411
Advertising	12,796,175	8,415,040
Shipment	57,694,255	59,124,063
Commissions paid	28,898,415	29,868,728
Vehicle maintenance	1,239,698	1,242,856
Consumables	2,182,723	2,346,194
Books and printing	127,026	117,566
Education and training	260,196	116,583
Sales promotion	329,345	275,903
Depreciation	6,490,593	7,240,140
Storage fee	663,187	1,150,341
Ordinary development cost	1,123,084	1,173,862
Bad debt expenses (reversal)	(187,536)	(65,587)
Amortization of intangible assets	414,387	514,899
Amortization of right-of-use assets	2,365,319	2,134,146
Depreciation of investment properties	520,485	-
Total	173,703,519	166,188,406

27. Other incomes and other expenses

(1) Other incomes for the years ended December 31, 2023 and 2022 are as follows:

(In thousands of Korean won)		
Item	2023	2022
Rents income	33,534	31,787
Gains on disposal of PP&E	739,742	73,825
Miscellaneous income	3,864,678	1,591,666
Gain on insurance adjustment	484,057	-
Gain on disposal of right-of-use assets	71,248	52,886
Total	5,193,259	1,750,164

(2) Other expenses for the years ended December 31, 2023 and 2022 are as follows:

(In thousands of Korean won)		
Item	2023	2022
Donations	991,505	867,719
Loss on disposal of PP&E	483,482	441,884
Other bad debt allowance	-	-
Impairment loss on subsidiaries	-	-
Loss on disposal of intangible assets	3	-
Miscellaneous loss	929,185	866,038
Impairment loss on PP&E	5,646,578	-
Contribution to provisions for contingent loss liabilities	-	17,196,000
Total	8,050,753	19,371,641

28. Financial income and financial expenses

(1) Financial incomes for the years ended December 31, 2023 and 2022 are as follows:

(In thousands of Korean won)		
Item	2023	2022
Interest income	2,984,759	4,144,428
Gain on foreign currency transactions	2,103,440	5,186,607
Gain on foreign currency translation	2,496,631	8,326,235
Gain on trading of derivatives	19,418,494	6,466,504
Gain on valuation of derivatives	469,200	3,582,904
Total	27,472,524	27,706,678

(2) Financial expenses for the years ended December 31, 2023 and 2022 are as follows:

(In thousands of Korean won)		
Item	2023	2022
Interest expense	21,818,634	19,046,663
Loss on disposal of financial assets	18,329	-
Loss on foreign currency transactions	6,169,100	20,331,179
Loss on foreign currency translation	564,985	6,424,593
Loss on trading of derivatives	19,642,581	6,410,753
Loss on valuation of derivatives	196,080	928,110
Total	48,409,709	53,141,298

29 Income Tax Expenses (Income)

(1) Components of income tax expense (income) for the years ended December 31, 2023 and 2022 are as follows:

(In thousands of Korean won)		
Item	2023	2022
Current income tax	3,103,706	1,536,635
Income tax refund	126,848	(1,344,038)
Changes in deferred income tax due to occurrence and disappearance of temporary differences, etc.	(2,800,146)	2,575,795
Change in deferred tax due to tax loss, etc.	2,325,801	(3,869,403)
Total income tax expense (income)	2,756,209	(1,101,011)
Income tax expense related to items recognized as other than profit or loss	867,928	(137,549)
Income tax expense (income)	3,624,137	(1,238,560)

(2) Deferred income tax related to items recognized as other than profit or loss for the years ended December 31, 2023 and 2022 are as follows:

(In thousands of Korean won)		
Item	2023	2022
Current tax:		
- Remeasurements for defined benefit plans (*)	867,928	(137,549)
Income tax expense related to items recognized as other than profit or loss	867,928	(137,549)

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

(3) The relationship between income tax expense (income) and accounting income for the years ended December 31, 2023 and 2022, is as follows:

(In thousands of Korean won)		
Item	2023	2022
Net income before tax	16,652,256	3,763,250
Tax burden according to applicable tax rate	4,249,831	881,566
Adjustments:		
Income tax effect of non-taxable income and non-deductible expenses for tax purposes	161,619	3,866,767
Effect of temporary difference that has not recognized deferred income tax	-	(7,708,921)
Tax credits and tax reductions	(729,843)	(659,581)
Effect of temporary difference to be recognized related to income tax for the past period	5,493	(16,980)
Effect of change in tax rate	25,813	217,587
Additional income tax payment (refund)	126,848	(573,087)
Others	(215,624)	2,754,089
Income tax expense (income)	3,624,137	(1,238,560)
Average effective tax rate	21.76%	(*)

(*) Net income before income tax was generated for the prior year, but the average effective tax rate was not calculated as income tax profit was generated during the prior year.

(4) Deferred income tax expenses due to occurrence and disappearance of temporary differences for the years ended December 31, 2023 and 2022 are as follows:

(In thousands of Korean won)		
Item	2023	2022
Deferred income tax assets (liabilities) at end of the year	9,755,909	9,281,564
Deferred income tax assets (liabilities) at beginning of the year	9,281,564	7,987,956
Deferred tax expense (income) due to occurrence and disappearance of temporary differences, etc.	(474,345)	(1,293,608)

(5) The income tax effect of temporary differences as of December 31, 2023 was calculated by applying the expected future tax rate for the fiscal year in which the temporary differences are extinguished.

(6) It is the income tax levied by the same taxation authority on the Group's deferred tax assets and deferred tax liabilities and, only when the Group has a legally enforceable right and intent to set off current tax assets and current tax liabilities, deferred tax assets and deferred tax liabilities are offset and presented in the consolidated statement of financial position.

(7) Changes in deferred tax assets (liabilities) for the years ended December 31, 2023 and 2022, are as follows:

① 2023

(In thousands of Korean won)						
Item	Beginning balance	Reflection in profit or loss	Directly reflected in capital	Ending balance		
				Net amount	Deferred income tax assets	Deferred income 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 2022

(In thousands of Korean won)						
Item	Beginning balance	Reflection in profit or loss	Directly reflected in capital	Ending balance		
				Net amount	Deferred income tax assets	Deferred income tax liability
PP&E	(2,955,538)	544,462	-	(2,411,076)	46,853	(2,457,929)
Allowance for bad debt	291,254	30,660	-	321,914	321,914	-
Others	697,757	247,079	-	944,836	944,836	-
Defined benefit obligation	(315,643)	664,691	(137,549)	211,499	211,499	-
Allowance for inventory valuation	232,385	4,105	-	236,490	236,490	-
Gain on valuation of biological assets	(825,690)	(1,946,965)	-	(2,772,655)	-	(2,772,655)
Gain on valuation of derivatives	2,238,987	(2,086,812)	-	152,175	152,175	-
Long-term deposit present value discount difference.	111,750	(58,274)	-	53,476	53,476	-
Gain on insurance adjustment	(1,241,071)	105,178	-	(1,135,893)	-	(1,135,893)
Accrued expenses (long-term employee benefits)	105,603	38,253	-	143,856	143,856	-
Greenhouse gas emission liabilities	-	19,377	-	19,377	19,377	-
Tax loss carried forward	9,648,162	3,855,951	-	13,504,113	13,504,113	-
Tax credit carried forward	-	13,452	-	13,452	13,452	-
Deferred income tax before off-set	7,987,956	1,431,157	(137,549)	9,281,564	15,648,041	(6,366,477)
Off-set effect	-	-	-	-	(6,366,477)	6,366,477
Net deferred income tax assets (liabilities)	-	-	-	-	9,281,564	-

(8) Deferred income tax assets and liabilities and current income tax assets and liabilities based on the total amount before offset as of December 31, 2023 and 2022 are as follows:

(In thousands of Korean won)		
Item	2023	2022
Deferred income tax assets	26,649,630	27,677,297
Deferred income tax liabilities	(16,893,721)	(18,395,733)
Total	9,755,909	9,281,564
Current income tax assets	6,968	51,050
Current income tax liabilities	(1,255,368)	(743,874)
Total	(1,248,400)	(692,824)

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

(In thousands of Korean won)		
Item	2023	2022
Deferred income tax assets		
Deferred income tax assets to be collected after 12 months	25,047,593	26,068,896
Deferred income tax assets to be collected within 12 months	1,602,037	1,608,398
Sub-total	26,649,630	27,677,294
Current income tax liabilities		
Deferred income tax liabilities to be collected after 12 months	(16,836,639)	(15,446,081)
Deferred income tax liabilities to be collected within 12 months	(57,082)	(2,949,649)
Sub-total	(16,893,721)	(18,395,730)
Net amount of deferred income tax assets (liabilities)	9,755,909	9,281,564

(10) Details of temporary differences unrecognized as deferred income tax assets (liabilities) as of December 31, 2023 and 2022 are as follows:

(In thousands of Korean won)			
Item	2023	2022	Reason
Investment shares in subsidiaries	5,285,840	11,273,247	No disposal plan
Investment shares in subsidiaries	(143,554)	(3,379,662)	No disposal plan Consideration of exclusion from gross income of revenue dividends
Total	5,142,286	7,893,585	

30. Capital and capital surplus

(1) The composition of capital of the controlling entity as of December 31, 2023 and 2022 is as follows:

(In thousands of Korean won)		
Item	Dec 31, 2023	Dec 31, 2022
Number of authorized shares	200,000,000 shares	200,000,000 shares
Number of shares issued	106,209,702 shares	106,209,702 shares
Par value per share	KRW500	KRW500
common stock capital	53,104,851	53,104,851

(2) Changes in the number of shares issued by the controlling entity for the years ended December 31, 2023 and 2022 are as follows:

(Unit: shares)		
Item	Dec 31, 2023	Dec 31, 2022
No. of shares issued at beginning of the year	106,209,702	106,209,702
No. of shares issued at end of the year	106,209,702	106,209,702

(3) Capital surplus

The composition of capital surplus of the controlling entity as of December 31, 2023 and 2022 is as follows:

(In thousands of Korean won)		
Item	Dec 31, 2023	Dec 31, 2022
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.

31. Other capital items

The composition of other equity items as of December 31, 2023 and 2022, is as follows:

(In thousands of Korean won)		
Item	Dec 31, 2023	Dec 31, 2022
Treasury stock (*)	(77,314)	(77,314)
Other capital adjustments	(35,443,080)	(35,443,080)
Overseas business translation profit and loss	194,567	182,459
Total	(35,325,827)	(35,337,935)

(*) 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.

32. Retained Earnings

(1) The composition of retained earnings as of December 31, 2023 and 2022 is as follows:

(In thousands of Korean won)		
Item	Dec 31, 2023	Dec 31, 2022
Legal reserve (*)	1,070,361	857,986
Unappropriated retained earnings	32,607,788	25,375,270
Total	33,678,149	26,233,256

(*) 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.

(2) Changes in retained earnings for the years ended December 31, 2023 and 2022, are as follows:

(In thousands of Korean won)		
Item	2023	2022
Beginning balance	26,233,256	23,591,772
Annual dividends	(2,123,744)	(3,185,615)
Net Income	13,032,524	5,027,067
Remeasurements for net defined benefit plans	(3,463,887)	800,032
Ending balance	33,678,149	26,233,256

33. Earnings per share

(1) Calculation details of basic earnings per share attributable to owners of the controlling entity for the years ended December 31, 2023 and 2022 are as follows:

(In Korean won)		
Item	2023	2022
Net income attributable to common shares	13,032,524,294	5,027,066,603
Weighted average number of common shares issued and outstanding (*)	106,187,182 shares	106,187,182 shares
Basic earnings per share	123	47

(*) 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.

(2) Basic earnings per share and diluted earnings per share are the same as the Group has no dilutive potential common stock.

34. Disclosure of Related Parties

(1) Details of the companies that have a special relationship with the Group as of December 31, 2023 are as follows:

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

(2) The Group engages in transactions with related parties, such as sale of goods and provision of services, and transactions such as sale and purchases with related parties for the years ended December 31, 2023 and 2022 are as follows:

① 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	424,793
Other related parties	PAN OCEAN TRADING & LOGISTICS PTE LTD.	-	-	-	-	-	-
	Excello Equine R&D Center	3,254	-	-	-	-	3,254
	Glyde Co., Ltd.	372,973	-	-	-	-	372,973
	Donglim Corporation	3,619	-	-	335,413	608,500	3,619
	DD F&B Co., Ltd.	14,160	-	-	-	-	14,160
	Maxican Co., Ltd.	4,963	-	-	-	-	4,963
	Sunjin Corporation	298,858	-	-	1,200	-	298,858
	Sunjin FS Co., Ltd.	542,243	-	457,823	3,746	-	542,243
	Sunjin Farm Co., Ltd.	47,773	-	83	-	-	47,773
	Sunjin Ham Co., Ltd.	350,358	-	-	-	-	350,358
	Ever Miracle Co., Ltd.	-	-	36	502,137	-	-
	HS Food Co., Ltd.	22,833	-	92	-	-	22,833
	Eco Capital Co., Ltd.	8,135	-	-	-	-	8,135
	ND Co., Ltd.	47,700	-	-	-	-	47,700
	N Bicorn Co., Ltd.	160,058	-	-	29,440	-	160,058
	NS Shopping Co., Ltd.	3,992,090	3,715	-	661,787	-	3,992,090
	ORPUM Co., Ltd.	6,508,248	48,670	-	8,779	-	6,508,248
	Charm Trading Co., Ltd.	6,916,561	-	560	22,667	-	6,916,561
	Farmsco Co., Ltd. (*)	1,841,719	-	1,109	19,074	-	1,841,719
	POSSM Co., Ltd.	15,315	-	-	-	-	15,315
	Harim Industry Co., Ltd.	3,907,944	8,908	7,676,982	217,314	-	3,907,944
	Harim Distribution Co., Ltd.	8,621,486	-	-	-	-	8,621,486
	Harim Pet Food Co., Ltd.	1,129,889	-	5,804	-	-	1,129,889
	Harim Food Co., Ltd.	2,597	-	-	-	-	2,597
	Hangang Food Co., Ltd.	12,154,791	19,195	74,791	452,021	-	12,154,791
	Sunjin Hanmaeul Co., Ltd.	13,650	-	-	-	-	13,650
Soonwoori Hanwoo Co., Ltd.	4,916	3,029	4,989	-	-	4,916	
Joowonsan Ducks Co., Ltd.	482,350	-	3,427,191	117,573	-	482,350	
Farmsco Bio Inte Agricultural Co., Ltd.	8,992	-	-	-	-	8,992	

(In thousands of Korean won)							
Category	Company	Sales	Other income	Purchase of raw materials	Purchase of goods	Other expenses	Acquisition of PP&E
	Jeil Feed Co., Ltd.	1,381,298	-	174,140	1,103,157	-	1,381,298
	Pan Ocean Co., Ltd.	99,998	-	-	-	-	99,998
	Korea Thumb Vet Co., Ltd.	107,485	-	36,707	222,672	-	107,485
	Korea Biotech Co., Ltd.	-	-	-	2,462	1,917,777	-
	Harim Animal Clinic Center	-	-	-	212,260	-	-
	Total	63,466,048	115,440	76,903,762	19,782,676	23,928,619	1,134,282

(*) 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 current period is KRW1,984,500,000.

② 2022

(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.	284,612	-	-	-	-	21,372,386	-
Other related parties	HARIM USA Ltd.	-	12,368	-	-	-	-	-
	Pan Ocean (America) Inc.	-	-	-	24,374,149	-	-	-
	PAN OCEAN TRADING & LOGISTICS PTE. LTD.	-	-	-	27,935,298	-	-	-
	PT. CAHAYA TECHNOLOGY UNGGAS	-	2,665	-	-	-	-	-
	Glyde Co., Ltd.	884,889	-	1,688	-	-	-	-
	Donglim Corporation	6,175	-	-	-	-	394,183	1,134,282
	DD F&B Co., Ltd.	12,516	-	-	-	-	-	-
	Maxican Co., Ltd.	4,129	-	-	-	-	-	-
	Sunjin Corporation (*1)	286,594	-	-	-	-	-	1,200
	Sunjin FS Co., Ltd.	663,037	-	-	-	18,535	917,079	5,693
	Sunjin Farm Co., Ltd.	44,348	-	-	-	-	1,547	-
	Sunjin Ham Co., Ltd.	284,733	-	-	-	-	-	-
	Ever Miracle Co., Ltd.	265,976	-	-	-	-	-	214,216
	HS Food Co., Ltd.	54,125	-	-	-	-	1,308,105	14,137
	Eco Capital Co., Ltd.	14,099	-	-	-	-	-	-
	ND Co., Ltd.	286,200	-	-	-	-	-	-
	N Bicorn Co., Ltd.	125,748	-	-	-	-	-	36,624
	NS Shopping Co., Ltd.	3,555,068	-	-	-	-	-	452,206
	NS Home Shopping Media Center Co., Ltd.	19,911	-	-	-	-	-	-
	ORPUM Co., Ltd.	3,879,098	44,620	-	-	1,581,503	69,888	9,705
	Charm Trading Co., Ltd.	6,126,322	-	-	-	4,237,200	104,103	36,441
	Farmsco Co., Ltd. (*2)	1,709,754	-	-	-	99,340	745	-
	Farmsco Food Co., Ltd.	412,384	-	-	-	6,958	1,409	10,342
POSSM Co., Ltd.	23,639	-	-	-	-	-	-	
Harim Industry Co., Ltd.	4,775,976	27,580	-	-	588,931	14,760,651	186,155	
Harim MS Co., Ltd.	2,254	-	-	-	-	-	-	
Harim Distribution Co., Ltd.	8,132,215	-	-	-	-	-	-	
Harim Pet Food Co., Ltd.	721,161	-	-	-	-	6,833	(79,973)	

(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
	Harim Food Co., Ltd.	4,391	-	-	-	-	-	-
	Hangang Food Co., Ltd.	28,807,965	19,919	-	2,673,441	393,873	8,711	-
	Sunjin Hanmaeul Co., Ltd.	17,789	-	-	-	-	-	-
	Soonwoori Hanwoo Co., Ltd.	6,980	8,288	-	-	10,963	2,375	-
	Joowon Asta Ducks Co., Ltd.	443,588	-	-	2,292	1,920,397	2,110	-
	Farmsco Bio Inte Agricultural Co., Ltd.	9,944	-	-	-	-	-	-
	Jeil Feed Co., Ltd.	1,325,319	-	-	388,583	227,556	1,093,182	-
	Pan Ocean Co., Ltd.	185,805	-	-	-	-	-	-
	Korea Thumb Vet Co., Ltd.	89,304	-	-	14,997,532	59,527	168,926	-
	Total	63,466,048	115,440	1,688	76,903,762	19,782,676	23,928,619	1,134,282

(*1) 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 none and the transaction amount (cost of recovered raw materials) for the current period is KRW772,000,000.

(*2) In 2022, the controlling entity, Harim Holdings Co., Ltd., was fined KRW 17,196,000,000 by the Fair Trade Commission in relation to the sale of fresh chicken meat. Since this fine was incurred due to the business activities of the Group before the split, Harim Holdings claimed indemnity for the fine to be paid by the Group. The profit and loss effect related to this fine is included in other expenses in the consolidated statement of comprehensive income, and the related liability is included in accounts payable and other liabilities and long-term accounts payable and other liabilities in the consolidated statement of financial positions.

(3) The composition of receivables from and payables to related parties as of December 31, 2023 and 2022 are as follows:

① Dec 31, 2023

(In thousands of Korean won)						
Category	Company	Receivables			Payables	
		Trade receivable	Security deposits	Account receivables, etc.	Trade payables	Account payables, etc. (*)
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.

② Dec 31, 2022

(In thousands of Korean won)						
Category	Company	Receivables			Payables	
		Trade receivable	Security deposits	Account receivables, etc.	Trade payables	Account payables, etc.
Parent company	Harim Holdings Co., Ltd.	19,998	2,775,860	-	-	16,256,023
Other related parties	PAN OCEAN TRADING & LOGISTICS PTE. LTD.	-	-	-	4,948,419	-
	Glyde Co., Ltd.	89,414	-	-	-	-
	Donglim Corporation	-	-	-	-	79,159
	DD F&B Co., Ltd.	528	-	-	-	-
	Sunjin Corporation	14,750	-	-	-	-
	Sunjin FS Co., Ltd.	5,834	-	-	63,186	312
	Sunjin Farm Co., Ltd.	5,083	-	-	-	-
	Ever Miracle Co., Ltd.	-	-	-	-	28,540
	HS Food Co., Ltd.	4,388	-	-	617	-
	N Bicorn Co., Ltd.	11,471	-	-	-	-
	NS Shopping Co., Ltd.	361,379	-	-	-	-
	ORPUM Co., Ltd.	203,930	-	1,100	77,757	-
	Charm Trading Co., Ltd.	109,893	-	-	252,550	8,760
	Farmsco Co., Ltd.	50,566	-	-	1,275	-
	Farmsco Food Co., Ltd.	14,748	-	-	-	-
	Harim Industry Co., Ltd.	448,408	-	1,242	1,109,611	105,404
	Harim Distribution Co., Ltd.	327	-	-	-	-
	Harim Pet Food Co., Ltd.	75,116	-	-	-	-
	Harim Food Co., Ltd.	272	-	-	-	-
	Hangang Food Co., Ltd.	5,457,140	-	1,544	54,385	-
	Soonwoori Hanwoo Co., Ltd.	356	-	-	419	-
Joowon Asta Ducks Co., Ltd.	34,903	-	-	158,950	-	
Jeil Feed Co., Ltd.	83,336	571,610	-	90,861	103,641	
Pan Ocean Co., Ltd.	341	-	-	-	-	
Korea Thumb Vet Co., Ltd.	8,420	-	-	704,162	24,645	
Total		7,000,601	3,347,470	3,886	7,462,192	16,606,484

(4) There is no guarantee provided by the Group to related parties as of Dec 31, 2023.

(5) The Group has determined that registered officers with important authorities and responsibilities for the planning, operation and control of its activities are the key management and the remunerations paid for key management for years ended December 31, 2023 and 2022 are as follows:

(In thousands of Korean won)		
Item	2023	2022
Short-term employee wage	3,293,542	2,873,104
Other long-term employee benefits	-	144
Retirement benefits	878,636	290,148
Total	4,172,178	3,163,396

(6) Guarantees and collaterals provided by related parties as of December 31, 2023 are none.

(7) Fund transactions with related parties for the years ended December 31, 2023 and 2022, are as follows:

① 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

② 2022

(In thousands of Korean won)		
Category	Company	Dividend Payment
Controlling Entity	Harim Holdings Co., Ltd.	1,827,853
Others	Major Management and Others	48,519

35. Financial Instruments

(1) Classification of financial instruments by category

Carrying amounts of financial instruments by category as of December 31, 2023 and 2022, are as follows:

① 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	-	-

② Dec 31, 2022

(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	57,995,949	-	-	-
Short-term financial instruments	69,342,381	-	-	-
Long-term financial instruments	7,012,410	-	-	-
Trade and other receivables	77,979,368	-	-	-
Long-term trade and other receivables	9,032,398	-	-	-
Other financial assets	1,325	-	196,080	-
Long-term other financial assets	2,110	-	-	-
Total financial assets	221,365,941	-	196,080	-
Trade and other payables	-	113,912,474	-	-
Long-term trade and other payables	-	6,271,410	-	-
Short-term borrowings	-	409,293,035	-	-
Long-term borrowings	-	67,973,321	-	-
Other financial liabilities	-	-	-	920,722
Total financial liabilities	-	597,450,240	-	920,722

(2) Details of financial incomes and financial expenses by category of financial instruments for the years ended December 31, 2023 and 2022, are as follows:

(In thousands of Korean won)		
Item	2023	2022
Financial assets measured at amortized cost:		
Interest income	2,984,759	4,144,428
Gain on foreign currency transactions	(18,329)	
Loss on foreign currency transactions	372,930	1,891,703
Gain on foreign currency translation	(428,869)	(1,190,927)
Loss on foreign currency translation	18,450	688,279
Import guarantee fee	(19,991)	(3,197,819)
Reversal of allowance for bad debt (bad debt expenses)	158,573	(13,801)
Financial assets measured at fair value:		
Gain on trading of derivatives	19,418,494	6,466,504
Loss on trading of derivatives	(19,642,581)	(6,410,754)
Gain on valuation of derivatives	469,200	3,582,904
Loss on valuation of derivatives	(196,080)	(928,110)
Financial liabilities measured at amortized cost:		
Interest expense	(21,818,634)	(19,046,663)
Gain on foreign currency transactions	1,730,510	3,294,904
Loss on foreign currency transactions	(5,740,231)	(19,140,252)
Gain on foreign currency translation	2,478,181	7,637,956
Loss on foreign currency translation	(544,994)	(3,226,774)
Total	(20,778,612)	(25,448,422)

(3) Currency risk

① Exposure to currency risk

The Group's exposure to foreign exchange risk as of December 31, 2023 and 2022 are as follows:

(Unit: USD, EUR, CAD, JPY, KRW 1,000)						
Account	Dec 31, 2023			Dec 31, 2022		
	Foreign currency		KRW equivalent	Foreign currency		KRW equivalent
Cash and cash equivalents	USD	1,894,784	2,443,135	USD	3,574,605	4,530,097
	EUR	-	-	EUR	9,962	13,461
	CAD	-	-	CAD	1,563	1,462
	JPY	50,710,620	462,816	JPY	112,241,924	1,069,868
Total foreign currency assets			2,905,951			4,813,911
Short-term borrowings	USD	118,122,779	189,519,530	USD	149,545,908	189,519,530
	EUR	-	3,086,871		2,284,540	3,086,871
Total foreign currency liabilities			118,122,779			165,239,597

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, 2023 and 2022, 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, 2023		Dec 31, 2022	
		Up	Down	Up	Down
USD	10%	(11,567,964)	11,567,964	(18,498,943)	18,498,943
EUR	10%	-	-	(307,341)	307,341
CAD	10%	-	-	146	(146)
JPY	10%	46,282	(46,282)	106,988	(106,988)
Total		(11,521,682)	11,521,682	(18,699,150)	18,699,150

(4) Liquidity risk

Contractual maturities of financial liabilities as of December 31, 2023 and 2022 are as follows:

① 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

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, 2023 is KRW6,628,972,000.

② Dec 31, 2022

(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	113,912,474	113,912,474	106,581,079	7,331,395	-	-
Short-term borrowings	409,293,035	413,313,073	96,272,442	317,040,631	-	-
Long-term trade and other payables	6,271,410	6,271,409	-	-	5,803,835	467,574
Long-term borrowings	67,973,321	72,490,775	387,813	1,184,887	16,532,092	54,385,983
Other financial liabilities	920,722	920,722	-	-	920,722	-
Lease liabilities	4,319,343	4,541,715	625,066	1,823,528	1,256,044	837,077
Total	602,690,305	611,450,168	203,866,400	327,380,441	24,512,693	55,690,634

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) 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, 2023 and 2022, is as follows:

(In thousands of Korean won)		
Item	Dec 31, 2023	Dec 31, 2022
Cash and cash equivalents (*)	44,022,176	57,995,393
Short-term financial instruments	25,670,000	69,342,381
Long-term financial instruments	14,344,058	7,012,410
Trade and other receivables	87,614,012	77,979,368
Long-term trade and other receivables	8,063,300	9,032,398
Other financial assets	471,310	197,405
Long-term other financial assets	-	2,110
Total	180,184,856	221,561,465

(*) Cash on hand held by the Group excluded.

As of December 31, 2023, the maximum exposure to credit risk of financial guarantees provided by the Group is KRW6,628,972,000 (Notes 16 and 35).

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, 2023 and 2022, and the amounts of expected credit loss for receivables by age are as follows:

(In thousands of Korean won)						
Item	Dec 31, 2023			Dec 31, 2022		
	Total Receivables	Impaired receivables	Carrying amount	Total Receivables	Impaired receivables	Carrying amount
0-3 months	87,343,171	74,566	87,268,605	78,025,600	156,167	77,869,433
4-6 months	1,384,158	70,549	1,313,609	2,035,584	146,977	1,888,607
7-9 months	30,921	7,620	23,301	242,147	68,967	173,180
10-12 months	34,894	29,934	4,960	77,564	50,200	27,364
Over 12 months	8,368,331	1,301,493	7,066,838	8,619,516	1,566,335	7,053,181
Total	97,161,475	1,484,162	95,677,313	89,000,411	1,988,646	87,011,765

(6) 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, 2023 and 2022, are as follows:

(In thousands of Korean won)		
Item	Dec 31, 2023	Dec 31, 2022
Floating interest rate financial liabilities:		
Short-term borrowings	227,808,309	283,023,035
Long-term borrowings	45,750,000	43,074,000
Total	273,558,309	326,097,035

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, 2023				Dec 31, 2022			
	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	(2,278,083)	2,278,083	(2,278,083)	2,278,083	(2,830,230)	2,830,230	(2,830,230)	2,830,230
Long-term borrowings	(457,500)	457,500	(457,500)	457,500	(430,740)	430,740	(430,740)	430,740
Total	(2,735,583)	2,735,583	(2,735,583)	2,735,583	(3,260,970)	3,260,970	(3,260,970)	3,260,970

(7) Fair value

① The carrying amounts and fair values of financial instruments as of December 31, 2023 and 2022, are as follows:

(In thousands of Korean won)				
Item	Dec 31, 2023		Dec 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Financial assets measured at amortized cost				
Cash and cash equivalents	44,022,558	44,022,558	57,995,949	57,995,949
Short-term financial instruments	25,670,000	25,670,000	69,342,381	69,342,381
Long-term financial instruments	14,344,058	14,344,058	7,012,410	7,012,410
Trade and other receivables	87,614,012	87,614,012	77,979,368	77,979,368
Long-term trade and other receivables	8,063,300	8,063,300	9,032,398	9,032,398
Other financial assets	2,110	2,110	1,325	1,325
Long-term other financial asset	-	-	2,110	2,110
Financial assets measured at fair value				
Derivatives assets	469,200	469,200	196,080	196,080
Total financial assets	180,185,238	180,185,238	221,562,021	221,562,021
Financial Liabilities:				
Financial liabilities measured at amortized cost				
Trade and other payables	111,282,432	111,282,432	113,912,474	113,912,474
Long-term trade and other payables	993,530	993,530	6,271,410	6,271,410
Short-term borrowings	321,832,309	321,832,309	409,293,035	409,293,035
Long-term borrowings	91,038,900	91,038,900	67,973,321	67,973,321
Financial liabilities measured at fair value				
Derivatives liabilities	-	-	920,722	920,722
Total financial liabilities	525,147,171	525,147,171	598,370,962	598,370,962

② Fair value

Hierarchical fair value has the following levels.

Level	Significance of input variables
Level 1	Quoted price in an active market for the same asset or liability
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, 2023 and 2022, is as follows:

1) Dec 31, 2023

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

2) Dec 31, 2022

(In thousands of Korean won)				
Item	Level 1	Level 2	Level 3	Total
Financial assets				
Derivatives assets	-	196,080	-	196,080
Financial liabilities				
Derivatives liabilities	-	920,722	-	920,722

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

Valuation techniques 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, 2023 and 2022 are as follows:

(In thousands of Korean won)				
Item	Dec 31, 2023	Dec 31, 2022	Valuation method	Inputs
Financial assets				
Derivatives assets	469,200	196,080	Market approach	FX rate, remaining maturity, etc.
Financial liabilities				
Derivatives liabilities	-	920,722	Market approach	FX rate, remaining maturity, etc.

36. Commitments and contingent liabilities

(1) Commitments with financial institutions as of December 31, 2023 are as follows:

(In USD, thousands of Korean won)			
Lender	Descriptions	Amount used	Limit
KEB Hana Bank	Import L/C Guarantee	USD 10,602,663	USD 23,700,000
Woori Bank		USD 10,278,267	USD 14,200,000
KDB		USD 12,104,186	USD 30,000,000
Kookmin Bank		USD 12,990,957	USD 20,000,000
Nonghyup Bank		USD 8,317,884	USD 12,000,000
Fisheries Cooperative Federation		USD 4,363,786	USD 10,000,000
Export-Import Bank of Korea		USD 15,448,570	USD 26,000,000
Shinhan Bank		USD 7,671,148	USD 15,000,000
Jeonbuk Bank		USD 2,627,033	USD 10,000,000
SC Cheil Bank		USD 7,156,162	USD 20,000,000
Daegu Bank		-	USD 10,000,000
Export-Import Bank of Korea	Import loan	28,000,000	USD 23,000,000
		31,800,000	USD 28,000,000
		2,500,000	2,500,000
KEB Hana Bank	Working capital & facility	62,500,000	73,750,000
KDB	Working capital & facility	80,000,000	88,800,000
Nonghyup Bank	Working capital	70,044,000	70,044,000
Hanyang Securities	Bonds	20,000,000	20,000,000
Total		USD 91,560,656	USD 241,900,000
		KRW 294,844,000	KRW 255,094,000

(2) The pending lawsuits of the Group as of Dec 31, 2023 are as follows, and the outcome of the lawsuits as of Dec 31, 2023 is unpredictable.

(In thousands of Korean won)					
Court	Plaintiff	Defendant	Descriptions	Value	Progress
Jeonju District Court	Lee Junhee	Harim Corporation	Claim for damages (industrial accident)	200,000	1 st trial in progress
Seoul Central District Court		Harim Corporation	Case of violation of Monopoly Regulation and Fair Trade Act(*)	-	1 st trial in progress
Seoul Bukbu District Court	Dobong-gu Office	Harim Corporation	Administrative fines for violations of the Law on the Management of Livestock and Livestock Products History	700	1 st trial in progress
Seoul Nambu District Court	Park Yun Ok	Harim Corporation	Case of objection to the mortgage on real estate	38,892	2 nd trial in progress
Total				239,592	

(*) the relevant lawsuit is a criminal case.

(3) The outstanding derivative financial instrument commitments as of December 31, 2023 and 2022 are as follows:

(In USD)		
Item	Dec 31, 2023	Dec 31, 2022
Knock out Forward	-	20,000,000
Capped Forward	-	10,000,000
Forward Exchange	-	5,000,000
Currency Forward	97,750,000	51,600,000

36. Consolidated Statement of Cash Flows

(1) Significant transactions with no cash inflows or outflows during investment and financing activities for the years ended December 31, 2023 and 2022, are as follows:

(In thousands of Korean won)		
Item	2023	2022
Account payables related to acquisition of PP&E	3,552,686	(339,462)
Transfer of construction in progress to main accounts	48,394,105	20,228,224
Transfer of borrowings to current portion	21,784,000	20,440,000
Transfer of investment properties	14,727,681	-

(2) Adjustments for liabilities arising from financial activities for the years ended December 31, 2023 and 2022, are as follows:

① 2023

(In thousands of Korean won)								
Item	Beginning	Cash flow	Non-cash change				Change	Ending balance
			FX rate change	Transfer to current portion	Interest expense amortization	Effect of foreign operation translation		
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 portion of lease liabilities	2,302,983	(3,149,927)	-	1,263,022	358,843	(374)	1,420,265	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)	-	499	1,250,861	2,004,698
Total	481,585,699	(65,631,466)	(1,933,187)	-	378,421	125	2,671,126	417,070,718

② 2022

(In thousands of Korean won)								
Item	Beginning	Cash flow	Non-cash change				Change	Ending balance
			FX rate change	Transfer to current portion	Interest expense amortization	Effect of foreign operation translation		
Current Liabilities								
Short-term borrowings	261,755,322	56,271,559	(5,170,242)	-	-	-	76,576,396	389,433,035
Current portion of long-term borrowings	119,983,220	(22,446,220)	-	20,440,000	-	-	(98,117,000)	19,860,000
Current portion of bonds	34,963,304	(35,000,000)	-	-	36,696	-	-	-
Current portion of lease liabilities	2,013,324	(2,959,646)	-	988,792	-	(284)	2,260,800	2,302,986
Non-current liabilities								
Long-term borrowings	34,290,000	13,174,000	-	(20,440,000)	-	-	21,000,000	48,024,000
Bonds	-	19,939,780	-	-	9,541	-	-	19,949,321
Lease liabilities	2,585,725	-	-	(988,792)	-	(560)	419,987	2,016,360
Total	455,590,895	28,979,473	(5,170,242)	-	46,237	(844)	2,140,183	481,585,702

38. Greenhouse gas emission liabilities

(1) Greenhouse gas emission rights held for the fulfillment of obligations

① The number of emission rights allocated free of charge for the 3rd planning period (2021-2025) as of Dec 31, 2023 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

② Changes and carrying amounts of emission rights as of December 31, 2023 are as follows:

(Unit: ton (tCO ₂ -eq), KRW1,000)										
Item	2021		2022		2023		2024		2025	
	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount
Free allocation at beginning of the year	77,180	-	77,180	-	77,180	-	76,456	-	76,456	-
Additional allocation (*)	15,077	-	15,043	-	15,043	-	-	-	-	-
Purchase (Sell)	2,185	43,700	5,839	47,682	-	-	-	-	-	-
Submit to the government	(99,442)	(43,700)	(98,062)	(47,682)	(100,990)	-	-	-	-	-
Carried forward	5,000	-	-	-	-	-	-	-	-	-
Ending balance	-	-	-	-	(8,767)	-	76,456	-	76,456	-

(*) Due to the addition of the bio business division (Iksan, Jeongeup), Meat Processing Factory 2, FS Plant, and the livestock production plants, when submitting the statement for the next year, the Group plans to apply for an additional free allocation of 15,043 tons, and the estimated emission for 2023 is 100,990 tons and the shortage of 8,767 tons will be purchased from the market and submitted.

③ There are no emission rights provided as collaterals as of Dec 31, 2023.

(2) Emission Liabilities

① The Group's estimated greenhouse gas emissions for the year of 2023 as of December 31, 2023 are 100,990 tons (tCO₂-eq) and emission liabilities for the shortage of 8,767 tons (tCO₂-eq) was established.

② Changes in emission liabilities for the years ended December 31, 2023 and 2022, are as follows:

(In thousands of Korean won)		
Item	2023	2022
Beginning balance	92,272	200,822
Transfer	79,078	92,272
Reversal	(92,272)	(200,822)
Ending balance	79,078	92,272

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, 2023

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							
				2023	2022	2023	2022	2023	2022						
No. of personnel input		5	6	1	1	11	13	3	5	7	6	-	-	27	31
Time	Quarter/half year review	16	16	43	27	815	755	126	180	-	-	-	-	1,000	978
	Audit	91	33	99	96	1,368	1,665	190	594	467	503	-	-	2,215	2,891
	Total	107	49	142	123	2,183	2,420	316	774	467	503	-	-	3,215	3,869

3. Major Descriptions on Audit

Classification	Details									
Overall audit plan (start phase)	Period	06.19.2023 ~ 12.20.2023			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						
	09.19.2023 ~ 06.23.2023 07.17.2023 ~ 12.11.2023	10	days	5	persons	3	persons	Evaluation of design of internal accounting control system, early demonstration audit		
	10.16.2023 ~ 10.20.2023 12.11.2023 ~ 12.15.2023	10	days	5	persons	3	persons	Evaluation of operation of internal accounting control system, early demonstration audit		
01.16.2024 ~ 01.19.2024 01.22.2024 ~ 01.26.2024	9	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	01.08.2024				1	day			
	Location	Head Office in Iksan, Factory in Jeoneup								
	Target	Whole of Inventories								
Due diligence on financial assets (attendance)	Time	01.08.2024				1	day			
	Location	Head Office in Iksan								
	Target	Cash on hand, 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	05.11.2023 / 08.08.2023 / 11.02.2023 / 02.13.2024								
Use of external experts	Activity	-								
	Period	-			-				day	

4. Communications with Auditor (Audit Committee)

No.	Date	Attendees	Method	Descriptions on major discussions
1	05.11.2023	Company: Audit Committee External Auditors: Responsible Director and CPA in charge	Physically Meeting	Quarterly review progress report, Key audit plans, Responsibilities of the management and auditors, Key audit matters
2	08.08.2023	Company: Audit Committee External Auditors: Responsible Director and CPA in charge	Physically Meeting	Half-year review progress report, Key audit matters and etc.
3	11.02.2023	Company: Audit Committee External Auditors: Responsible Director and CPA in charge	Physically Meeting	Half-year review progress report, Key audit matters and etc.
4	02.13.2024	Company: Audit Committee External Auditors: Responsible Director and CPA in charge	Physically Meeting	Year-end audit progress report, Independence, Subsequent events, Internal accounting control system audit and etc.