

# **HARIM CORPORATION**

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

**WITH INDEPENDENT AUDITORS' REPORT**

**Harim Corporation**

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# Independent Auditors' Report

To the Shareholders and Board of Directors of  
Harim Corporation

## Audit Opinion

We have audited the financial statements of Harim Corporation (“the Company”), which comprise the statements of financial position as of December 31, 2023 and 2022, the 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 financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with Korean International Financial Reporting Standards (“K-IFRS”).

We, also, audited the Internal Accounting Control System of Harim Corporation as of Dec. 31, 2023 based on the ‘Design and Operation Concept System of Internal Accounting Control System and expressed unqualified opinion in the audit report dated on Mar. 14, 2024.

## 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 Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the 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 financial statements as of and for the year ended December 31, 2023. These matters were addressed in the context of our audit of the 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 financial statements, the Company 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 Company 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. (Refer to 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 Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used in the preparation of the 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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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 20, 2023). 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 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**

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

“The accompanying 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**  
**Statements of Financial Position**  
**As of December 31, 2023, and 2022**

(In Korean won)

Account	Note	December 31, 2023		December 31, 2022	
<b>Assets</b>					
<b>I. Current Assets</b>			321,545,078,896		378,970,709,239
Cash and cash equivalents	5,7,34	40,503,090,977		49,176,877,521	
Short-term financial instruments	5,7,34	23,170,000,000		68,805,380,643	
Trade and other receivables	8,33,34	87,456,819,244		80,220,643,312	
Other financial assets	11,21,34	471,310,000		197,405,000	
Inventories	9	130,859,613,960		130,562,755,051	
Biological assets	10	34,398,131,667		46,097,987,130	
Other current assets	11	4,686,113,048		3,909,660,582	
<b>II. Non-current assets</b>			500,697,685,839		504,692,409,282
Long-term financial instruments	5,7,34	14,241,057,754		6,931,410,300	
Long-term trade and other receivables	8,33,34	7,066,839,140		8,614,502,760	
Long-term other financial assets	11,34	-		2,110,000	
Investment in subsidiaries	12	26,053,025,170		26,208,095,170	
Property investment	13,14	20,628,328,558		21,967,970,860	
Property, plant and equipment	14,33,36	420,388,090,032		425,941,105,905	
Intangible assets	17	1,140,946,059		1,571,533,765	
Deferred tax assets	28	7,133,596,595		5,420,626,896	
Right-of-use asset	15	4,045,802,531		3,760,269,665	
Defined benefit assets	22	-		4,274,783,961	
<b>Total Assets</b>			<b>822,242,764,735</b>		<b>883,663,118,521</b>
<b>Liabilities</b>					
<b>I. Current Liabilities</b>			427,292,001,993		511,944,177,045
Trade and other payables	18,33,34	108,324,267,440		111,548,344,034	
Short-term borrowings	19,34,35,36	313,832,308,784		395,123,035,155	
Other financial liabilities	20,21,34	-		920,721,646	
Current lease liabilities	15,34,36	2,044,396,303		2,029,341,168	
Current tax liabilities	28	1,233,404,538		287,251,354	
Other current liabilities	20,37	1,857,624,928		2,035,483,688	
<b>II. Non-current liabilities</b>			94,257,445,404		75,633,013,800
Long-term trade and other payables	18,34	921,695,137		6,199,575,226	
Long-term borrowings	19,34,35,36	91,038,899,633		67,803,321,459	
Long-term other financial liabilities	15,34,36	1,726,913,453		1,630,117,115	
Defined benefit liabilities		569,937,181		-	
<b>Total Liabilities</b>			<b>521,549,447,397</b>		<b>587,577,190,845</b>



Account	Note	December 31, 2023		December 31, 2022	
Equity					
I. Capital	29		53,104,851,000		53,104,851,000
II. Capital surplus	29		256,293,544,034		256,293,544,034
III. Other capital items	30		(27,437,961,151)		(27,437,961,151)
IV. Retained earnings	31		18,732,883,455		14,125,493,793
Total Equity			300,693,317,338		296,085,927,676
Total Liabilities and Equity			822,242,764,735		883,663,118,521

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

**Harim Corporation**  
**Statements of Comprehensive Income**  
**For Years Ended December 31, 2023 and 2022**

(In Korean won)

Account	Note	2023		2022	
I. Sales	23,33		1,358,340,380,389		1,289,857,319,178
II. Cost of sales	24,33		1,160,080,929,076		1,100,015,895,818
III. Gross profit			198,259,451,313		189,841,423,360
IV. Sales and administrative expenses	24,25		162,902,488,136		154,178,386,819
V. Operating profit			35,356,963,177		35,663,036,541
VI. Other income and expenses	26,33		(2,832,519,213)		(4,360,317,200)
Other income		4,471,452,031		14,835,400,847	
Other expenses		7,303,971,244		19,195,718,047	
VII. Financial income and expenses	21,27,34		(20,512,303,173)		(25,166,597,694)
Financial income		26,911,842,667		21,431,543,877	
Financial expenses		47,424,145,840		46,598,141,571	
VIII. Income before tax			12,012,140,791		6,136,121,647
IX. Income tax expense	28		1,962,430,512		1,754,217,881
X. Net Income			10,049,710,279		4,381,903,766
XI. Other comprehensive income			(3,318,576,977)		451,861,729
Items not subsequently reclassified to profit or loss:					
Remeasurements of defined benefit plans	22,28	(3,318,576,977)		451,861,729	
XII. Total comprehensive income			6,731,133,302		4,833,765,495
XIII. Earnings per share	32				
Basic earnings per share			95		41

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

**Harim Corporation**  
**Statements of Changes in Shareholders' Equity**  
**For Years Ended December 31, 2023 and 2022**

(In Korean won)

Account	Capital	Capital surplus	Other capital components	Retained earnings	Subtotal
Balance at Jan 1, 2022	53,104,851,000	256,293,544,034	(27,437,961,151)	12,477,343,758	294,437,777,641
Net Income	-	-	-	4,381,903,766	4,381,903,766
Dividend payment	-	-	-	(3,185,615,460)	(3,185,615,460)
Remeasurements for net defined benefit plans	-	-	-	451,861,729	451,861,729
Balance at Dec 31, 2022	53,104,851,000	256,293,544,034	(27,437,961,151)	14,125,493,793	296,085,927,676
Balance at Jan 1, 2023	53,104,851,000	256,293,544,034	(27,437,961,151)	14,125,493,793	296,085,927,676
Net Income	-	-	-	10,049,710,279	10,049,710,279
Dividend payment	-	-	-	(2,123,743,640)	(2,123,743,640)
Remeasurements for net defined benefit plans	-	-	-	(3,318,576,977)	(3,318,576,977)
Balance at Dec 31, 2023	53,104,851,000	256,293,544,034	(27,437,961,151)	18,732,883,455	300,693,317,338

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

**Harim Corporation**  
**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	74,176,041,835	40,692,300,998
(1) Net income	10,049,710,279	4,381,903,766
(2) Adjustment	97,783,296,432	73,641,655,979
Income tax expense (profit)	1,962,430,512	1,754,217,881
Depreciation	41,983,365,939	40,933,131,718
Depreciation of investment property	690,089,975	733,467,097
Amortization of intangible assets	423,681,546	521,626,836
Depreciation of right-of-use assets	3,303,571,153	3,064,646,426
Depreciation of biological assets for production	19,483,296,179	18,736,714,460
Loss on valuation of inventories (reversal)	335,054,232	(99,422,019)
Loss on valuation of derivatives	196,080,000	928,109,519
Gain on valuation of derivatives	(469,200,000)	(196,080,000)
Loss on transaction of derivatives	19,642,581,000	3,470,354,000
Gain on transaction of derivatives	(19,418,493,646)	(6,449,431,000)
Retirement benefits	7,216,746,284	6,755,470,371
Loss on disposal of PP&E	160,676,144	342,640,474
Gains on disposal of PP&E	(278,217,547)	(72,887,387)
Loss on disposal of intangible assets	3,000	-
Loss on disposal of investment property	276,301,786	-
Gain on disposal of investment property	(422,849,459)	-
Gain on disposal of right-of-use assets	(61,634,067)	(50,979,791)
Loss on disposal of investment in subsidiary shares	94,214,620	-
Bad debt expenses	(193,718,988)	(80,989,995)
Interest income	(2,802,357,760)	(3,813,513,444)
Interest expense	21,299,334,910	17,887,791,995
Import guarantee fees	-	(34,745,100)
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	-
Reversal of impairment loss on investment in subsidiary shares	-	(13,020,425,170)
Gain on foreign currency translation	(2,487,306,850)	(7,638,726,381)
Loss on foreign currency translation	547,903,532	2,532,807,067
Greenhouse gas emission liabilities	(13,193,660)	(108,549,700)
Contribution to provisions for contingent loss liabilities	-	17,196,000,000
(3) Changes in net working capital	(13,629,873,907)	(23,899,806,783)
Decrease (increase) in trade receivables	(18,191,822,588)	(16,061,057,522)
Decrease (increase) in other receivables	1,274,939,866	(717,146,373)
Decrease (increase) in inventories	(1,337,612,665)	(26,359,331,812)
Decrease (increase) in biological assets for consumption	9,694,733,307	(797,659,292)
Decrease (increase) in other assets	(1,013,843,684)	(688,267,482)
Increase (decrease) in trade payables	4,400,182,515	28,541,463,294
Increase (decrease) in other payables	(440,433,509)	1,848,526,037
Increase (decrease) in other liabilities	(1,448,572,314)	(1,297,574,860)
Payment of severance pay	(6,960,435,790)	(7,808,406,320)
Decrease (increase) in plan assets	392,990,955	(560,352,453)
(4) Receipt of interest	2,315,394,004	2,836,415,935
(5) Payment of interest	(20,490,080,662)	(16,212,686,123)
(6) Income tax refund (payment amount)	(1,852,404,311)	(55,181,776)

II. Cash flow from investing activities		(21,808,181,092)		(133,560,194,918)
Decrease in short-term financial instruments	109,060,380,643		139,465,000,000	
Increase in short-term financial instruments	(58,425,000,000)		(202,588,500,000)	
Decrease in short-term loans	-		50,000,000	
Decrease in short-term security deposits	16,966,475,361		52,780,760	
Increase in short-term security deposits	(23,704,501,326)		(8,772,440,902)	
Decrease in long-term financial instruments	1,037,160,512		-	
Increase in long-term financial instruments	(13,346,807,966)		(6,261,410,300)	
Decrease in long-term deposit	1,784,480,000		2,277,669,000	
Increase in long-term deposit	(391,118,000)		(216,910,000)	
Decrease in other financial instruments	1,325,000		3,510,000	
Increase in investment in subsidiary shares	-		(6,000,000,000)	
Decrease in investment in subsidiary shares	60,855,380		-	
Disposal of investment property	796,100,000		-	
Disposal of PP&E	389,312,722		138,612,345	
Disposal of intangible assets	127,000,000		22,000,000	
Acquisition of PP&E	(40,510,092,358)		(32,032,561,154)	
Acquisition of intangible assets	(101,626,800)		(137,082,130)	
Increase in biological assets for production	(17,440,834,260)		(19,560,862,537)	
Settlement of derivatives	1,888,710,000			
III. Cash flow from financing activities		(61,048,807,827)		54,053,896,052
Increase in short-term borrowings	228,940,448,472		400,189,810,749	
Repayment of short-term borrowings	(319,391,987,406)		(327,923,440,692)	
Repayment of current portion of long-term liabilities	(10,690,000,000)		(10,748,220,000)	
Increase in long-term borrowings	45,000,000,000		13,344,000,000	
Increase in bonds	-		19,939,780,000	
Repayment of current bonds	-		(35,000,000,000)	
Payment of dividends	(2,123,743,640)		(3,185,615,460)	
Repayment of lease liabilities	(2,783,525,253)		(2,562,418,545)	
IV. Effect of exchange rate fluctuation on cash and cash equivalents		7,160,540		(64,262,844)
V. Increase in cash and cash equivalents ( I + II + III + IV)		(8,673,786,544)		(38,878,260,712)
VI. Cash and cash equivalents at beginning of the year		49,176,877,521		88,055,138,233
VII. Cash and cash equivalents at end of the year		40,503,090,977		49,176,877,521

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

# Notes to the Financial Statements

For the Years ended December 31, 2023 and 2022

## Harim Corporation

### 1. General

#### (1) Overview of the Company

Harim Corporation (hereinafter referred to the “Company”) 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 Company to engage in the chicken processing and fee manufacturing business with a record date of January 1, 2011.

After the spin-off, the shares of the Company 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. Basis of financial statements preparation

The 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 financial statements of the Company are the separate financial statements pursuant to the No. 1027 of the Statements of Korea Accounting Standards and presented the investment assets by accounting standards based on the direct investment in shares not based on performance and net assets.

The financial statements of the Company 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 financial statements have been prepared on the basis of historical cost, except for the major items in the 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 the Company have been prepared in functional currency, which is the currency of the main economic environment in which the operations of the Company are conducted. The financial statements of the Company are prepared and reported in Korean Won, which is the functional and presentation currency.

## (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 Company. 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 Company

The Company has applied 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 Company

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 Company 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 Company 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 Company 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 Company 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 Company in preparation of its financial statements are included below. The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for those as disclosed in Note 3.

##### (1) Investment in subsidiaries and affiliates

The financial statements of the Company are the separate financial statements pursuant to the K-IFRS No. 1027. In relation to the investment assets in subsidiaries and affiliates, the Company uses the cost method pursuant to the K-IFRS No. 1027. Meanwhile, the dividends received from the subsidiaries and affiliates are recognized as gain or loss at the time of confirming the right to the dividends payments.

##### (2) Cash and cash equivalents

The Company 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 Initial recognition and measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets are initially recognized when the Company 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 Company 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 Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. However, once elected, it cannot be cancelled. This election 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 Company 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 Company 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 Company 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 Company 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 Company'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 Company 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 Company retains or transfers substantially all of the risks and rewards of ownership in case the financial assets are not under control.

If the Company transfers assets recognized in the 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 Company offsets financial assets and liabilities only when the Company 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 statement of financial position.

## (6) Derivative financial instruments

The Company 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 Company 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 Company documents the objectives and strategies for risk management for the hedge. The Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company's historical experience and informed credit assessment and including forward looking information.

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

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

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company'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 Company 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 Company.

#### (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 Company has reasonable assurance that it will receive the grant and comply with the conditions incidental to the grant.

The Company 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 Company 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.

### (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 Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, the Company 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 Company 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 Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company 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 Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company 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 Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company 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 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 Company 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 Company 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 Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

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

To classify each lease, the Company 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 Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company 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 Company 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 Company applies K-IFRS No. 1115 to allocate the consideration in the contract.

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

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

## (14) Non-derivative financial liabilities

The Company 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 statement of financial position when the Company 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 Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company 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 Company during an accounting period, the Company 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 Company during a period, the Company 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 Company 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 Company 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 Company 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 Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

#### (16) Greenhouse Gases Emission Right

The Company has been accounted for the greenhouse gases emission right and emission liability occurring pursuant to the Act on Allocation and Transaction of Greenhouse Gas Emission Right, as follows.

##### 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 (“0”) 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 Company 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 Company 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.

#### (17) Foreign currency

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.

(18) 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 Company 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 Company acquires and holds treasury stock, consideration paid or received is recognized directly in equity.

(19) Revenue from contracts with customers

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

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

Meanwhile, the Company supplies feed, chicks and 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 Company. Since the customer-supplies at cost supplied to specific farms are still controlled by the Company through contracts, they are recognized as assets of the Company and are treated as payment of fees when importing processed customer-supplies from such farms.

## (20) Finance income and finance costs

The Company's finance income and finance costs include:

- interest income;
- interest expense;
- 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.

## (21) Borrowing costs

The Company 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 Company borrows funds specifically for the purpose of obtaining a qualifying asset, the Company 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 Company immediately recognizes other borrowing costs as an expense. To the extent that the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company 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 Company 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 Company capitalizes during a period shall not exceed the amount of borrowing costs incurred during that period.

## (22) 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 Company offsets current tax assets and current tax liabilities if, and only if, the Company:

- 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 Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. The Company 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 Company 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 Company 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 Company 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 Company 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.

## (23) Earnings per share

The Company 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.

## (24) Operating segment

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

### (1) Risk Management System

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

The Company's risk management policy has been established to identify and analyze the risks the Company 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 Company's activities. The Company 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 Company's audit committee supervises how management manages compliance with the Company's risk management policies and procedures, and reviews whether the Company'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 Company 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 Company'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 Company's exposure is dispersed among multiple customers, credit risk is not concentrated.

Many of the Company's customers have the continuous business relationships, so losses do not occur frequently. When reviewing credit risk for customers, the Company 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 Company'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 Company 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 Company limits exposure to credit risk by investing only in regional development bonds and national housing bonds.

#### ③ Guarantee

It is the policy of the Company to provide guarantees only to related parties or business partners who need support for business. As of December 31, 2023, the guarantees provided by the Company are described in Notes 16 and 33.

### (3) Liquidity risk

“Liquidity Risk” refers to the risk that the Company will have difficulties in meeting its obligations related to financial liabilities. The Company'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 Company's reputation even in financially difficult circumstances.

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

#### ② Interest rate risk

The Company 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 Company'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 Company strives to maintain a balance between sound financial positions. The Company'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	404,871,208	462,926,357
Less:		
Cash and cash equivalents	40,503,091	49,176,878
Short-term financial instruments	23,170,000	68,805,381
Long-term financial instruments	14,241,058	6,931,410
Adjusted borrowings	326,957,059	338,012,688
Equity	300,693,317	296,085,928
Adjusted debt ratio	108.73%	114.16%

## 6. Operating Segments

The Company has 3 reporting segments, which are strategic sales units. The consolidation financial statements of the Company include the related information.

## 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
Ordinary deposits	40,503,091	49,176,878

(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	Collaterals for borrowings for Subsidiaries
	3,000,000	-	Gyobo Life Insurance	Collaterals for borrowings
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	23,170,000	67,740,381
	Periodical deposits	-	1,065,000
	Subtotal	23,170,000	68,805,381
Long-term financial instruments	Long-term deposit	14,241,058	6,931,410
Total		37,411,058	75,736,791

## 8. Trade and other receivables

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

(In thousands of Korean won)				
Item	Dec 31, 2023		Dec 31, 2022	
	Current	Non-current	Current	Non-current
Trade receivable	77,037,599	-	68,903,985	-
Allowance for trade receivables	(1,094,680)	-	(1,451,517)	-
Loans	-	-	66,000	40,000
Allowance for loans	-	-	(66,000)	(40,000)
Account receivables	87,407	-	78,817	-
Allowance for account receivables	(17,669)	-	(17,924)	-
Accrued income	666,050	-	646,745	-
VAT paid for others	1,634,151	-	2,909,886	-
Security deposits	9,143,961	7,480,268	9,150,651	8,873,630
Allowance for security deposits	-	(4,480)	-	(4,480)
Unrealized security deposits	-	(408,949)	-	(254,647)
Total	87,456,819	7,066,839	80,220,643	8,614,503

(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	1,579,921	1,655,151
Writ-off of allowance of bad debt	(298,336)	(58,870)
Reversal of allowance for bad debt	(164,756)	(16,360)
Ending balance	1,116,829	1,579,921

## 9. 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	1,837,017	-	1,837,017	1,709,578	-	1,709,578
Products	35,021,990	(1,303,577)	33,718,413	26,326,497	(968,523)	25,357,974
Work in progress	3,198,301	-	3,198,301	3,390,691	-	3,390,691
Raw materials	80,735,978	-	80,735,978	88,262,982	-	88,262,982
Subsidiary materials	2,648,290	-	2,648,290	2,447,646	-	2,447,646
Stored goods	8,721,615	-	8,721,615	9,393,884	-	9,393,884
Total	132,163,191	(1,303,577)	130,859,614	131,531,278	(968,523)	130,562,755

As inventories are valued at net realizable value, the loss on valuation of inventories additionally added to the cost of sales during the current year is KRW335,054,000.

(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	

## 10. 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	9,705,764	11,042,526
Biological assets for consumption	24,692,368	35,055,461
Total	34,398,132	46,097,987

(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	5,535,778	10,612,226	16,148,004
Acquisition cost	3,226,771	-	3,226,771
Increase due to breeding	705,700	14,214,063	14,919,763
Disposal amount	(3,583,154)	(15,278,067)	(18,861,221)
Ending balance	5,885,095	9,548,222	15,433,317
Accumulated depreciation:			
Beginning balance	(1,715,510)	(3,389,968)	(5,105,478)
Depreciation	(3,703,934)	(15,779,362)	(19,483,296)
Disposal amount	3,583,154	15,278,067	18,861,221
Ending balance	(1,836,290)	(3,891,263)	(5,727,553)
Carrying amount:			
Beginning balance	3,820,268	7,222,258	11,042,526
Ending balance	4,048,805	5,656,959	9,705,764

② 2022

(In thousands of Korean won)			
Item	GPS	PS	Total
Acquisition cost:			
Beginning balance	4,405,584	10,384,669	14,790,253
Acquisition amount	3,581,559	-	3,581,559
Increase due to breeding	474,495	15,979,304	16,453,799
Disposal amount	(2,925,860)	(15,751,747)	(18,677,607)
Ending balance	5,535,778	10,612,226	16,148,004
Accumulated depreciation:			
Beginning balance	(1,103,594)	(3,942,775)	(5,046,369)
Depreciation	(3,537,774)	(15,198,940)	(18,736,714)
Disposal amount	2,925,858	15,751,747	18,677,605
Ending balance	(1,715,510)	(3,389,968)	(5,105,478)
Carrying amount:			
Beginning balance	3,301,990	6,441,894	9,743,884
Ending balance	3,820,268	7,222,258	11,042,526



(3) Fair value of biological assets for consumption

① Fair value hierarchy

The fair values of biological assets measured at fair values as of December 31, 2023 and 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	-	-	24,692,368	24,692,368

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	24,608,229
Increase due to breeding	532,705,127	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	(737,279,763)	(680,576,231)
Ending carrying amount	24,692,368	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 Company are exposed to the following various risks in relation to biological assets.

##### ① Regulatory and environmental risks

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

##### ② Supply and demand risk

The Company is exposed to financial risks arising from changes in the price of biological assets. The Company 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 Company may be financially affected from diseases and other risks of biological assets held by the Company. The Company 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 Company improves breeding facilities and supply high-quality feed for biological assets.

## 11. Other Financial Assets and Other Assets

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

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

(2) Other assets as of December 31, 2023 and 2022 are 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) The composition of 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

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

(In thousands of Korean won)				
Item	Dec 31, 2023		Dec 31, 2022	
	Current	Non-current	Current	Non-current
Advance payment	1,027,175	-	75,520	-
Allowance for advance payment	-	-	(75,520)	-
Advance payment for breeding	2,968,663	-	3,167,155	-
Allowance for breeding advance payment	(178,387)	-	(229,350)	-
Prepaid expenses	868,662	-	971,856	-
Total	4,686,113	-	3,909,661	-

(5) 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	Dec 31, 2023	Dec 31, 2022
Beginning balance	304,870	369,500
Bad debt expenses	(97,520)	-
Reversal of bad debt allowance	(28,963)	(64,630)
Ending balance	178,387	304,870

## 12. Investment in subsidiaries

(1) Details of investment in subsidiaries as of December 31, 2023 and 2022 are as follows:

(In thousands of Korean won)								
Item	Company Name	Location	Month	Main business activity	Dec 31, 2023		Dec 31, 2022	
					Holding Ratio	Carrying amount	Holding Ratio	Carrying amount
Subsidiary (*1)	HBC Co., Ltd.	Korea	Dec.	Poultry farming	90.00%	7,032,600	90.00%	6,132,600
Subsidiary (*2)	Harim Animal Clinic	Korea	Dec.	Veterinary clinic, Medical service	0.00%	-	100.00%	155,070
Subsidiary (*3)	Sing Green FS Corporation	Korea	Dec.	Poultry farming	100.00%	19,020,425	100.00%	19,020,425
Subsidiary (*1)	BNP Co., Ltd.	Korea	Dec.	Poultry farming	0.00%	-	90.00%	900,000
Total						26,053,025		26,208,095

(\*1) The Company absorbed and merged its subsidiary, BNP Co., Ltd. during the current year.

(\*2) The dissolution and liquidation of the Company was completed during the current year.

(\*3) The sub-subsidiaries controlled by the subsidiaries were excluded.

(2) Changes in investment in subsidiaries as of December 31, 2023 and 2022 are as follows:

(In thousands of Korean won)		
Item	2023	2022
Beginning amount	26,208,095	7,187,670
Acquisition amount	-	6,000,000
Disposal amount (*1)	(155,070)	-
Reversal of subsidiary impairment (*2)	-	13,020,425
Ending balance	26,053,025	26,208,095

(\*1) Harim Animal Clinic Co., Ltd., a subsidiary, completed its dissolution and liquidation during the current year. The difference between the net residual asset value received after liquidation and the carrying amount of the investment in subsidiary shares was recognized as a loss on disposal of investment in subsidiary shares.

(\*2) During 2020, at the time of the merger with Green Biotech Co., Ltd., the investment in the subsidiary shares of SingGreen FS Co., Ltd. was transferred at a carrying amount of KRW 0 (acquisition cost of KRW24,470,494,000, accumulated impairment loss of KRW24,470,494,000). During the prior year, it was determined that the impairment signs for the investment stake in SingGreen FS Co., Ltd. were removed, and upon re-evaluation of the recoverable amount, an impairment loss reversal of KRW13,020,425,000 was recognized. The said impairment loss reversal is included in other non-operating income in the statement of comprehensive income. The recoverable amount was estimated based on the use value, and the key assumptions used in estimating the use value are as follows.

- Cash flows were estimated based on the company's past experience, actual operating results, and business plans for the next 5 years, and subsequent cash flows were estimated by applying a growth rate of 0.00%.

- The discount rate applied when calculating the business value was estimated to be the weighted average cost of capital (WACC) of 11.16%.

- The results of the sensitivity analysis for the changes in the discount rate and perpetual growth rate, which are the main variables applied in calculating the value in use, are as follows.

(In millions of Korean won)			
Item	Permanent growth rate		
	-1.00%	0.00%	1.00%
Discount Rate (WACC)			
10.16%	20,106	22,131	24,599
11.16%	17,399	19,020	20,961
12.16%	15,118	16,436	17,989

### 13. Investment property

(1) Changes in investment real estate for the years ended December 31, 2023 and 2022, are as follows:

(In thousands of Korean won)						
Item	2023			2022		
	Land	Building	Total	Land	Building	Total
Acquisition:						
Beginning	5,462,602	29,819,610	35,282,212	5,462,602	29,819,610	35,282,212
Disposal	(101,428)	(726,794)	(828,222)	-	-	-
Ending balance	5,361,174	29,092,816	34,453,990	5,462,602	29,819,610	35,282,212
Accumulated depreciation						
Beginning	-	(13,314,241)	(13,314,241)	-	(12,580,774)	(12,580,774)
Disposal	-	178,670	178,670	-	-	-
Depreciation	-	(690,090)	(690,090)	-	(733,467)	(733,467)
Ending balance	-	(13,825,661)	(13,825,661)	-	(13,314,241)	(13,314,241)
Carrying amount						
Beginning	5,462,602	16,505,369	21,967,971	5,462,602	17,238,836	22,701,438
Ending balance	5,361,174	15,267,155	20,628,329	5,462,602	16,505,369	21,967,971

(\*) As of Dec. 31, 2023, investment properties have been provided as collateral for borrowings from bank. (refer to Note 16)

(2) Income related to investment property

Gains or losses related to investment property for the years ended December 31, 2023 and 2022 are as follows:

(In thousands of Korean won)		
Item	2023	2022
Rent income	875,055	238,951
Rental cost	(778,285)	(796,113)
Total	96,770	(557,162)

(3) Fair value of investment properties

Fair value and carrying amount of investment properties as of December 31, 2023 are as follows:

(In thousands of Korean won)		
Item	Fair value	Carrying amount
Land	5,032,504	5,361,174
Building	24,803,091	15,267,155
Total	29,835,595	20,628,329

Fair value of investment properties as of Dec. 31, 2023 were calculated by the use of information such as publicly posted price of common housing.

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	17,151,964	238,379,189	19,252,731	230,177,030	226,678,649	1,414,027	35,461,874	16,204,001	784,719,465
Acquisition	-	-	23,100	716,325	2,601,939	-	1,962,443	37,063,362	42,367,169
Disposal	-	(115,862)	(70,034)	(247,243)	(367,327)	(91,308)	(1,255,400)	-	(2,147,174)
Other changes	598,167	2,530,341	-	28,572,371	15,034,740	-	416,941	(47,171,030)	(18,470)
Ending balance	17,750,131	240,793,668	19,205,797	259,218,483	243,948,001	1,322,719	36,585,858	6,096,333	824,920,990
Accumulated depreciation:									
Beginning balance	-	(64,240,496)	(10,629,740)	(147,812,818)	(97,593,007)	(1,186,426)	(28,460,497)	-	(349,922,984)
Disposal	-	38,138	34,433	221,781	362,420	91,304	1,127,326	-	1,875,402
Depreciation	-	(5,977,199)	(794,585)	(14,157,005)	(17,808,216)	(72,986)	(3,499,472)	-	(42,309,463)
Ending balance	-	(70,179,557)	(11,389,892)	(161,748,042)	(115,038,803)	(1,168,108)	(30,832,643)	-	(390,357,045)
Accumulated impairment losses (*2)									
Impairment loss	-	(2,328,824)	(31,516)	(1,351,600)	(1,866,926)	-	(67,710)	-	(5,646,576)
Ending balance	-	(2,328,824)	(31,516)	(1,351,600)	(1,866,926)	-	(67,710)	-	(5,646,576)
Government grants:									
Beginning balance	-	(8,513,246)	-	(282,714)	(59,416)	-	-	-	(8,855,376)
Depreciation	-	239,192	-	78,268	8,637	-	-	-	326,097
Ending balance	-	(8,274,054)	-	(204,446)	(50,779)	-	-	-	(8,529,279)
Carrying amount:									
Beginning balance	17,151,964	165,625,447	8,622,991	82,081,498	129,026,226	227,601	7,001,377	16,204,001	425,941,105
Ending balance	17,750,131	160,011,233	7,784,389	95,914,395	126,991,493	154,611	5,685,505	6,096,333	420,388,090

(\*1) Other changes in construction in progress represent the amounts reclassified to PP&E, intangible assets, and investment properties.

(\*2) During the current year, the Company performed an impairment review of the cash-generating unit (CGU) of the meat processing segment due to the continuous occurrence of operating losses in the CGU. As a result of the impairment review, the Company recognized an impairment loss of KRW5,647,000,000 because the recoverable amount was less than the carrying amount of the CGU, and allocated the impairment amount to PP&E (buildings, structures, machinery and equipment, facilities and other PP&Es) of the meat processing segment.

## 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	17,151,964	231,529,637	19,654,050	270,329,933	225,469,611	1,559,546	43,555,912	10,366,440	819,617,093
Acquisition	-	347,050	-	960,377	3,107,993	5,230	1,209,399	25,897,360	31,527,409
Disposal	-	(46,002)	(401,319)	(47,567,074)	(8,209,315)	(294,121)	(9,619,137)	-	(66,136,968)
Other changes	-	6,548,504	-	6,453,794	6,310,360	143,372	315,700	(20,059,799)	(288,069)
Ending balance	17,151,964	238,379,189	19,252,731	230,177,030	226,678,649	1,414,027	35,461,874	16,204,001	784,719,465
Accumulated depreciation:									
Beginning balance	-	(58,347,210)	(10,054,902)	(181,733,752)	(88,588,768)	(1,372,017)	(34,295,709)	-	(374,392,358)
Disposal	-	14,951	243,331	47,521,569	8,156,193	264,774	9,527,785	-	65,728,603
Depreciation	-	(5,908,237)	(818,169)	(13,600,635)	(17,160,432)	(79,183)	(3,692,573)	-	(41,259,229)
Ending balance	-	(64,240,496)	(10,629,740)	(147,812,818)	(97,593,007)	(1,186,426)	(28,460,497)	-	(349,922,984)
Government grants:									
Beginning balance	-	(8,752,438)	-	(360,982)	(68,053)	-	-	-	(9,181,473)
Depreciation	-	239,192	-	78,268	8,637	-	-	-	326,097
Ending balance	-	(8,513,246)	-	(282,714)	(59,416)	-	-	-	(8,855,376)
Carrying amount:									
Beginning balance	17,151,964	164,429,989	9,599,148	88,235,199	136,812,790	187,529	9,260,203	10,366,440	436,043,262
Ending balance	17,151,964	165,625,447	8,622,991	82,081,498	129,026,226	227,601	7,001,377	16,204,001	425,941,105

(\*) Other changes in construction in progress represent the amounts reclassified to PP&E, intangible assets, and investment properties.

## (2) Cash-Generating Unit Impairment Review

The Company 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)		
		8.3%	9.3%	10.3%
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	2,817,860	(1,502,893)	1,314,967
Facilities and equipment	582,449	(264,127)	318,322
Vehicles	4,690,670	(2,358,857)	2,331,813
Others	132,054	(51,353)	80,701
Total	8,223,033	(4,177,230)	4,045,803

② Dec 31, 2022

(In thousands of Korean won)			
Item	Acquisition amount	Accumulated depreciation	Carrying amount
Building	3,120,630	(1,833,411)	1,287,219
Facilities and equipment	343,547	(247,704)	95,843
Vehicles	4,711,096	(2,458,605)	2,252,491
Others	132,054	(7,337)	124,717
Total	8,307,327	(4,547,057)	3,760,270

(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	Ending balance
Building	1,287,218	1,567,354	(1,539,604)	1,314,968
Facilities and equipment	95,843	582,449	(359,970)	318,322
Vehicles	2,252,491	1,439,302	(1,359,979)	2,331,814
Others	124,717	-	(44,018)	80,699
Total	3,760,269	3,589,105	(3,303,571)	4,045,803

② 2022

(In thousands of Korean won)				
Item	Beginning	Increase/decrease	Depreciation	Ending balance
Building	1,641,145	1,087,487	(1,441,413)	1,287,219
Facilities and equipment	101,715	343,547	(349,419)	95,843
Vehicles	3,004,040	455,870	(1,207,419)	2,252,491
Others	59,059	132,053	(66,395)	124,717
Total	4,805,959	2,018,957	(3,064,646)	3,760,270

(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	Ending balance
Lease liability	3,659,458	2,895,376	323,040	(3,106,565)	3,771,309

② 2022

(In thousands of Korean won)					
Item	Beginning	Change	Interest expense	Payments	Ending balance
Lease liability	4,444,960	1,776,917	255,560	(2,817,979)	3,659,458

(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	323,040	255,560
Short-term lease related expenses	742,715	690,290
Costs related to small asset lease	1,604,590	1,519,917
Variable lease payments not included in lease assets and liabilities (*)	483,638	424,463
Total expenses	3,153,983	2,890,230

(\*) 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.	429,079,966	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
		128,429,000	General Funds	72,000,000	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 574,939,580	KRW 402,027,000		KRW 231,740,000	

(2) Assets provided as collateral for related parties as of December 31, 2023 are none.

(3) Details of payment guarantee provided for the 3<sup>rd</sup> 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	10,271,435	78,225	11,023,451	671,349	9,877,064	71,887	10,620,300
Acquisition	-	101,627	-	101,627	24,442	112,640	-	137,082
Disposal	(127,000)	(35,900)	-	(162,900)	(22,000)	-	-	(22,000)
Other changes (*2)	-	-	18,470	18,470	-	281,731	6,338	288,069
Ending balance	546,791	10,337,162	96,695	10,980,648	673,791	10,271,435	78,225	11,023,451
Accumulated amortization:								
Beginning balance	-	(9,409,623)	(42,294)	(9,451,917)	-	(8,898,149)	(32,141)	(8,930,290)
Amortization	-	(412,287)	(11,395)	(423,682)	-	(511,474)	(10,153)	(521,627)
Disposal	-	35,897	-	35,897	-	-	-	-
Ending balance	-	(9,786,013)	(53,689)	(9,839,702)	-	(9,409,623)	(42,294)	(9,451,917)
Carrying amount:								
Beginning balance	673,791	861,812	35,931	1,571,534	671,349	978,915	39,746	1,690,010
Ending balance	546,791	551,149	43,006	1,140,946	673,791	861,812	35,931	1,571,534

(\*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	42,482,881	-	50,615,930	-
Account payables	33,324,526	-	27,855,295	-
Accrued expenses	27,032,054	666,695	27,928,886	6,199,575
Deposits received	1,529,764	-	1,315,978	-
Import deposit	3,955,042	255,000	3,832,255	-
Total	108,324,267	921,695	111,548,344	6,199,575

## 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 (*)	292,048,309	-	375,433,035	-
Long-term borrowings (*)	21,784,000	71,070,000	19,690,000	47,854,000
Bonds	-	20,000,000	-	20,000,000
Discount on bonds payables	-	(31,100)	-	(50,679)
Total	313,832,309	91,038,900	395,123,035	67,803,321

(\*) As of December 31, 2023, financial assets, inventories and PP&E were provided as collaterals for borrowings from banks (Refer to Notes 7, 9 and 16).

(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
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	Import L/C	Term SOFR + 1.00	118,058,309	192,543,035
Total			292,048,309	375,433,035

(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	-	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
KDB	Facility loan	Industrial Financing Bond (6M) +1.98	15,000,000	15,000,000
	General loan	-	-	2,500,000
Subtotal			92,854,000	67,544,000
liquidity substitution			(21,784,000)	(19,690,000)
Total			71,070,000	47,854,000

(4) Bonds as of December 31, 2023 are as follows:

(In thousands of Korean won)				
Item	Date of issue	Maturity	Interest rate (%)	Amount
5 <sup>th</sup> Non-Guaranteed Bonds (*)	2022-06-30	2025-06-30	4.80	20,000,000
Total				20,000,000

(\*) There is a provision of acceleration in the contract, in the event of acceleration for bonds other than the 5<sup>th</sup> 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	292,048,309	-	-	-	292,048,309
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	313,832,309	83,190,000	3,940,000	3,940,000	404,902,309

## 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) The composition 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	1,778,547	1,943,212
Greenhouse gas emission liability	79,078	92,272
Total	1,857,625	2,035,484

## 21. Derivatives

(1) The composition of 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	USD 27,800,000	133,440
		SI Securities	USD 69,950,000	335,760
	Total			USD 97,750,000

(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
Total	273,120	(732,030)	(224,087)	38,677



## 22. Employee Benefits

(1) Net liabilities related to employee benefits to be recognized in the 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	569,937	(4,274,784)
Annual paid leave allowance liabilities	3,707,105	3,394,230
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	45,572,637	46,386,883	(49,847,421)	(48,476,402)	(4,274,784)	(2,089,519)
Recognized as expense for the year:						
Current service cost	7,430,916	6,804,117	-	-	7,430,916	6,804,117
Interest cost (income)	2,062,628	986,625	(2,276,797)	(1,035,272)	(214,169)	(48,647)
Subtotal	9,493,544	7,790,742	(2,276,797)	(1,035,272)	7,216,747	6,755,470
Recognized in other comprehensive income:						
Loss (gain) on remeasurement						
- Actuarial gain or loss						
Demographic assumptions	(88,777)	-	-	-	(88,777)	-
Financial assumptions	560,578	(3,784,115)	-	-	560,578	(3,784,115)
Experience adjustment	2,964,511	2,987,533	-	-	2,964,511	2,987,533
- Income from plan assets	-	-	759,108	224,605	759,108	224,605
Subtotal	3,436,312	(796,582)	759,108	224,605	4,195,420	(571,977)
Others						
Contributions paid	-	-	(5,700,000)	(5,800,000)	(5,700,000)	(5,800,000)
Wage paid	(6,964,065)	(7,690,794)	6,039,911	5,181,997	(924,154)	(2,508,797)
Transfer from	125,196	57,250	(57,403)	(52,527)	67,793	4,723
Transfer to	(121,567)	(174,862)	110,482	110,178	(11,085)	(64,684)
Subtotal	(6,960,436)	(7,808,406)	392,990	(560,352)	(6,567,446)	(8,368,758)
Ending balance	51,542,057	45,572,637	(50,972,120)	(49,847,421)	569,937	(4,274,784)

(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	45,173,280	44,238,355
Transfer to National Pension	7,805	8,808
Others	2,335,443	1,739,913
Total	50,972,120	49,847,421

(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	51,542,057	45,572,637
Plan assets	(50,972,120)	(49,847,421)
Under-accumulated amount of plan assets	569,937	(4,274,784)
Reconciliation of differences between original estimates and actual values related to defined benefit obligations	(3,436,312)	796,582
Adjustment of differences between original estimates and actual values related to plan assets	(759,108)	(224,605)

(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, 2023	Discount rate 1% up
Present value of defined benefit obligation	53,739,279	51,542,057	49,529,437
Applicable discount rate	2.70%	3.70%	4.70%
Change	2,197,222	-	(2,012,620)

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	49,475,536	51,542,057	53,758,472
Applicable discount rate	2.02%	3.02%	4.02%
Change	(2,066,521)	-	2,216,415

(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%	5.02%
Future wage growth rate	3.02%	4.11%

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

With reference to the defined benefit plan, the contribution amount estimated to pay in the following year of 2024 is KRW7,178,681.

## 23. 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	1,188,344,521	1,114,941,267
Revenue from changes in fair value of biological assets	169,995,859	174,916,052
Total	1,358,340,380	1,289,857,319

(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	1,179,968,179	1,106,894,265
United States of America	5,849,973	5,079,660
Vietnam	1,045,816	1,012,634
Canada	619,350	715,447
Japan	215,710	456,025
Others	645,493	783,236
Total	1,188,344,521	1,114,941,267
(2) Major product and service lines		
Revenue from sale of products	1,087,683,553	1,012,023,402
Revenues from sale of goods	68,727,693	75,109,866
Other sales	31,933,275	27,807,999
Total	1,188,344,521	1,114,941,267
(3) Timing of revenue recognition		
Fulfillment at one point	1,187,484,578	1,113,855,089
Fulfillment over time	859,943	1,086,178
Total	1,188,344,521	1,114,941,267

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

## 24. 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	-	(8,168,049)	(8,168,049)
Amount of raw materials used	-	738,752,724	738,752,724
Cost of goods sold	-	53,977,728	53,977,728
Employee benefits	45,350,977	93,481,581	138,832,558
Depreciation cost	6,161,898	35,821,468	41,983,366
Depreciation of investment properties	690,090	-	690,090
Amortization of intangible assets	412,356	11,326	423,682
Amortization of right-of-use assets	2,158,615	1,144,956	3,303,571
Depreciation of biological assets	-	19,483,296	19,483,296
Other expenses	108,128,552	225,575,900	333,704,452
Total	162,902,488	1,160,080,930	1,322,983,418

### (2) 2022

(In thousands of Korean won)			
Item	Manufacturing cost	Sales and administrative expenses	Total
Changes in products and work in progress	-	(1,818,038)	(1,818,038)
Amount of raw materials used	-	701,191,319	701,191,319
Cost of goods sold	-	61,308,381	61,308,381
employee benefits	40,460,905	86,540,184	127,001,089
depreciation	6,267,541	34,665,591	40,933,132
Depreciation of investment property	733,467	-	733,467
Amortization of intangible assets	512,913	8,714	521,627
Amortization of right-of-use assets	1,910,308	1,154,338	3,064,646
Depreciation of biological assets	-	18,736,714	18,736,714
Other expenses	104,293,253	198,228,693	302,521,946
Total	154,178,387	1,100,015,896	1,254,194,283

## 25. Selling and Administrative Expenses

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

(In thousands of Korean won)		
Item	2023	2022
Wage	37,827,547	33,929,027
Retirement benefits	2,986,505	2,262,282
Employee benefits	4,536,925	4,269,596
Travel and transportation	651,596	521,678
Communications	509,412	537,919
Water and utilities	39,201	36,225
Electricity	464,125	385,051
Taxes and dues	2,911,475	2,582,678
Rents paid	2,014,531	1,848,059
Repairs	1,232,129	596,176
Insurance premiums	754,846	994,101
Entertainment	304,608	348,451
Advertising	12,794,044	8,438,950
Shipment	55,332,480	55,860,449
Commissions paid	26,124,283	27,037,453
Vehicle maintenance	1,171,336	1,171,650
Consumables	2,063,846	2,195,507
Books and printing	124,325	111,872
Education and training	232,418	99,925
Sales promotion	329,345	275,903
Depreciation	6,851,988	7,001,008
Storage fee	145,007	156,813
Ordinary development cost	1,123,264	1,175,383
Bad debt expenses (reversal)	(193,719)	(80,990)
Amortization of intangible assets	412,356	512,913
Amortization of right-of-use assets	2,158,615	1,910,308
Total	162,902,488	154,178,387

26. 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	65,265	270,738
Gains on disposal of PP&E	278,218	72,887
Gain on disposal of Investment property	422,849	-
Miscellaneous income	3,159,429	1,420,371
Gain on insurance adjustment	484,057	-
Gain on disposal of right-of-use assets	61,634	50,980
Reversal of subsidiary impairment loss	-	13,020,425
Total	4,471,452	14,835,401

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

(In thousands of Korean won)		
Item	2023	2022
Loss on disposal of PP&E	160,676	342,640
Loss on disposal of investment properties	276,302	-
Impairment losses on PP&E	5,646,578	-
Donations	488,714	866,519
Miscellaneous loss	637,484	790,559
Contribution to provisions for contingent loss liabilities	-	17,196,000
Loss on disposal of subsidiary investment	94,217	-
Total	7,303,971	19,195,718

27. 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	2,802,358	3,813,513
Gain on foreign currency transactions	1,734,484	3,299,048
Gain on foreign currency translation	2,487,307	7,638,726
Import guarantee fee	-	34,746
Gain on trading of derivatives	19,418,494	6,449,431
Gain on valuation of derivatives	469,200	196,080
Total	26,911,843	21,431,544

(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	21,299,335	17,887,792
Loss on foreign currency transactions	5,738,246	18,838,679
Loss on foreign currency translation	547,904	2,532,807
Loss on trading of derivatives	19,642,581	6,410,754
Loss on valuation of derivatives	196,080	928,110
Total	47,424,146	46,598,142

## 28. Income Tax Expenses

(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	2,726,917	722,071
Adjustment of income tax for the past term recognized for the current year	71,640	(1,344,037)
Changes in deferred income tax due to occurrence and disappearance of temporary differences, etc.	(4,038,770)	3,215,074
Change in deferred tax due to tax loss, etc.	2,325,801	(718,775)
Total income tax expense	1,085,588	1,874,333
Income tax expense related to items recognized as other than profit or loss	876,843	(120,115)
Income tax expense	1,962,431	1,754,218

(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 (*)	876,843	(120,115)
Income tax expense related to items recognized as other than profit or loss	876,843	(120,115)

(\*) 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	12,012,141	6,136,122
Tax burden according to applicable tax rate	2,488,537	1,327,947
Adjustments:		
Income tax effect of non-taxable income and non-deductible expenses for tax purposes	177,125	3,797,044
Effect of temporary difference that has not recognized deferred income tax	-	(2,695,552)
Tax credits and tax reductions	(726,925)	(343,700)
Effect of change in tax rate	25,813	224,684
Additional income tax payment (refund)	71,640	(567,645)
Others	(73,759)	11,439
Income tax expense (income)	1,962,431	1,754,218
Average effective tax rate	16.34%	28.59%

(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 at end of the year	7,133,597	5,420,627
Deferred income tax assets at beginning of the year	5,420,627	7,916,926
Deferred tax expense due to occurrence and disappearance of temporary differences, etc.	(1,712,970)	2,496,299

(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 Company's deferred tax assets and deferred tax liabilities and, only when the Company 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 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
Depreciation	(1,851,388)	1,192,470	-	(658,918)	1,224,622	(1,883,540)
Allowance for bad debt	225,277	(158,864)	-	66,413	66,413	-
Others	604,986	(106,694)	-	498,292	2,575,116	(2,076,824)
Provision for temporary amortization	(387,167)	22,097	-	(365,070)	-	(365,070)
Defined benefit obligation	-	(757,726)	876,843	119,117	10,770,659	(10,651,542)
Allowance for inventory valuation	203,390	69,058	-	272,448	272,448	-
Gain on valuation of biological assets	(2,772,656)	2,977,795	-	205,139	205,139	-
Gain on valuation of derivatives	152,175	(209,257)	-	(57,082)	-	(57,082)
Unrealized discount of long-term security deposits	53,476	31,994	-	85,470	85,470	-
Gain on insurance adjustment	(1,135,891)	62,756	-	(1,073,135)	-	(1,073,135)
Accrued expenses (long-term employee benefits)	98,191	41,148	-	139,339	139,339	-
Greenhouse gas emission liabilities	19,377	(2,850)	-	16,527	16,527	-
Tax loss carried forward	10,210,857	(2,325,800)	-	7,885,057	7,885,057	-
Deferred income tax before off-set	5,420,627	836,127	876,843	7,133,597	23,240,790	(16,107,193)
Off-set effect				-	(16,107,193)	16,107,193
Net deferred income tax assets (liabilities)				7,133,597	7,133,597	-

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
Depreciation	(2,365,426)	514,038	-	(1,851,388)	46,854	(1,898,242)
Allowance for bad debt	273,115	(47,838)	-	225,277	225,277	-
Others	662,487	(57,501)	-	604,986	2,497,719	(1,892,733)
Provision for temporary amortization	(422,265)	35,098	-	(387,167)	-	(387,167)
Defined benefit obligation	(345,032)	465,147	(120,115)	-	9,568,404	(9,568,404)
Allowance for inventory valuation	232,385	(28,995)	-	203,390	203,390	-
Gain on valuation of biological assets	(825,691)	(1,946,965)	-	(2,772,656)	-	(2,772,656)
Gain on valuation of derivatives	2,238,987	(2,086,812)	-	152,175	193,352	(41,177)
Unrealized discount of long-term security deposits	111,750	(58,274)	-	53,476	53,476	-
Gain on insurance adjustment	(1,241,069)	105,178	-	(1,135,891)	-	(1,135,891)
Accrued expenses (long-term employee benefits)	105,603	(7,412)	-	98,191	98,191	-
Tax loss carried forward	-	19,377	-	19,377	19,377	-
Tax credit carried forward	9,492,082	718,775	-	10,210,857	10,210,857	-
Deferred income tax before off-set	7,916,926	(2,376,184)	(120,115)	5,420,627	23,116,897	(17,696,270)
Off-set effect				-	(17,696,270)	17,696,270
Net deferred income tax assets (liabilities)				5,420,627	5,420,627	-

(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	Dec 31, 2023	Dec 31, 2022
Deferred income tax assets	23,240,790	23,116,897
Deferred income tax liabilities	(16,107,193)	(17,696,271)
Total	7,133,597	5,420,626
Current income tax liabilities	(1,233,405)	(287,251)

(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	21,782,665	21,683,899
Deferred income tax assets to be collected within 12 months	1,458,125	1,432,998
Sub-total	23,240,790	23,116,897
Current income tax liabilities		
Deferred income tax liabilities to be collected after 12 months	(15,910,906)	(14,746,620)
Deferred income tax liabilities to be collected within 12 months	(196,287)	(2,949,650)
Sub-total	(16,107,193)	(17,696,270)
Net amount of deferred income tax assets (liabilities)	7,133,597	5,420,627

(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	11,779,287	11,779,287	No disposal plan
Total	11,779,287	11,779,287	

## 29. Capital and capital surplus

(1) The composition of capital 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 for the years ended December 31, 2023 and 2022 are note.

### (3) Capital surplus

The composition of capital surplus 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 Company 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 Company.

(\*2) On March 3, 2020, the Company 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 Company.

## 30. 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
Other capital adjustments (*1)	(27,360,647)	(27,360,647)
Treasury stock (*2,3)	(77,314)	(77,314)
Total	(27,437,961)	(27,437,961)

(\*1) Upon the business combination with Green By-Tech Co., Ltd. in 2020, the acquisition price and the carrying amount of the acquired net assets was added or subtracted to the capital adjustment.

(\*2) When allocating new shares to existing shareholders due to spin-off, the Company 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 Company.

(\*3) Upon the business combination with Green By-Tech Co., Ltd. in 2020, the Company acquired 19,053 shares exercised by shareholders as treasury stocks at KRW52,700,000, and the number of treasury stocks as of December 31, 2023 is 22,520 shares.

### 31. 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 (*)	1,070,360	857,986
Unappropriated retained earnings	17,662,523	13,267,508
<b>Total</b>	<b>18,732,883</b>	<b>14,125,494</b>

(\*) 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	14,125,494	12,477,344
Net Income	10,049,710	4,381,904
Dividend payment	(2,123,744)	(3,185,615)
Remeasurements for net defined benefit plans	(3,318,577)	451,861
Ending balance	18,732,883	14,125,494

(3) Statement of Appropriations of Retained Earnings for the years ended December 31, 2023 and 2022 are as follows.

(In thousands of Korean won)				
Item	2023		2022	
	Expected date of appropriation: Mar. 29, 2023		Confirmed date of appropriation: Mar. 29, 2022	
I. Unappropriated retained earnings	-	17,662,523	-	13,267,508
Unappropriated retained earnings for the prior year (deficit)	10,931,390	-	8,433,742	-
Net income	10,049,710	-	4,381,904	-
Remeasurement of net defined benefit system	(3,318,577)	-	451,862	-
II. Appropriated retained earnings		3,504,177		2,336,118
Dividend	3,185,615		2,123,744	-
Reserve	318,562		212,374	-
III. Unappropriated retained earnings carried forward to the subsequent year		14,158,346		10,931,390

#### (4) Dividend

① Calculation details of dividends for the years ended December 31, 2023 and 2022 are as follows.

(In thousands of Korean won)		
Item	2023	2022
Number of shares to be divided	106,187,182 shares	106,187,182 shares
Par value per share	500	500
Par dividend rate	6%	4%
Dividend	3,185,615,460	2,123,743,640

② Calculation details of propensity to dividends for the years ended December 31, 2023 and 2022 are as follows.

(In thousands of Korean won)		
Item	2023	2022
Dividend	3,185,615,460	2,123,743,640
Net income	10,049,710,279	4,381,903,766
Propensity to dividends	31.70%	48.47%

(3) Calculation details of propensity to dividends for the years ended December 31, 2023 and 2022 are as follows.

(In thousands of Korean won)		
Item	2023	2022
Dividend per share	30	20
Closing value on settlement date	4,380	2,715
Dividend rate	0.68%	0.74%

### 32. Earnings per share

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

(In Korean won)		
Item	2023	2022
Net income attributable to common shares	10,049,710,279	4,381,903,766
Weighted average number of common shares issued and outstanding (*)	106,187,182 shares	106,187,182 shares
Basic earnings per share	95	41

(\*) 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 Company has no dilutive potential common stock.

### 33. Disclosure of Related Parties

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

Category	Company Name
Parent	Harim Holdings Co., Ltd.
Subsidiaries	HBC Co., Ltd., Singgreen FS Co., Ltd., Singgreen Vina Co., Ltd.
Other related parties	Related parties of Harim Holdings Co., Ltd.



(2) The Company 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	Disposal of PP&E	Purchase of raw materials	Purchase of goods	Other expenses	Acquisition of PP&E
Controlling Entity	Harim Holdings Co., Ltd.	424,793	-	-	-	-	3,619,685	309,857
Subsidiaries	HBC Co., Ltd.	105,105	12,363	-	4,647,189	1,769,905	2,436	-
	Harim Animal Clinic (*2)	1,353	-	-	-	-	-	-
	Singgreen FS Co., Ltd.	2,306,644	-	-	2,708,190	-	180	-
	BNP Co., Ltd. (*3)	87,765	19,368	-	1,830,833	37,534	9,812	377,164
Other related parties	PAN OCEAN TRADING & LOGISTICS PTE LTD.	-	-	-	34,747,349	-	-	-
	Excello Equine R&D Center	3,254	-	-	-	-	-	-
	Glyde Co., Ltd.	372,973	-	-	-	-	-	-
	Donglim Corporation	3,619	-	-	-	-	71,660	608,500
	DD F&B Co., Ltd.	14,160	-	-	-	-	-	-
	Maxican Co., Ltd.	4,963	-	-	-	-	-	-
	Sunjin Corporation	298,858	-	-	-	-	1,200	-
	Sunjin FS Co., Ltd.	64,865	-	-	21,741	457,823	3,746	-
	Sunjin Farm Co., Ltd.	47,773	-	-	-	83	-	-
	Ever Miracle Co., Ltd.	-	-	-	-	36	279,977	-
	HS Food Co., Ltd.	22,833	-	-	-	92	-	-
	Eco Capital Co., Ltd.	8,135	-	-	-	-	-	-
	ND Co., Ltd.	47,700	-	-	-	-	-	-
	N Bicorn Co., Ltd.	160,058	-	-	-	-	29,440	-
	NS Shopping Co., Ltd.	3,992,090	3,715	-	-	-	661,787	-
	ORPUM Co., Ltd.	6,508,248	48,670	-	2,435,339	-	-	-
	Charm Trading Co., Ltd.	6,916,561	-	-	3,961,824	560	19,709	-
	Farmsco Co., Ltd. (*1)	1,841,719	-	-	279,953	1,109	16,929	-
	POSSM Co., Ltd.	15,315	-	-	-	-	-	-
	Harim Industry Co., Ltd.	3,624,996	8,908	-	588,137	7,676,982	171,820	-
	Harim Distribution Co., Ltd.	8,621,486	-	-	-	-	-	-
	Harim Pet Food Co., Ltd.	986,451	-	-	-	5,804	-	-
	Harim Food Co., Ltd.	2,597	-	-	-	-	-	-
	Sunjin Hanmaeul Co., Ltd.	13,650	-	-	-	-	-	-
	Soonwoori Hanwoo Co., Ltd.	4,916	3,029	-	-	4,989	-	-
	Joowonsan Ducks Co., Ltd.	482,350	-	-	36,579	3,427,191	117,573	-
	Farmsco Bio Inte Agricultural Co., Ltd.	8,992	-	-	-	-	-	-
	Jeil Feed Co., Ltd.	1,381,298	-	-	-	174,140	1,103,157	-
	Pan Ocean Co., Ltd.	99,998	-	-	-	-	-	-
	Hangang Food Co., Ltd.	12,154,791	19,195	-	1,311,037	74,791	1,000	-
Korea Thumb Vet Co., Ltd.	107,485	-	-	13,077,708	-	191,985	-	
Korea Biotech Co., Ltd.	-	-	-	-	-	2,462	1,917,777	
Total		50,737,794	115,248	-	65,645,879	13,631,039	6,304,558	3,213,298

(\*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 KRW1,984,500,000 and the transaction amount (cost of recovered raw materials) for the current period is KRW1,984,500,000.

(\*2) During 2023, Harim Animal Clinic Co., Ltd. was liquidated due to conversion to a non-profitable corporation.

(\*3) During 2023, BNP Co., Ltd. was absorbed and merged into its subsidiary, HBC Co., Ltd.

## 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	-	-	-	-	21,031,137	-
Subsidiaries	HBC Co., Ltd.	11,422	75,018	-	4,504,938	83,798	319,059	-
	Harim Animal Clinic	1,627	-	-	-	-	-	-
	Singgreen FS Co., Ltd.	1,928,593	-	-	1,621,399	-	1,521	-
	BNP Co., Ltd.	8,273	163,933	-	3,929,023	93,500	-	-
	SINGGREEN VINA CO., LTD.	-	34,745	-	-	-	-	-
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	-	-	-	-	24,881	781,100
	DD F&B Co., Ltd.	12,516	-	-	-	-	-	-
	Maxican Co., Ltd.	4,129	-	-	-	-	-	-
	Sunjin Corporation (*)	286,594	-	-	-	-	1,200	-
	Sunjin FS Co., Ltd.	61,346	-	-	18,535	917,079	3,746	-
	Sunjin Farm Co., Ltd.	44,348	-	-	-	1,547	-	-
	Ever Miracle Co., Ltd.	-	-	-	-	-	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	-	-
	Charm Trading Co., Ltd.	6,119,922	-	-	4,237,200	104,103	30,557	-
	Farmsco Co., Ltd.	1,709,754	-	-	99,340	745	-	-
	Farmsco Food Co., Ltd.	412,204	-	-	6,958	1,409	-	-
	POSSM Co., Ltd.	23,639	-	-	-	-	-	-
	Harim Industry Co., Ltd.	4,411,364	27,580	-	588,931	14,760,651	100,214	-
	Harim MS Co., Ltd.	2,254	-	-	-	-	-	-
	Harim Distribution Co., Ltd.	8,132,215	-	-	-	-	-	-
	Harim Pet Food Co., Ltd.	710,911	-	-	-	5,857	(79,973)	-
	Harim Food Co., Ltd.	4,391	-	-	-	-	-	-
	Sunjin Hanmaeul Co., Ltd.	17,789	-	-	-	-	-	-
	Soonwoori Hanwoo Co., Ltd.	6,980	8,288	-	-	10,963	2,375	-
	Joowonsan 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	-	-	-	227,556	1,093,182	-
Pan Ocean Co., Ltd.	185,805	-	-	-	-	-	-	
Hangang Food Co., Ltd.	28,630,282	19,919	-	2,673,441	393,873	8,711	-	
Korea Thumb Vet Co., Ltd.	89,304	-	-	14,997,532	-	129,100	-	
Total		63,704,438	389,136	1,688	86,570,539	19,899,471	23,385,003	781,100

(\*1) The Company 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 Company before the split, Harim Holdings claimed indemnity for the fine to be paid by the Company. The profit and loss effect related to this fine is included in other expenses in the 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 statement of financial positions

(3) Receivables and payables from and/or 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	-	-	7,756,545
Subsidiaries	HBC Co., Ltd.	12,606	-	-	808,964	-
	Singgreen FS Co., Ltd.	42,158	-	-	77,085	10,000
Other related parties	PAN OCEAN TRADING & LOGISTICS PTE. LTD.	-	-	-	2,799,219	-
	Excello Equine R&D Center	88	-	-	-	-
	Glyde Co., Ltd.	25,654	-	-	-	-
	DD F&B Co., Ltd.	528	-	-	-	-
	Sunjin Corporation	14,826	-	-	-	-
	Sunjin FS Co., Ltd.	5,768	-	-	14,230	312
	Sunjin Farm Co., Ltd.	3,238	-	-	-	-
	Ever Miracle Co., Ltd.	-	-	-	-	25,446
	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.	164,545	-	4,714	337,935	72,810
	Harim Distribution Co., Ltd.	33,846	-	-	-	-
	Harim Pet Food Co., Ltd.	76,638	-	-	741	-
	Harim Food Co., Ltd.	48	-	-	-	-
	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	-	70,750	96,937	
Hangang Food Co., Ltd.	6,118,194	-	4,132	48,427	-	
Korea Thumb Vet Co., Ltd.	9,156	-	-	1,389,207	42,260	
Total		7,883,405	3,371,288	38,642	6,231,219	8,016,315

(\*) 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.
Controlling Entity	Harim Holdings Co., Ltd.	19,998	2,775,860	-	-	16,200,599
Subsidiaries	HBC Co., Ltd.	414	-	6,999	770,980	17,155
	Singgreen FS Co., Ltd. (*1)	98,693	-	-	12,092	-
	BNP Co., Ltd.	223	-	14,204	1,021,727	-
Other related parties	PAN OCEAN TRADING & LOGISTICS PTE. LTD.	-	-	-	4,948,419	-
	Glyde Co., Ltd.	89,414	-	-	-	-
	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.	-	-	-	-	11,068
	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.	424,167	-	1,242	1,109,611	44,894
	Harim Distribution Co., Ltd.	327	-	-	-	-
	Harim Pet Food Co., Ltd.	71,316	-	-	-	-
	Harim Food Co., Ltd.	272	-	-	-	-
	Hangang Food Co., Ltd.	5,457,140	-	1,544	10,466	-
	Soonwoori Hanwoo Co., Ltd.	356	-	-	419	-
Joowon Asta Ducks Co., Ltd.	34,903	-	-	158,950	-	
Jeil Feed Co., Ltd.	83,336	571,610	-	-	103,641	
Pan Ocean Co., Ltd.	341	-	-	-	-	
Korea Thumb Vet Co., Ltd.	8,420	-	-	694,349	17,408	
Total		7,071,890	3,347,470	25,089	9,122,398	16,403,837

(\* ) It includes the fine of KRW14,330,000,000 to be paid to the controlling entity, Harim Holdings Co., Ltd.

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

(5) The Company 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	2,857,804	2,406,055
Other long-term employee benefits	-	144
Retirement benefits	872,197	175,350
Total	3,730,001	2,581,549

(6) There are no guarantees and collaterals provided by related parties as of December 31, 2023.

(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 Name	Dividend Payment
Controlling Company	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	Financial Income	Investment
Controlling Company	Harim Holdings Co., Ltd.	1,827,853	-	-
Subsidiary	SingGreen FS Co., Ltd.	-	34,745	6,000,000
Others	Major Management and Others	48,519	-	-

### 34. 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	40,503,091	-	-	-
Short-term financial instruments	23,170,000	-	-	-
Long-term financial instruments	14,241,058	-	-	-
Trade and other receivables	85,822,668	-	-	-
Long-term trade and other receivables	7,066,839	-	-	-
Other financial assets	2,110	-	469,200	-
Total financial assets	170,805,766	-	469,200	-
Trade and other payables		108,324,267		
Long-term trade and other payables		921,695		
Short-term borrowings		313,832,309		
Long-term borrowings		91,038,900		
Other financial liabilities		514,117,171		
Total financial liabilities	40,503,091	-	-	-



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	49,176,878	-	-	-
Short-term financial instruments	68,805,381	-	-	-
Long-term financial instruments	6,931,410	-	-	-
Trade and other receivables	77,310,757	-	-	-
Long-term trade and other receivables	8,614,503	-	-	-
Other financial assets	1,325	-	196,080	-
Long-term other financial assets	2,110	-	-	-
Total financial assets	210,842,364	-	196,080	-
Trade and other payables	-	111,548,344	-	-
Long-term trade and other payables	-	6,199,575	-	-
Short-term borrowings	-	395,123,035	-	-
Long-term borrowings	-	67,803,321	-	-
Other financial liabilities	-	-	-	920,722
Total financial liabilities	-	580,674,275	-	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	2,802,358	3,813,513
Gain on foreign currency transactions	3,974	4,144
Loss on foreign currency transactions	(88,505)	(10,994)
Gain on foreign currency translation	9,126	770
Loss on foreign currency translation	(2,910)	(65,033)
Import guarantee fee	-	34,746
Reversal of allowance for bad debt (bad debt expenses)	164,756	16,360
Financial assets measured at fair value:		
Gain on trading of derivatives	19,418,494	6,449,431
Loss on trading of derivatives	(19,642,581)	(6,410,754)
Gain on valuation of derivatives	469,200	196,080
Loss on valuation of derivatives	(196,080)	(928,110)
Financial liabilities measured at amortized cost:		
Interest expense	(21,299,335)	(17,887,792)
Gain on foreign currency transactions	1,730,510	3,294,904
Loss on foreign currency transactions	(5,649,741)	(18,827,685)
Gain on foreign currency translation	2,478,181	7,637,956
Loss on foreign currency translation	(544,994)	(2,467,774)
Total	(20,347,547)	(25,150,238)

(3) Currency risk

① Exposure to currency risk

The Company'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	819,634	1,056,836	USD	17,064	21,625
	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			1,519,652			1,106,416
Short-term borrowings	USD	91,560,655	189,456,165	USD	149,495,908	189,456,165
	EUR	-	3,086,871	EUR	2,284,540	3,086,871
Total foreign currency liabilities			118,058,309			123,946,908

② Sensitivity analysis

The Company 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 Company'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%	(11,700,147)	11,700,147	(18,943,454)	18,943,454
EUR	10%			(307,341)	307,341
CAD	10%			146	(146)
JPY	10%	46,282	(46,282)	106,987	(106,987)
Total		(11,653,865)	11,653,865	(19,143,662)	19,143,662

(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	108,324,267	108,324,268	97,796,121	10,528,147	-	-
Short-term borrowings	313,832,309	320,083,108	46,335,515	273,747,593	-	-
Long-term trade and other payables	921,695	921,695	-	-	255,000	666,695
Long-term borrowings	91,038,900	94,372,240	371,990	1,124,147	80,480,858	12,395,245
Lease liabilities	3,771,309	4,033,447	663,823	1,534,487	884,977	950,161
Total	517,888,480	527,734,758	145,167,449	286,934,374	81,620,835	14,012,101

Meanwhile, in addition to the above other financial liabilities and long-term other financial liabilities, the maximum amount of guarantees the Company can assume under the financial guarantee contracts provided by the Company 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	111,548,344	107,716,090	104,321,860	3,394,230	-	-
Short-term borrowings	395,123,035	398,731,265	96,075,527	302,655,738	-	-
Long-term trade and other payables	6,199,575	10,031,830	-	-	9,564,255	467,575
Long-term borrowings	67,803,321	72,315,139	386,975	1,182,325	16,359,856	54,385,983
Other financial liabilities	920,722	920,722	-	-	920,722	-
Lease liabilities	3,659,458	3,963,171	561,355	1,678,192	1,100,906	622,718
Total	585,254,455	593,678,217	201,345,717	308,910,485	27,945,739	55,476,276

The management of the Company believes that financial liabilities can be repaid by cash flows from operating activities and cash inflows from financial assets. Meanwhile, the Company 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 Company 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	40,503,091	49,176,878
Short-term financial instruments	23,170,000	68,805,381
Long-term financial instruments	14,241,058	6,931,410
Trade and other receivables	85,822,667	77,310,756
Long-term trade and other receivables	7,066,839	8,614,503
Other financial assets	471,310	197,405
Long-term other financial assets	-	2,110
Total	171,274,965	211,038,443

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

On the other hand, since the Company 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	84,555,365	74,566	84,480,799	75,406,869	155,645	75,251,224
4-6 months	1,384,158	70,549	1,313,609	2,008,048	146,977	1,861,071
7-9 months	30,921	7,620	23,301	241,847	68,967	172,880
10-12 months	34,894	29,934	4,960	75,782	50,200	25,582
Over 12 months	8,000,998	934,160	7,066,838	9,772,635	1,158,133	8,614,503
Total	94,006,336	1,116,829	92,889,507	87,505,181	1,579,922	85,925,260

(6) Interest rate risk

The Company 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 Company 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	269,193,035
Long-term borrowings	45,750,000	43,250,000
Total	273,558,309	312,443,035

② Cash flow sensitivity analysis of floating interest rate financial liabilities

If the interest rate would have changed by 100 basis points, the Company'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	(2,691,930)	2,691,930	(2,691,930)	2,691,930
Long-term borrowings	(457,500)	457,500	(457,500)	457,500	(432,500)	432,500	(432,500)	432,500
Total	(2,735,583)	2,735,583	(2,735,583)	2,735,583	(3,124,430)	3,124,430	(3,124,430)	3,124,430

(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	40,503,091	40,503,091	49,176,878	49,176,878
Short-term financial instruments	23,170,000	23,170,000	68,805,381	68,805,381
Long-term financial instruments	14,241,058	14,241,058	6,931,410	6,931,410
Trade and other receivables	85,822,668	85,822,668	77,310,757	77,310,757
Long-term trade and other receivables	7,066,839	7,066,839	8,614,503	8,614,503
Other financial assets	2,110	2,110	1,325	1,325
Long-term other financial assets	-	-	2,110	2,110
Financial assets measured at fair value				
Derivatives assets	469,200	469,200	196,080	196,080
Total financial assets	171,274,966	171,274,966	211,038,444	211,038,444
Financial Liabilities:				
Financial liabilities measured at fair value				
Trade and other payables	108,324,267	108,324,267	111,548,344	111,548,344
Long-term trade and other payables	921,695	921,695	6,199,575	6,199,575
Short-term borrowings	313,832,309	313,832,309	395,123,035	395,123,035
Long-term borrowings	91,038,900	91,038,900	67,803,321	67,803,321
Financial liabilities measured at fair value				
Derivatives liabilities	-	-	920,722	920,722
Total financial liabilities	514,117,171	514,117,171	581,594,997	581,594,997

② Fair value

Hierarchical fair value has the following levels.

Level	Significance of inputs
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 techniques and inputs of Level 2 of the fair value hierarchy

Valuation method 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.



### 35. 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	-	USD 23,000,000
		28,000,000	
		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	72,000,000	72,000,000
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 286,844,000	KRW 238,294,000

(\*) In cases where the benefit of time is lost for bonds other than 5<sup>th</sup> private placement bonds, there exists a contractual term that loses the benefit of time for 5<sup>th</sup> private placement bonds.

(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 <sup>st</sup> trial in progress
Seoul Central District Court		Harim Corporation	Case of violation of Monopoly Regulation and Fair Trade Act	-	1 <sup>st</sup> 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 <sup>st</sup> trial in progress
Seoul Nambu District Court	Park Yun Ok	Harim Corporation	Case of objection to the mortgage on real estate	38,892	2 <sup>nd</sup> trial in progress
Total				239,592	

(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. 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	2,499,912	(505,152)
Transfer of construction in progress to main accounts	47,171,030	20,059,799
Transfer of borrowings to current portion	21,784,000	20,440,000

(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		
Current Liabilities							
Short-term borrowings	375,433,035	(90,451,539)	(1,933,187)	-	-	9,000,000	292,048,309
Current portion of long-term borrowings	19,690,000	(10,690,000)	-	21,784,000	-	(9,000,000)	21,784,000
Current portion of bonds	-	-	-	-	-	-	-
Current portion of lease liabilities	2,029,341	(2,783,525)	-	1,106,151	323,040	1,369,390	2,044,397
Non-current liabilities							
Long-term borrowings	47,854,000	45,000,000	-	(21,784,000)	-	-	71,070,000
Bonds	19,949,321	-	-	-	19,578	-	19,968,899
Lease liabilities	1,630,117	-	-	(1,106,151)	-	1,202,947	1,726,913
Total	466,585,814	(58,925,064)	(1,933,187)	-	342,618	2,895,377	408,965,558

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		
Current Liabilities							
Short-term borrowings	255,086,908	72,266,370	(5,170,242)	-	-	53,250,000	375,433,036
Current portion of long-term borrowings	84,248,220	(10,748,220)	-	20,440,000	-	(74,250,000)	19,690,000
Current portion of bonds	34,963,304	(35,000,000)	-	-	36,696	-	-
Current portion of lease liabilities	1,916,659	(2,562,419)	-	1,149,107	-	1,525,994	2,029,341
Non-current liabilities							
Long-term borrowings	33,950,000	13,344,000	-	(20,440,000)	-	21,000,000	47,854,000
Bonds	-	19,939,780	-	-	9,541	-	19,949,321
Lease liabilities	2,528,301	-	-	(1,149,107)	-	250,923	1,630,117
Total	412,693,392	57,239,511	(5,170,242)	-	46,237	1,776,917	466,585,815

### 37. 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 3<sup>rd</sup> planning period (2021-2025) as of Dec 31, 2023 is as follows:

(Unit: Ton (tCO <sub>2</sub> -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 <sub>2</sub> -eq), 1,000 won)										
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 (tCO<sub>2</sub>-eq) and emission liabilities for the shortage of 8,767 tons (tCO<sub>2</sub>-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

## **Audit or Review Opinion on Internal Control over Financial Reporting**

This Independent Auditors' Report on Audit or Review of Internal Control over Financial Reporting is annexed in relation to the audit over the financial statements of Harim Corporation as of December 31, 2023 and the audit of internal accounting control system pursuant to Article 8 of the Act on External Audit for stock Companies of the Republic of Korea.

Attachment 1: Independent Auditors' Report on Internal Control over Financial Reporting

2: Report on Operating Status of Internal Control over Financial Reporting

# **Independent Auditors' Report on Internal Control over Financial Reporting**

To the Shareholders and Board of Directors of

Harim Corporation

## **Opinion on Internal Control over Financial Reporting**

We have audited Harim Corporation's (the "Company") internal control over financial reporting ("ICFR") as of December 31, 2023 based on the criteria established in the Conceptual Framework for Designing and Operating ICFR ("ICFR Design and Operation Framework").

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on ICFR Design and Operation Framework.

We also have audited, in accordance with Korean Standards on Auditing ("KSAs"), the financial statements of the Company, which comprise the statements of financial position as of December 31, 2023 and 2022, the 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, and our report dated March 14, 2024 expressed an unqualified opinion on those financial statements.

## **Basis for Opinion**

We conducted our audit in accordance with KSAs. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Internal Control over Financial Reporting section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the internal control over financial reporting 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.

## **Responsibilities of Management and Those Charged with Governance for the Internal Control over Financial Reporting**

The Company's management is responsible for designing, operating and maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report on Operating Status of Internal Control over Financial Reporting.

Those charged with governance are responsible for overseeing the Company's internal control over financial reporting.

## **Auditors' Responsibilities for the Audit of the Internal Control over Financial Reporting**

Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We conducted our audit in accordance with KSAs. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

### **Definition and Limitations of Internal Control over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Korean International Financial Reporting Standards ("K-IFRS"). A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with K-IFRS, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

<p>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 Company's Internal Control over Financial Reporting. 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.</p>
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# **Report on Operating Status of Internal Control over Financial Reporting**

To the Shareholders, Board of Directors and Audit Committee of  
Harim Corporation

We, as the Chief Executive Officer and the Internal Control Officer of the Company, assessed operating status of the Company's Internal Control over Financial Reporting("ICFR") for the year ended December 31, 2023.

Design and operation of ICFR is the responsibility of the Company's management, including the Chief Executive Officer and the Internal Control Officer. We evaluated whether the Company effectively designed and operated its ICFR to prevent and detect errors or frauds which may cause a misstatement in financial statements to ensure preparation and disclosure of reliable financial information. We used the 'Guidelines for Internal Control over Financial Reporting' for evaluating design and operation of the Company's ICFR, established by the Operating Committee of Internal Control over Financial Reporting in Korea ("ICFR Committee").

Based on our assessment, we concluded that the Company's ICFR is designed and operated effectively as of December 31, 2023, in all material respects, in accordance with the 'Guidelines for Internal Control over Financial Reporting'.

We certify that this report does not contain any untrue statement of a fact or omit to state a fact necessary to be presented herein. We also certify that this report does not contain or present any statements which might cause material misunderstandings of the readers, and we have reviewed and verified this report with sufficient care.

January 30, 2024

Representative Director Jeong Hoseok  
Internal Control Officer Hong Seokjin



## 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.