

HARIM CORPORATION AND ITS SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020
WITH INDEPENDENT AUDITORS' REPORT**

KPMG SAMJONG

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Independent Auditors' Report

To the Shareholders and Board of Directors of

Harim Corporation

March 11, 2022

Audit Opinion

We have audited the consolidated financial statements of Harim Corporation and its subsidiaries ("the Group"), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as of and for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

Customer-supply transaction at cost

As described in Note 4 to the consolidated financial statements, the Group supplies feed, chicks, etc. to specific farms at cost (hereinafter referred to as "Customer-supplies at cost"), purchases additionally processed customer-supplies, etc. from these farms and sells them to the outside after additional processing of the Group. Since the customer-supplies at cost supplied to specific farms are still controlled by the Group through contracts, they are recognized as assets of the Group and are treated as payment of fees when importing processed customer-supplies from such farms.

We identified the customer-supply transactions at cost as a key audit item because they are exposed to the timing of revenue recognition and related accounting errors or the risk of willful overstatement of revenue.

In relation to the customer-supply transactions at cost, our audit procedures include the following:

- Evaluate the appropriateness of design and operation effectiveness of internal control procedures such as the timing of revenue recognition for the customer-supply transactions at cost.
- Obtain the contracts on customer-supply transactions at cost with the farms and review the transfer of control of the customer-supplies at cost through inspection of documents.
- Inspect documents to confirm accounting treatment consistent with the reality and substance of the customer-supply transactions at cost
- Check the completeness of accountings for the customer-supply transactions at cost by examining whether it is the customer-supply transactions at cost through sampling.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Kim Dohyun.

KPMG Samjong

CEO Kim Gyotae

<p>This report is effective as of the audit report date (March 11, 2022). Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.</p>
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(Attachment)
Consolidated Financial Statement

HARIM CORP. AND ITS SUBSIDIARIES

11th FY: January 1, 2021 ~ December 31, 2021

10th FY: January 1, 2020 ~ December 31, 2020

“The accompanying consolidated financial statements were prepared by the Company.”

Harim Corporation
CEO Kim Hongkuk and Park Gilyeon

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Harim Corporation and Its Subsidiaries
Consolidated Statements of Financial Position
As of December 31, 2021 and 2020

(In Korean won)

Account	Note	December 31, 2021		December 31, 2020	
Assets					
I. Current Assets			324,153,762,753		271,457,641,389
Cash and cash equivalents	5,7,34	94,033,288,591		52,643,858,539	
Short-term financial instruments	5,7,34	13,338,548,000		6,974,649,699	
Trade and other receivables	9,33,34	64,588,121,389		69,806,184,328	
Held-to-maturity financial assets	7,34	3,510,000		19,370,000	
Other financial assets	8,21,33,34	692,491,128		1,258,879,670	
Inventories	10	110,396,180,812		100,981,503,096	
Biological assets	11	36,194,848,245		34,150,542,464	
Current tax assets	28	2,632,759		75,415,678	
Other current assets	12	4,904,141,829		5,547,237,915	
II. Non-current assets			518,449,033,427		535,051,208,622
Long-term financial instruments	5,7,34	3,548,080,643		960,480,643	
Long-term trade and other receivables	9,33,34	11,072,253,623		10,727,745,125	
Held-to-maturity financial assets	7,34	3,435,000		6,945,000	
Long-term other financial assets	8,21,33,34	-		80,746,118	
Property, plant and equipment	6,14,33	489,188,865,164		504,292,109,198	
Intangible assets	6,16	1,692,112,644		2,026,462,315	
Deferred tax assets	28	7,987,955,418		11,030,216,503	
Right-of-use asset	15	4,956,330,935		5,926,503,720	
Total Assets			842,602,796,180		806,508,850,011
Liabilities					
I. Current Liabilities			503,133,913,865		380,983,205,068
Trade and other payables	17,33,34	81,704,303,150		74,461,205,124	
Short-term borrowings	5,6,18,34,35,36	416,701,846,486		290,605,442,960	
Other financial liabilities	15,19,21,34,36	2,048,008,656		13,648,276,999	
Current tax liabilities	28	1,024,667,765		294,666,677	
Other current liabilities	19,37	1,639,763,135		1,952,367,672	
Provisions	20	15,324,673		21,245,636	
II. Non-current liabilities			41,016,050,478		140,663,419,122
Long-term trade and other payables	17,34	3,809,889,343		3,509,123,105	
Long-term borrowings	5,6,18,34,35,36	34,290,000,000		129,079,648,030	
Long-term other financial liabilities	15,19,21,34,36	2,585,724,895		5,293,795,121	
Defined benefit liability	22	330,436,240		2,780,852,866	
Total Liabilities			544,149,964,343		521,646,624,190

Account	Note	December 31, 2021		December 31, 2020	
Equity					
I. Owners of the controlling company			297,626,911,735		284,193,927,351
Capital	29	53,104,851,000		53,104,851,000	
Capital surplus	29	256,293,544,034		256,293,544,034	
Other capital items	30	(35,363,255,245)		(35,583,761,049)	
Retained earnings	31	23,591,771,946		10,379,293,366	
II. Non-controlling interest	1		825,920,102		668,298,470
Total Equity			298,452,831,837		284,862,225,821
Total Liabilities and Equity			842,602,796,180		806,508,850,011

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

Harim Corporation and Its Subsidiaries
Consolidated Statement of Comprehensive Income
For Years Ended December 31, 2021 and 2020

(In Korean won)

Account	Note	2021	2020
I. Sales	6,23,33	1,118,053,875,000	895,465,451,202
II. Cost of sales	24,33	934,720,901,295	749,927,625,692
III. Gross profit		183,332,973,705	145,537,825,510
IV. Sales and administrative expenses	24,25	151,256,263,944	139,427,373,284
V. Operating profit	6	32,076,709,761	6,110,452,226
VI. Other income and expenses	26,33	(4,944,737,171)	13,114,411,860
Other income		4,402,581,809	16,275,823,378
Other expenses		9,347,318,980	3,161,411,518
VII. Financial income and expenses	21,27,34	(8,027,855,137)	(14,073,507,940)
Financial income		16,790,039,599	18,807,619,027
Financial expenses		24,817,894,736	32,881,126,967
VIII. Income before tax		19,104,117,453	5,151,356,146
IX. Income tax expense (revenue)	28	5,611,361,120	(2,976,162,057)
X. Net Income		13,492,756,333	8,127,518,203
Other comprehensive income (loss)		97,849,683	(199,620,570)
XI. Items not subsequently reclassified to profit or loss			
Remeasurements of defined benefit plans	22,28	(122,656,121)	(136,253,646)
XII. Items that are subsequently reclassified to profit or loss			
Gain (loss) on translation of foreign operations		220,505,804	(63,366,924)
Total comprehensive income		13,590,606,016	7,927,897,633
XIII. Net income attributable to		13,492,756,333	8,127,518,203
Owners of the controlling company		13,347,626,251	8,101,871,567
Non-controlling interest	1	145,130,082	25,646,636
XIV. Total comprehensive income attributable		13,590,606,016	7,927,897,633
Owners of the controlling company		13,432,984,384	7,907,289,051
Non-controlling interest	1	157,621,632	20,608,582
XV. Earnings per share for the equity of owners of the controlling company	32		
Basic earnings per share		126	79

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

Harim Corporation and Its Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity
For Years Ended December 31, 2021

(In Korean won)

Account	Equity of owners of the controlling entity					Non-controlling interest	Total
	Capital	Capital surplus	Other capital components	Retained earnings	Subtotal		
Balance at Jan 1, 2020	43,472,969,000	216,417,552,554	(8,026,796,515)	2,408,637,391	254,272,362,430	547,689,888	254,820,052,318
Total comprehensive income:							
Net Income	-	-	-	8,101,871,567	8,101,871,567	25,646,636	8,127,518,203
Remeasurements for net defined benefit plans	-	-	-	(131,215,592)	(131,215,592)	(5,038,054)	(136,253,646)
Loss on translation of foreign operations	-	-	(63,366,924)	-	(63,366,924)	-	(63,366,924)
Transactions with owners reflected directly in equity, etc.							
Issuance of new shares due to merger	9,631,882,000	39,875,991,480	-	-	49,507,873,480	-	49,507,873,480
Merger adjustment	-	-	(27,360,646,841)	-	(27,360,646,841)	-	(27,360,646,841)
Acquisition of treasury stock	-	-	(52,700,598)	-	(52,700,598)	-	(52,700,598)
Change in the scope of consolidation	-	-	(80,250,171)	-	(80,250,171)	100,000,000	19,749,829
Balance at Dec 31, 2020	53,104,851,000	256,293,544,034	(35,583,761,049)	10,379,293,366	284,193,927,351	668,298,470	284,862,225,821
Balance at Jan 1, 2021	53,104,851,000	256,293,544,034	(35,583,761,049)	10,379,293,366	284,193,927,351	668,298,470	284,862,225,821
Total comprehensive income:							
Net Income	-	-	-	13,347,626,251	13,347,626,251	145,130,082	13,492,756,333
Remeasurements for net defined benefit plans	-	-	-	(135,147,671)	(135,147,671)	12,491,550	(122,656,121)
Gain on translation of foreign operations	-	-	220,505,804	-	220,505,804	-	220,505,804
Balance at Dec 31, 2021	53,104,851,000	256,293,544,034	(35,363,255,245)	23,591,771,946	297,626,911,735	825,920,102	298,452,831,837

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

Harim Corporation and Its Subsidiaries
Consolidated Statements of Cash Flows
For Years ended December 31, 2021 and 2020

(In Korean won)

Account	2021		2020	
I. Cash flow from operating activities		50,493,756,652		63,084,484,138
(1) Net income	13,492,756,333		8,127,518,203	
(2) Adjustment	86,464,948,792		84,563,706,113	
Income tax expense (profit)	5,611,361,120		(2,976,162,057)	
Depreciation of PP&E	43,842,307,206		41,496,424,267	
Depreciation of investment property	-		2,959,765	
Amortization of intangible assets	529,748,911		542,447,058	
Depreciation of right-of-use assets	3,795,965,766		3,779,051,439	
Depreciation of biological assets for production	15,739,164,453		21,412,253,627	
Reversal of gain on valuation of inventories	(381,313,614)		(278,595,081)	
Loss on valuation of derivatives	255,044,836		12,571,040,803	
Gain on valuation of derivatives	(3,509,842,936)		(1,553,462,671)	
Retirement benefits	7,813,278,041		7,902,994,781	
Import guarantee fee	(185,472,779)		(1,000,460,276)	
Loss on disposal of PP&E	77,521,356		993,692,771	
Gains on disposal of PP&E	(459,114,737)		(430,218,780)	
Gains on disposal of investment property	-		(64,148,103)	
Gain on disposal of right-of-use assets	(30,038,761)		(21,043,521)	
Bad debt expenses (reversal)	374,769,565		(38,252,534)	
Interest income	(1,047,098,858)		(1,029,381,202)	
Interest expense	11,247,800,280		13,084,414,325	
Changes in fair value of biological assets held for consumption	(2,655,301,355)		(3,555,280,679)	
Gain on foreign currency translation	(737,144,412)		(6,716,858,425)	
Loss on foreign currency translation	5,982,493,010		442,290,606	
Greenhouse gas emission liabilities	200,821,700		-	
(3) Changes in net working capital	(37,504,364,845)		(19,349,899,344)	
Decrease (increase) in trade receivables	(6,842,121,315)		(5,187,715,745)	
Decrease (increase) in other receivables	(232,040,116)		(227,254,060)	
Decrease (increase) in inventories	(8,567,166,828)		14,469,322,755	
Decrease (increase) in biological assets for consumption	2,282,486,089		(3,951,020,633)	
Decrease (increase) in biological assets for production	(17,410,654,968)		(19,830,221,545)	
Decrease (increase) in other assets	(976,636,983)		1,247,480,987	
Increase (decrease) in trade payables	10,904,444,960		9,515,980,707	
Increase (decrease) in other payables	4,640,190,652		(2,675,015,494)	
Increase (decrease) in other liabilities	(548,155,165)		(2,360,745,044)	
Payment of severance pay	(7,415,808,430)		(7,623,496,460)	
Decrease (increase) in plan assets	(3,056,827,682)		(2,727,214,812)	
Increase (decrease) in derivative liabilities	(10,282,075,059)		-	
(4) Receipt of interest	572,824,377		941,224,610	
(5) Payment of interest	(11,025,627,681)		(13,829,632,198)	
(6) Income tax refund (payment amount)	(1,506,780,324)		2,631,566,754	
II. Cash flow from investing activities		(31,034,704,893)		(6,985,260,464)
Decrease in short-term financial instruments	55,368,200,000		137,038,000,000	
Increase in short-term financial instruments	(61,105,423,890)		(111,599,954,027)	
Decrease in short-term security deposits	7,874,863,453		869,762,780	
Increase in short-term security deposits	(1,124,715,810)		(4,924,550,000)	

Decrease in short-term loans	98,790,000		378,285,000	
Increase in short-term loans	(76,900,000)		(323,654,400)	
Decrease in account receivables for short-term financial guarantees	1,154,401,906		1,311,689,852	
Decrease in long-term financial instruments	-		191,606,520	
Increase in long-term financial instruments	(2,587,600,000)		(102,000,000)	
Decrease in long-term loans	-		404,876,800	
Increase in long-term loans	(20,000,000)		-	
Decrease in long-term deposit	199,956,000		564,166,000	
Increase in long-term security deposit	(788,820,000)		(702,700,000)	
Decrease in held-to-maturity financial assets	19,370,000		183,575,000	
Proceeds from disposal of investment property	-		263,636,364	
Proceeds from disposal PP&E	1,121,938,135		1,807,475,174	
Acquisition of PP&E	(31,125,864,687)		(43,812,985,194)	
Acquisition of intangible assets	(42,900,000)		(92,670,000)	
Cash inflows due to changes in the scope of consolidation	-		4,043,816,779	
Cash inflows from business combinations	-		7,516,362,888	
III. Cash flow from financing activities		21,788,459,940		(54,258,910,959)
Increase in short-term borrowings	176,171,377,992		267,580,069,043	
Repayment of short-term borrowings	(149,074,167,532)		(346,262,806,537)	
Repayment of current portion of long-term liabilities	(19,527,920,000)		(37,471,220,000)	
Increase in long-term borrowings	17,500,000,000		30,529,000,000	
Increase in bonds	-		34,900,610,000	
Repayment of lease liabilities	(3,280,830,520)		(3,481,862,867)	
Acquisition of treasury stock	-		(52,700,598)	
IV. Effect of exchange rate fluctuation on cash and cash equivalents		141,918,353		(72,821,179)
V. Increase in cash and cash equivalents (I + II + III + IV)		41,389,430,052		1,767,491,536
VI. Cash and cash equivalents at beginning of the year		52,643,858,539		50,876,367,003
VII. Cash and cash equivalents at end of the year		94,033,288,591		52,643,858,539

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

Notes to the Consolidated Financial Statements

For Years ended December 31, 2021 and 2020

Harim Corporation and Its Subsidiaries

1. General

(1) Overview of the Controlling Entity

Harim Corporation (hereinafter referred to “Controlling Entity”) was established by spin-off of Harim Corporation (before spin-off) into Harim Holdings (Surviving entity after spin-off) to engage in the investment division and the new corporation, the controlling entity to engage in the chicken processing and fee manufacturing business with a record date of January 1, 2011. The consolidated financial statements for the reporting period ending on December 31, 2021 consist of the controlling and its subsidiaries (collectively, the "Group").

After the spin-off, the shares of the controlling entity have been re-listed on the KOSDAQ market in May 2, 2011 and the major shareholders as of Dec 31, 2021 consist of Harim Holdings Co., Ltd. (57.37%) and others.

(2) Consolidated Subsidiaries

The consolidated subsidiaries as of as of Dec 31, 2021 and 2020 are as follows:

Subsidiary	Address	Major activities	Equity rate owned by the controlling entity					
			Dec 31, 2021			Dec 31, 2020		
			Parent	Subsidiary	Total	Parent	Subsidiary	Total
HBC Agricultural Ltd.	Iksan, Jeollabuk-do	Poultry	90.00%	-	90.00%	90.00%	-	90.00%
Harim Animal Clinic Co., Ltd.	Iksan, Jeollabuk-do	Animal hospital & health	100.00%	-	100.00%	100.00%	-	100.00%
SingGreen FS Co., Ltd.	Iksan, Jeollabuk-do	Poultry	100.00%	-	100.00%	100.00%	-	100.00%
Singgreen Vina Co., Ltd	Vietnam	Distribution	-	100.00%	100.00%	-	100.00%	100.00%
BNP Agricultural Co., Ltd.	Iksan, Jeollabuk-do	Poultry	90.00%	-	90.00%	90.00%	-	90.00%

(3) Summarized financial information of subsidiaries

Summarized financial information of consolidated subsidiaries for the years ended December 31, 2021 and 2020, are as follows.

Item	(In thousands of Korean won)									
	2021					2020				
	HBC Agricultural	Harim Animal Clinic	SingGreen FS	Singgreen Vina	BNP Agricultural	HBC Agricultural	Harim Animal Clinic	SingGreen FS	Singgreen Vina	BNP Agricultural
Assets	9,318,994	568,226	40,931,903	8,500,388	2,979,018	10,530,086	482,337	39,966,752	5,244,799	2,776,512
Liabilities	2,456,173	175,923	40,322,741	5,803,557	1,582,641	5,042,384	147,652	41,974,112	3,384,800	1,581,232
Equity	6,862,821	392,303	609,162	2,696,831	1,396,377	5,487,702	334,685	(2007,360)	1,859,999	1,195,280
Sales	5,595,650	2,246,978	30,092,876	10,771,471	3,628,082	10,702,162	1,861,058	23,606,422	9,921,262	1,283,412
Operating profit	1,737,266	54,214	2,253,413	665,219	171,102	147,631	12,302	1,197,973	(780,107)	177,408
Net income	1,287,161	57,620	2,427,165	612,381	164,139	94,879	43,535	(707,624)	(600,104)	161,588
Total comprehensive income	1,375,119	57,620	2,616,522	832,887	201,097	10,803	43,535	(473,339)	(663,471)	195,283

(4) Information on non-controlling interests of the Group for the years ended December 31, 2021 and 2020, is as follows.

Item	(In thousands of Korean won)			
	2021		2020	
	HBC Agricultural	BNP Agricultural	HBC Agricultural	BNP Agricultural
Non-controlling equity	10.00%	10.00%	10.00%	10.00%
Current assets	3,116,734	2,640,918	3,786,200	2,143,933
Non-current assets	6,202,260	338,100	6,743,886	632,579
Current Liabilities	1,845,266	1,003,991	3,917,997	1,196,195
Non-current liabilities	610,907	578,650	1,124,387	385,037
Net assets	6,862,821	1,396,377	5,487,702	1,195,280
Carrying amount of non-controlling interests	686,282	139,638	548,770	119,528
Sales	5,595,650	3,628,082	10,702,162	1,283,412
Net Income	1,287,161	164,139	94,879	161,588
Other comprehensive income (loss)	87,958	36,958	(84,076)	33,695
Total comprehensive income	1,375,119	201,097	10,803	195,283
Net income allocated to non-controlling interests	128,716	16,414	9,488	16,159
Total comprehensive income allocated to non-controlling interests	137,512	20,110	1,080	19,528
Cash flow from operating activities	1,317,556	657,983	2,076,295	(91,179)
Cash flow from investing activities	(316,379)	(14,772)	(461,460)	(54,114)
Cash flow from financing activities	(1,514,169)	(258,930)	(676,974)	900,825
Net change in cash and cash equivalents	(512,992)	384,281	937,861	755,532

2. Basis of consolidated financial statements preparation

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

The consolidated financial statements of the Group were approved by the board of directors on February 11, 2022 and expected to be approved finally at the general meeting of shareholders on March 29, 2022.

(1) Basis of measurement

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

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

(2) Functional and presentation currency

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

(3) Estimation and judgment

K-IFRS requires to use the estimates and assumptions based on the judgment of management in application of accounting policies or matters affecting the reported amounts of assets, liabilities, income and expenses as of the end of the reporting period in preparing consolidated financial statements. Actual results may differ if estimates and assumptions based on management's best judgment as of the end of the reporting period differ from actual circumstances.

Estimates and underlying assumptions are continuously reviewed, and changes in accounting estimates are recognized during the period in which the estimate is changed and in the future period to be affected.

① Management's judgment

Information on the judgment of key management related to the application of accounting policies that significantly affect the amount recognized in the consolidated financial statements is included in Notes below.

- Note 15: Classification of lease

② Uncertainty of assumptions and estimates

Information on uncertainties in assumptions and estimates that poses a significant risk that material adjustments may occur within the next reporting period are included in the notes to the following.

- Note 11: Measurement of biological assets – significant unobservable inputs
- Note 22: Measurement of defined benefit obligations – major actuarial assumptions
- Note 28: Recognition of deferred tax assets – Use of tax loss
- Note 35: Contingent liabilities – assumptions on potential outflow of resources and amount

③ Fair value measurement

The Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of K-IFRS including the level in the fair value hierarchy in which such valuation techniques should be classified.

Significant valuation issues are reported to the Group's Audit Committee

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly or indirectly.
- Level 3 - inputs for the assets or liability that are not based on observable market data.

If the several inputs used to measure the fair value of an asset or liability are classified at different levels within the fair value hierarchy, the Group classifies the entire fair value measurement at the same level as the input at the lowest level in the fair value hierarchy, which is significant for the entire measurement, and recognizes the shift between levels of the fair value hierarchy at the end of the reporting period when the change occurs.

Detailed information on the assumptions used to measure fair value is included in the Notes below.

- Note 11: Biological assets
- Note 31: Financial instruments

3. Changes in Accounting Policies

From January 1, 2021, the Group applied amendments related to Interest Benchmark Reform—Phase 2 (KIFRS No. 1109 'Financial Instruments', No. 1039 'Financial Instruments: Recognition and Measurement', and No. 1107 'Financial Instruments: Disclosures') , No. 1104 'Insurance Contract', No. 1116 'Lease') for the first time. Other standards applied after January 1, 2021 have no material effect on the financial statements of the Group.

4. Significant Accounting Policies

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

(1) Consolidation

① Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

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

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities, which is recognized in accordance with K-IFRS No. 1032 and K-IFRS No. 1109.

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

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

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

② Subsidiaries

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

③ Non-controlling interests

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

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

④ Loss of control

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

⑤ Elimination of intra-group transactions

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

⑥ Business combinations under common control

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

(2) Cash and cash equivalents

The Group classifies investment assets with maturities within 3 months from the acquisition date as cash and cash equivalents. Equity instruments are excluded from cash equivalents, but may be included in cash equivalents if they are actually cash equivalents, such as preferred shares with a fixed redemption date and a short period from the acquisition date to redemption date.

(3) Biological assets

① Biological assets for consumption

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

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

② Biological assets for production

Biological assets are measured at the acquisition cost less accumulated depreciation and accumulated impairment loss.

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

(4) Inventories

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

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

(5) Non-derivative financial assets

① 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 Group becomes a party to the contractual provisions of the instrument.

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

② Classification and subsequent measurement

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

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

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

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

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

- it is held within a business model whose objective is achieved by both collection contractual cash flows and selling financial assets, and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and

interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably 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 Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. However, once elected, it cannot be cancelled.

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

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

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

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

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

"Principal" is defined as the fair value of a financial asset on initial recognition. Interest consists of consideration for the time value of money, consideration for the credit risk associated with the principal balance in a specified period and other basic lending risks and considerations for costs (e.g., liquidity risk and operating costs) as well as profits.

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

interest.

In evaluating this, the Group considers:

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

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

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

Financial assets: Subsequent measurement and profit or loss

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

③ Derecognition

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

If the Group transfers assets recognized in the consolidated statement of financial position, but retains most of

the risks and rewards of ownership of the transferred assets, the transferred assets are not derecognized.

④ Offset

The Group offsets financial assets and liabilities only when the Group currently has a legally enforceable right of set-off against the recognized assets and liabilities and intends to settle the difference or settle the liabilities simultaneously with the realization of the assets, and it is presented as a net amount in the consolidated statement of financial position.

(6) Derivative financial instruments

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

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

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

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

Hedges directly affected by interest rate benchmark reform.

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

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

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

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

① Cash flow hedging

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

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

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

For other hedged transactions, the accumulated hedging reserves and the hedging cost are reclassified to profit or loss in the same period or in the period in which the hedged expected future cash flows affect profit or loss.

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

If the non-financial item is a recognized hedging transaction, when cash flow hedge accounting is discontinued, the accumulated hedge reserve and the cost of the hedging remains in equity items until the non-financial item is initially recognized and is included in the cost of the non-financial item. In the case of a cash flow hedge that does not fall under these circumstances, the amount is reclassified as hedge reserve by reclassification adjustment during the period in which the hedged future expected cash flows affect profit or loss and the cost is reclassified as profit or loss.

When the hedged future cash flows are no longer expected to occur, the accumulated cash flow hedge reserve and the cost of the hedge are immediately reclassified to profit or loss.

② Net investment hedging

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

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

(7) Impairment for financial assets

① Financial instruments and contract assets

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

- financial assets measured at amortized cost

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

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

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

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

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

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

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

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

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

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

② Measurement of expected credit losses

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

③ Credit-impaired financial assets

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

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

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

④ Presentation of allowance for ECL in the statement of financial position

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

⑤ Write-off

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

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

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

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

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

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

Gain or loss on the derecognition of property, plant and equipment is determined as the difference between the net sale amount and the carrying amount, and the difference is recognized in profit or loss.

Estimated useful lives for the years ended December 31, 2021 and 2020 are as follows.

Account	Estimated useful life	Account	Estimated useful life
Building	20 ~ 40 years	Facility and equipment	12 years

Account	Estimated useful life	Account	Estimated useful life
Structures	20 ~ 40 years	Vehicles	5 years
Machinery	8 ~ 12 years	Others	5 years

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

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

(9) Intangible assets

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

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

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

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

(10) Government grants

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

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

(11) Investment property

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

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

Among investment property, land is not depreciated, and investment property excluding land, is depreciated using the straight-line method over 20 ~ 40 years depending on the economic useful life.

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

(12) Impairment for non-financial assets

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

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

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

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

(13) Leases

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

① As a lessee

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

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

of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

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

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

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

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

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

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

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

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

Short-term leases and small-value underlying asset leases

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

② As a lessor

At inception or the effective date of a modification that contains a lease component, the Group allocates the

consideration in the contract to each lease component on the basis of their relative stand-alone prices.

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

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

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

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

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

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

(14) Non-derivative financial liabilities

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

① Financial liabilities measured at fair value through profit or loss

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

② Other financial liabilities

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

③ Derecognition of financial liabilities

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

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

(15) Employee benefits

① Short-term employee benefits

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

② Other long-term employee benefits

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

③ Retirement benefit: Defined benefit plan

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

④ Retirement benefits: Defined benefit plans

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

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

Remeasurements of net defined benefit liabilities, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined

benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments, net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

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

(16) Provisions

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

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

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

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

Provisions are used only for expenses related to initial recognition. (17) Emission Rights

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

(17) Greenhouse Gases Emission Right

① Emission rights

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

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

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

The Group derecognizes an emission right asset when the emission allowance is unusable, disposed or submitted to government when the future economic benefits are no longer expected to be probable.

② Emission liability

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

(18) Foreign currency

① Foreign currency transactions

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

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

② Foreign operations

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

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

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

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

③ Translation of net investment in foreign operations

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

(19) Paid-in capital

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

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

(20) Revenue from contracts with customers

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

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

As described in Note 4 to the consolidated financial statements, the Group supplies feed, chicks, etc. to specific farms at cost (hereinafter referred to as “Customer-supplies at cost”), purchases additionally processed customer-supplies, etc. from these farms and sells them to the outside after additional processing of the Group. Since the customer-supplies at cost supplied to specific farms are still controlled by the Group through contracts, they are recognized as assets of the Group and are treated as payment of fees when importing processed customer-supplies from such farms.

(21) Finance income and finance costs

The Group's finance income and finance costs include:

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

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

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

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

(22) Borrowing costs

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

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

(23) Income taxes

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

① Current income tax

Current income tax is the expected income tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period and any adjustment to tax payable in respect of previous years. The taxable profit is different from the accounting profit for the period

since the taxable profit is calculated excluding the temporary differences, which will be taxable or deductible in determining taxable profit of future periods, and non-taxable or non-deductible items from the accounting profit.

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

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

② Deferred income tax

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

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

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

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

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

(24) Earnings per share

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

the reporting period.

(25) Operating segment

The Group classifies segments based on internal reporting data that is periodically reviewed by the chief operating decision maker to make decisions on resources to be allocated to the segments and evaluate their performances. As described in Note 6, there are 3 reporting segments, each of which is a strategic unit of the Group. Strategic units provide different products and services, and are operated separately because the technology and marketing strategies required for each business unit are different.

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

(26) New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after January 1, 2021 and earlier application is permitted but the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

① K-IFRS No. 1037 Onerous Contracts: Cost of Fulfilling a Contract

This clarified the scope of cost to be included in determination of the contract performance cost to assess whether a contract is onerous or not. These amendments apply to the annual financial statements beginning on January 1, 2022 for contracts existing on the effective date. The cumulative effect from the application of the amendments on the date of initial application is adjusted from retained earnings or other equity at the beginning of the year, and comparative financial statements are not restated. The Group will complete all contracts existing on December 31, 2021 before the amendments come into effect.

② K-IFRS No. 1012 'Corporate Tax' - Deferred income tax on assets and liabilities arising from a single transaction

This is a narrow-range amendment to apply the initial recognition exemption when the temporary difference to be added and the temporary difference to be deducted arise at the same time in the same amount in recognizing deferred income tax on assets and liabilities arising from a single transaction initially as a right-of-use asset, a lease liabilities, restoration liabilities and related assets. These amendments are effective for fiscal years beginning on or after January 1, 2023.

In the case of a single transaction giving rise to a right-of-use asset and a lease liability, a recovery provision and a related asset, the related deferred tax asset and liability should be adjusted and recognized from retained earnings (or other constituents of equity) at the beginning of the earliest period for which the cumulative effect of first application is presented and compared. This amendment applies to all transactions that occurred after the beginning of the earliest period presented. The Group is accounting for by applying an approach that leads to similar results to the amendments. The Group plans to apply this amendment from January 1, 2023, and the application of this amendment does not have any effect on the current or previous years.

The following enacted and amended standards are not expected to have a material impact on the Group

- Exemption/D.C/Deferment of rental fees due to COVID 19 for the period exceeding the date of Jun. 30, 2021 (K-IFRS No. 1116 'Lease')
- Reference to the conceptual framework (K-IFRS No. 1103 'Business Combination')- K-IFRS Annual Improvement 2018-2020
- Sales Amount before Intended Use (K-IFRS No. 1016 'Property, Plant and Equipment')
- Current/Non-Current Classification of Liabilities (K-IFRS No. 1001 'Financial Statement Presentation')
- Disclosure of Accounting Policy (K-IFRS No. 1001 'Financial Statement Presentation')
- Definition of Accounting Estimate (K-IFRS No. 1008 'Accounting Policy, Changes in Accounting Estimates and Errors')

5. Risk Management

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

(1) Risk Management System

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

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

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

(2) Credit risk

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

① Trade receivables

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

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

are possible only when paying the operation security deposit or paying an advance payment.

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

② Debt securities

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

③ Guarantee

It is the policy of the Group to provide guarantees only to related parties or business partners who need support for business. As of December 31, 2021, the guarantees provided by the Group are described in Notes 33 and 35.

(3) Liquidity risk

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

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

(4) Market risk

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

① Currency risk

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

② Interest rate risk

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

(5) Capital Management

The Group's capital management policy is to maintain sound capital for the trust of investors, creditors, and the market and the future development of the business. The Group strives to maintain a balance between sound

financial positions. The Group's capital structure consists of equity and net liabilities after deducting cash and cash equivalents and short- and long-term financial instruments from borrowings.

(In thousands of Korean won)		
Item	Dec 31, 2021	Dec 31, 2020
Total borrowings	450,991,846	419,685,091
Less:		
Cash and cash equivalents	94,033,289	52,643,859
Short-term financial instruments	13,338,548	6,974,650
Long-term financial instruments	3,548,081	960,481
Adjusted borrowings	340,071,928	359,106,101
Equity	298,452,832	284,862,226
Adjusted debt ratio	113.94%	126.06%

6. Operating Segments

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

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

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

(2) Information on the reporting segments for the years ended December 31, 2021 and 2020 is as follows:

① 2021

(In thousands of Korean won)				
Item	Chicken	Meat processing	Others	Total
External revenue	807,114,415	159,062,571	151,876,889	1,118,053,875
Operating income of reporting segments	32,746,971	(22,497,573)	21,827,312	32,076,710
PP&E and intangible assets of reporting segments	337,404,308	70,727,364	82,749,306	490,880,978
Depreciation in reporting segments	31,625,146	6,218,183	6,528,727	44,372,056
Depreciation of biological assets in reporting segments	15,739,164	-	-	15,739,164
Borrowings in reporting segments	219,139,292	45,936,415	185,916,139	450,991,846

② 2020

(In thousands of Korean won)				
Item	Chicken	Meat processing	Others	Total
External revenue	636,256,077	159,508,696	99,700,678	895,465,451
Operating income of reporting segments	(430,066)	(4,468,607)	11,009,125	6,110,452
PP&E and intangible assets of reporting segments	354,553,267	70,308,221	81,457,084	506,318,572
Depreciation in reporting segments	30,929,542	4,687,109	6,422,220	42,038,871
Depreciation of biological assets in reporting segments	20,652,631	-	759,623	21,412,254
Borrowings in reporting segments	267,871,866	53,119,224	98,694,001	419,685,091

(*) It is the amount excluding depreciation of investment property.

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

7. Cash and cash equivalents

(1) Cash and cash equivalents as of December 31, 2021 and 2020 are as follows:

(In thousands of Korean won)		
Item	Dec 31, 2021	Dec 31, 2020
Cash on hand	545	408
Ordinary deposits	94,032,744	52,643,451
Total	94,033,289	52,643,859

(2) Restricted deposits as of December 31, 2021 and 2020, are as follows:

(In thousands of Korean won)				
Item	Dec 31, 2021	Dec 31, 2020	Financial institution	Remarks
Cash and cash equivalents	3,000,000	3,000,000	Nonghyup Bank	Win-win loans
Short-term financial instruments	680,000	1,900,000	KEB Hana Bank	Collaterals for borrowings
	529,000	1,277,700	Nonghyup Bank	
Long-term financial instruments	2,500,000	-	KDB	
Total	6,709,000	6,177,700		

(3) Breakdown of short-term and long-term financial instruments as of December 31, 2021 and 2020 is as follows:

(In thousands of Korean won)			
Item	Descriptions	Dec 31, 2021	Dec 31, 2020
Short-term financial instruments	Term deposits	12,688,548	6,175,050
	Periodical deposits	650,000	799,600
	Subtotal	13,338,548	6,974,650
Long-term financial instruments	Long-term deposit	3,548,081	960,481
Total		16,886,629	7,935,131

(4) Breakdown of held-to-maturity financial assets as of December 31, 2021 and 2020 is as follows:

(In thousands of Korean won)				
Item	Dec 31, 2021		Dec 31, 2020	
	Current	Non-current	Current	Non-current
Regional development bonds	3,510	1,325	19,100	4,835
National housing bonds	-	2,110	270	2,110
Total	3,510	3,435	19,370	6,945

(5) Changes in held-to-maturity financial assets for the years ended December 31, 2021 and 2020 are as follows:

(In thousands of Korean won)				
Item	Dec 31, 2021		Dec 31, 2020	
	Current	Non-current	Current	Non-current
Beginning balance	19,370	6,945	184,190	25,700
Decrease	(19,370)	-	(183,575)	-
Subtotal	-	6,945	615	25,700
Transfer to current portion	3,510	(3,510)	18,755	(18,755)
Total	3,510	3,435	19,370	6,945

8. Other financial assets

Breakdown of other financial assets as of Dec 31, 2021 and 2020 is as follows:

(In thousands of Korean won)				
Item	Dec 31, 2021		Dec 31, 2020	
	Current	Non-current	Current	Non-current
Account receivables for financial guarantees	-	-	1,084,581	-
Derivatives assets	692,491	-	174,299	80,746
Total	692,491	-	1,258,880	80,746

9. Trade and other receivables

(1) Breakdown of trade receivables and other receivables as of Dec 31, 2021 and Dec 31, 2020 is as follows:

(In thousands of Korean won)				
Item	Dec 31, 2021		Dec 31, 2020	
	Current	Non-current	Current	Non-current
Trade receivable	62,583,108	-	60,635,266	-
Allowance for trade receivables	(1,966,344)	-	(1,666,627)	-
Loans	139,924	40,000	191,814	40,000
Allowance for loans	(66,000)	(40,000)	(66,000)	(40,000)
Account receivables	1,252,447	233,000	790,046	366,000
Allowance for account receivables	(53,689)	-	(18,219)	-
Accrued income	148,223	-	101,562	-
VAT paid for others	1,464,402	-	1,178,358	-
Security deposits	1,086,050	11,623,100	8,659,984	11,033,388
Allowance for security deposits	-	(270,291)	-	(270,291)
Unrealized security deposits	-	(513,555)	-	(401,352)
Total	64,588,121	11,072,254	69,806,184	10,727,745

(2) Changes in allowance for bad debts for trade and other receivables for the years ended December 31, 2021 and 2020, are as follows:

(In thousands of Korean won)		
Item	2021	2020
Beginning balance	2,061,137	1,799,323
Bad debt expenses	359,435	334,723
Reversal of allowance for bad debt	-	(476,160)
Writ-off of allowance of bad debt	(32,839)	(277,207)
Reversal of write-off to allowance for bad debt	8,335	-
Increase due to business combination	-	54,999
Change in the scope of consolidation	-	625,679
Gain or loss on translation of foreign operations	256	(220)
Ending balance	2,396,324	2,061,137

10. Inventories

(1) Breakdown of inventories as of December 31, 2021 and 2020 is as follows:

(In thousands of Korean won)						
Item	Dec 31, 2021			Dec 31, 2020		
	Acquisition cost	Valuation loss	Carrying amount	Acquisition cost	Valuation loss	Carrying amount
Goods	2,525,954	-	2,525,954	4,713,593	-	4,713,593
Products	29,336,752	(1,138,566)	28,198,186	31,712,825	(1,519,880)	30,192,945

(In thousands of Korean won)						
Item	Dec 31, 2021			Dec 31, 2020		
	Acquisition cost	Valuation loss	Carrying amount	Acquisition cost	Valuation loss	Carrying amount
Work in progress	3,820,919	-	3,820,919	2,862,442	-	2,862,442
Raw materials	65,890,772	-	65,890,772	51,447,277	-	51,447,277
Subsidiary materials	2,807,383	-	2,807,383	2,853,913	-	2,853,913
Stored goods	7,152,967	-	7,152,967	8,911,333	-	8,911,333
Total	111,534,747	(1,138,566)	110,396,181	102,501,383	(1,519,880)	100,981,503

As inventories are valued at net realizable value, reversal of loss on valuation of inventories after deducting cost of sales for the year ended December 31, 2021 is 381,314 thousand won.

(2) Inventories provided as collaterals in relation to borrowing arrangements as of December 31, 2021 are as follows:

Collaterals	Coverage	Related borrowings	Provided to
Inventories	USD 59,800,000	USD 25,734,463	Export-Import Bank of Korea

11. Biological assets

(1) Breakdown biological assets as of December 31, 2021 and 2020 is as follows:

(In thousands of Korean won)		
Item	Dec 31, 2021	Dec 31, 2020
Biological assets for production	11,474,615	9,803,124
Biological assets for consumption	24,720,233	24,347,418
Total	36,194,848	34,150,542

(2) Changes in Biological assets for production for the years ended December 31, 2021 and 2020 are as follows:

① 2021

(In thousands of Korean won)			
Item	GPS	PS	Total
Acquisition cost:			
Beginning balance	4,636,478	64,454,553	69,091,031
Acquisition cost	2,819,880	-	2,819,880
Increase due to breeding	384,699	14,332,611	14,717,310
Disposal amount	(2,746,716)	(9,553,792)	(12,300,508)
Other increase or decrease	(126,535)	-	(126,535)
Ending balance	4,967,806	69,233,372	74,201,178

(In thousands of Korean won)			
Item	GPS	PS	Total
Accumulated depreciation:			
Beginning balance	(1,302,124)	(57,985,783)	(59,287,907)
Depreciation	(2,351,878)	(13,387,286)	(15,739,164)
Disposal amount	2,746,716	9,553,792	12,300,508
Ending balance	(907,286)	(61,819,277)	(62,726,563)
Carrying amount:			
Beginning balance	3,334,354	6,468,770	9,803,124
Ending balance	4,060,520	7,414,095	11,474,615

② 2020

(In thousands of Korean won)			
Item	GPS	PS	Total
Acquisition cost:			
Beginning balance	3,852,972	61,681,515	65,534,487
Acquisition amount	2,352,188	-	2,352,188
Increase due to breeding	536,028	16,942,005	17,478,033
Disposal amount	(2,104,710)	(14,168,967)	(16,273,677)
Ending balance	4,636,478	64,454,553	69,091,031
Accumulated depreciation:			
Beginning balance	(1,045,955)	(53,103,376)	(54,149,331)
Depreciation	(2,360,879)	(19,051,374)	(21,412,253)
Disposal amount	2,104,710	14,168,967	16,273,677
Ending balance	(1,302,124)	(57,985,783)	(59,287,907)
Carrying amount:			
Beginning balance	2,807,017	8,578,139	11,385,156
Ending balance	3,334,354	6,468,770	9,803,124

(3) Fair value of biological assets for consumption

① Fair value hierarchy

The fair values of biological assets measured at fair values as of Dec 31, 2021 and Dec 31, 2020 are as follows:

i) Dec 31, 2021

(In thousands of Korean won)				
Item	Level 1	Level 2	Level 3	Total
Biological assets for consumption – Live chickens	-	-	24,720,233	24,720,233

ii) Dec 31, 2020

(In thousands of Korean won)				
Item	Level 1	Level 2	Level 3	Total
Biological assets for consumption – Live chickens	-	-	24,347,418	24,347,418

② Changes in the beginning and endings balances of the repeated fair value measurements classified as Level 3 for the years ended December 31, 2021 and 2020, are as follows:

(In thousands of Korean won)		
Item	2021	2020
Beginning carrying amount	24,347,418	16,841,117
Increase due to breeding	450,936,659	459,693,340
Increase due to external purchases	23,890,064	14,183,514
Changes in net fair value of harvest	81,933,676	(9,152,437)
Changes in net fair value of biological assets held	2,655,301	3,555,282
Transfer to inventories after harvest	(559,042,885)	(460,773,398)
Ending carrying amount	24,720,233	24,347,418

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

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

(4) Fair value measurement methods and assumptions for biological assets for consumption

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

(5) Risks exposed in relation to biological assets

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

① Regulatory and environmental risks

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

② Supply and demand risk

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

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

③ Climate and other risks

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

12. Other Current Assets

(1) Other current assets as of December 31, 2021 and 2020 are as follows:

(In thousands of Korean won)		
Item	Dec 31, 2021	Dec 31, 2020
Advance payment	632,168	431,032
Allowance for advance payment	(188,834)	(237,495)
Advance payment for breeding	3,504,059	4,348,086
Allowance for breeding advance payment	(293,980)	(228,645)
Prepaid expenses	1,250,729	1,234,260
Total	4,904,142	5,547,238

(2) Changes in allowance for bad debts in other assets for the years ended December 31, 2021 and 2020 are as follows:

(In thousands of Korean won)		
Item	2021	2020
Beginning balance	466,140	214,588
Bad debt expenses	65,335	103,184
Reversal of allowance for bad debt	(50,000)	-
Change in the scope of consolidation	-	149,359

(In thousands of Korean won)		
Item	2021	2020
Effect of translation for foreign operations	1,339	(991)
Ending balance	482,814	466,140

13. Investment property

(1) Changes in investment real estate for the years ended December 31, 2021 and 2020, are as follows:

(In thousands of Korean won)		
Item	2021	2020
	Building	Building
Acquisition cost:		
Beginning balance	-	284,138
Disposal	-	(284,138)
Ending balance	-	-
Accumulated depreciation:		
Beginning balance	-	(81,690)
Disposal	-	84,650
Depreciation	-	(2,960)
Ending balance	-	-
Carrying amount:		
Beginning balance	-	202,448
Ending balance	-	-

(2) Income related to investment property

Gains or losses related to investment property for the years ended December 31, 2021 and 2020 are as follows:

(In thousands of Korean won)		
Item	2021	2020
Rent income	-	-
Rental cost	-	(4,824)
Total	-	(4,824)

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

(1) Changes in PP&E for the years ended December 31, 2021 and 2020 are as follows:

(In thousands of Korean won)									
Item	Land	Building	Structures	Machinery	Facilities and equipment	Vehicles	Others	Construction in progress (*)	Total
Acquisition cost:									
Beginning balance	26,896,408	283,813,997	21,159,937	288,530,556	229,353,432	2,702,109	50,494,785	4,498,946	907,450,170
Acquisition	-	15,400	40,450	775,672	4,842,812	7,000	1,465,931	22,484,641	29,631,906
Disposal	-	(19,317)	(199,556)	(7,893,540)	(9,704,766)	(556,944)	(5,835,324)	-	(24,209,447)
Other changes	-	2,665,439	-	4,766,768	7,458,400	39,096	1,319,600	(16,401,802)	(152,499)
Ending balance	26,896,408	286,475,519	21,000,831	286,179,456	231,949,878	2,191,261	47,444,992	10,581,785	912,720,130
Accumulated depreciation:									
Beginning balance	-	(70,201,245)	(10,058,643)	(185,434,827)	(85,990,613)	(2,293,819)	(39,031,973)	-	(393,011,120)
Disposal	-	19,314	199,541	7,659,054	9,704,184	533,233	5,353,777	-	23,469,103
Depreciation	-	(7,195,695)	(874,368)	(15,051,098)	(16,818,003)	(151,103)	(4,097,663)	-	(44,187,930)
Ending balance	-	(77,377,626)	(10,733,470)	(192,826,871)	(93,104,432)	(1,911,689)	(37,775,859)	-	(413,729,947)
Government grants:									
Beginning balance	-	(9,631,006)	-	(439,246)	(76,689)	-	-	-	(10,146,941)
Depreciation	-	258,722	-	78,266	8,635	-	-	-	345,623
Ending balance	-	(9,372,284)	-	(360,980)	(68,054)	-	-	-	(9,801,318)
Carrying amount:									
Beginning balance	26,896,408	203,981,746	11,101,294	102,656,483	143,286,130	408,290	11,462,812	4,498,946	504,292,109
Ending balance	26,896,408	199,725,609	10,267,361	92,991,605	138,777,392	279,572	9,669,133	10,581,785	489,188,865

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

② 2020

(In thousands of Korean won)									
Item	Land	Building	Structures	Machinery	Facilities and equipment	Vehicles	Others	Construction in progress (*1)	Total
Acquisition cost:									
Beginning balance	22,988,721	228,966,396	19,033,712	240,659,568	205,412,543	2,749,644	46,637,060	1,977,297	768,424,941
Acquisition amount (*2)	946	90,300	188,276	1,143,669	3,749,145	89,892	1,882,887	34,529,192	41,674,307
Disposal	(1,846)	(725,649)	-	(3,434,627)	(1,220,630)	(457,285)	(1,341,095)	-	(7,181,132)
Other changes	-	12,906,686	846,746	9,763,231	19,415,101	99,453	178,893	(43,294,044)	(83,934)
Change in the scope of consolidation	1,756,195	20,501,708	1,061,134	15,875,925	1,997,273	18,090	2,035,788	-	43,246,113
Changes due to business combination	2,152,392	22,074,556	30,069	24,522,790	-	202,315	1,101,252	11,286,501	61,369,875
Ending balance	26,896,408	283,813,997	21,159,937	288,530,556	229,353,432	2,702,109	50,494,785	4,498,946	907,450,170
Accumulated depreciation:									
Beginning balance	-	(53,718,221)	(8,760,466)	(140,410,569)	(70,468,050)	(2,415,091)	(33,731,388)	-	(309,503,785)
Disposal	-	144,800	-	2,094,189	823,165	441,986	1,304,042	-	4,808,182
Depreciation	-	(6,785,337)	(847,765)	(14,984,145)	(14,937,154)	(178,004)	(4,104,254)	-	(41,836,659)
Change in the scope of consolidation	-	(2,526,898)	(423,510)	(8,831,451)	(1,408,574)	(13,167)	(1,534,190)	-	(14,737,790)
Changes due to business combination	-	(7,315,589)	(26,902)	(23,302,851)	-	(129,543)	(966,183)	-	(31,741,068)
Ending balance	-	(70,201,245)	(10,058,643)	(185,434,827)	(85,990,613)	(2,293,819)	(39,031,973)	-	(393,011,120)
Government Grants:									
Beginning balance	-	(8,911,897)	-	(505,995)	(85,326)	-	-	-	(9,503,218)
Depreciation	-	253,568	-	78,030	8,637	-	-	-	340,235
Change in the scope of consolidation	-	(655,649)	-	-	-	-	-	-	(655,649)
Changes due to business combination	-	(317,028)	-	(11,281)	-	-	-	-	(328,309)
Ending balance	-	(9,631,006)	-	(439,246)	(76,689)	-	-	-	(10,146,941)
Carrying amount:									
Beginning balance	22,988,721	166,336,278	10,273,246	99,743,004	134,859,167	334,553	12,905,672	1,977,297	449,417,938
Ending balance	26,896,408	203,981,746	11,101,294	102,656,483	143,286,130	408,290	11,462,812	4,498,946	504,292,109

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

(*2) Capitalized borrowing costs of 68,520 thousand won for construction in progress is included in the acquisition price and the capitalization rate is 2.55%.

(2) Property, plant and equipment provided as collateral in relation to the Group's liabilities as of Dec 12, 2021 are as follows:

(In thousands of Korean won)				
Collaterals	Carrying amount	Coverage	Descriptions	Secured creditor
Head Office (Iksan Plant), etc.	438,930,528	160,000,000	Borrowings	KEB Hana Bank
		124,792,500	Borrowings	KDB IBK
		8,270,000	Borrowings	Woori Bank
		84,000,000	Borrowings	KEXIM
		2,328,000	Borrowings	Nonghyup Bank
		14,400,000	Blanket loan	
HBC Farm	2,084,503	1,800,000	Borrowings	Woori Bank
SingGreen FS Factory	18,054,777	13,656,960	Borrowings	KB Kookmin Bank
Total	459,069,808	409,247,460		

15. Lease

(1) Breakdowns of leasehold right-of-use assets as of Dec 31, 2021 and 2020 are as follows:

① Dec 31, 2021

(In thousands of Korean won)			
Item	Acquisition amount	Accumulated depreciation	Carrying amount
Building	3,453,208	(1,764,493)	1,688,715
Facilities and equipment	345,895	(244,179)	101,716
Vehicles	5,228,587	(2,133,968)	3,094,619
Others	278,514	(207,233)	71,281
Total	9,306,204	(4,349,873)	4,956,331

② Dec 31, 2020

(In thousands of Korean won)			
Item	Acquisition amount	Accumulated depreciation	Carrying amount
Building	5,218,288	(2,776,217)	2,442,071
Facilities and equipment	338,172	(277,596)	60,576
Vehicles	5,131,758	(1,872,020)	3,259,738
Others	278,514	(114,395)	164,119
Total	10,966,732	(5,040,228)	5,926,504

(2) Changes in the carrying amount of leasehold right-of-use assets for the years ended December 31, 2021 and 2020, are as follows:

① 2021

(In thousands of Korean won)					
Item	Beginning	Increase/decrease	Depreciation	Effect of translation of foreign operations	Ending balance
Building	2,442,071	997,589	(1,753,195)	2,250	1,688,715
Facilities and equipment	60,576	399,914	(358,774)	-	101,716
Vehicles	3,259,738	1,426,040	(1,591,159)	-	3,094,619
Others	164,119	-	(92,838)	-	71,281
Total	5,926,504	2,823,543	(3,795,966)	2,250	4,956,331

② 2020

(In thousands of Korean won)							
Item	Beginning	Increase	Depreciation	Change in scope of consolidation	Effect of business combination	Effect of translation of foreign operations	Ending balance
Building	3,171,955	1,046,453	(1,815,043)	28,081	12,760	(2,135)	2,442,071
Facilities and equipment	133,834	259,185	(332,443)	-	-	-	60,576
Vehicles	3,182,497	1,316,430	(1,483,185)	204,341	39,655	-	3,259,738
Others	101,185	189,380	(148,380)	-	21,934	-	164,119
Total	6,589,471	2,811,448	(3,779,051)	232,422	74,349	(2,135)	5,926,504

(3) Changes in lease liabilities for the years ended December 31, 2021 and 2020, are as follows:

① 2021

(In thousands of Korean won)						
Item	Beginning	Change	interest expense	Payments	Effect of translation of foreign operations	Ending balance
Lease liability	5,656,921	2,220,651	268,734	(3,549,565)	2,308	4,599,049

② 2020

(In thousands of Korean won)								
Item	Beginning	Increase	Interest expense	Payments	Change in consolidation scope	Business combination effect	Effect of translation of foreign operations	Ending balance
Lease liability	6,142,971	2,685,823	350,601	(3,832,464)	235,583	76,584	(2,177)	5,656,921

(4) Expenses incurred from leases for the years ended December 31, 2021 and 2020, are as follows:

(In thousands of Korean won)		
Item	2021	2020
Interest expense incurred on lease liabilities	268,734	350,601
Short-term lease related expenses	380,284	378,959
Costs related to small asset lease	1,500,364	1,466,578
Variable lease payments not included in lease assets and liabilities (*)	327,135	625,608
Total cost	2,476,517	2,821,746

(*) In applying the recognition exemption criteria of K-IFRS No. 1116 Lease Accounting Standard, the Group sells chicks and feed to farms through contract breeding in case of breeding facilities excluded from lease accounting under the variable lease requirements and may see the difference between purchase and sales in a transaction type of live chickens as a fee. This includes fuel costs, electricity costs, water bills, medicines, labor costs, etc. related to breeding, and may vary depending on the quality of live chickens. Therefore, in practice, it is difficult to measure the lease cost for the case and the amount for the case was not separately calculated and disclosed accordingly.

16. Intangible Assets

Changes in intangible assets for the years ended December 31, 2021 and 2020, are as follows:

(In thousands of Korean won)								
Item	2021				2020			
	Membership (*1)	Software	industrial property rights	Total	Membership (*1)	Software	Industrial property rights	Total
Acquisition cost:								
Beginning balance	671,349	9,927,554	64,168	10,663,071	671,349	9,531,251	49,676	10,252,276
Acquisition	-	42,900	-	42,900	-	92,670	-	92,670
Other changes (*2)	-	144,780	7,719	152,499	-	69,442	14,492	83,934
Change in consolidation scope	-	-	-	-	-	234,191	-	234,191
Ending balance	671,349	10,115,234	71,887	10,858,470	671,349	9,927,554	64,168	10,663,071
Accumulated amortization:								
Beginning balance	-	(8,615,074)	(21,535)	(8,636,609)	-	(7,893,692)	(12,632)	(7,906,324)
Amortization	-	(519,142)	(10,606)	(529,748)	-	(533,544)	(8,903)	(542,447)
Change in consolidation scope	-	-	-	-	-	(187,838)	-	(187,838)
Ending balance	-	(9,134,216)	(32,141)	(9,166,357)	-	(8,615,074)	(21,535)	(8,636,609)
Carrying amount:								
Beginning balance	671,349	1,312,480	42,633	2,026,462	671,349	1,637,559	37,044	2,345,952
Ending balance	671,349	981,018	39,746	1,692,113	671,349	1,312,480	42,633	2,026,462

(*1) Because 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.

17. Trade and other payables

Breakdown of trade and other payables as of December 31, 2021 and 2020 is as follows:

(In thousands of Korean won)				
Item	Dec 31, 2021		Dec 31, 2020	
	Current	Non-current	Current	Non-current
Trade payables	32,013,034	-	27,417,773	-
Account payables	30,605,672	-	27,865,374	25,163
Accrued expenses	17,858,433	485,308	17,992,320	525,453
Deposits received	1,227,164	-	1,185,738	-
Import deposit	-	3,324,581	-	2,958,507
Total	81,704,303	3,809,889	74,461,205	3,509,123

18. Borrowings

(1) Breakdown of borrowings as of December 31, 2021 and 2020, is as follows:

(In thousands of Korean won)				
Item	Dec 31, 2021		Dec 31, 2020	
	Current	Non-current	Current	Non-current
Short-term borrowings (*)	261,755,322	-	231,387,572	-
Long-term borrowings (*)	119,983,220	34,290,000	34,277,920	119,098,220
Bonds	35,000,000	-	25,000,000	10,000,000
Discount on bonds payables	(36,696)	-	(60,049)	(18,572)
Total	416,701,846	34,290,000	290,605,443	129,079,648

(*) As of December 31, 2021, financial assets, inventories, and PP&E were provided as collaterals for borrowings from banks (Refer to Notes 7, 10 and 14).

(2) Breakdown of short-term borrowings as of December 31, 2021 and 2020 is as follows:

(In thousands of Korean won)				
Lender	Type	Interest rate (%)	Dec 31, 2021	Dec 31, 2020
Nonghyup Bank	General loan	MOR+1.80	9,500,000	9,500,000
	General loan	MOR+2.72	1,940,000	1,940,000
KEB Hana Bank	General loan	CD (3M) +1.76~2.66	30,000,000	30,000,000
Woori Bank	General loan	-	-	4,500,000
	General loan	2.52	1,000,000	1,000,000
	General loan	-	-	500,000
KDB	General loan	2.37	50,000,000	50,000,000
	Facility loan	-	-	13,000,000
	General loan	Industrial Finance Bond fixated at +1.46~1.48	11,500,000	7,000,000
	General loan	CD (3M) +1.52	2,400,000	11,600,000
Export-Import Bank of Korea	General loan	2.34	12,300,000	13,500,000
	General loan	2.08~2.22	13,500,000	12,300,000
	General loan	-	-	19,556,800
IBK Capital	General loan	-	-	15,000,000
Kookmin Bank	Import L/C	LIBOR+1.00, etc.	123,946,908	38,718,970
Shinhan Singapore	General loan	-	-	3,271,802
KEB Hana Hong Kong	General loan	Floating LIBOR 3M +1.2	5,668,414	-
Total			261,755,322	231,387,572

(3) Long-term borrowings as of December 31, 2021 and 2020, are as follows:

(In thousands of Korean won)				
Lender	Type	Interest rate (%)	Dec 31, 2021	Dec 31, 2020
Nonghyup Bank	General loan	3.00	1,140,000	1,330,000
	General loan	-	-	218,700
	General loan	-	-	530,000
	General loan	Policy fund variable rate +2.11	529,000	529,000
KEB Hana Bank	Facility loan	CD (3M) +1.54	23,250,000	26,250,000
	Facility loan	CD (3M) +1.37~2.62	42,500,000	39,500,000
	Livestock development fund loan	2.00	510,000	680,000
KDB	Facility loan	3.00	279,220	558,440
	Facility loan	Industrial Financing Bond (6M) +1.98	15,000,000	15,000,000
	Facility loan	0.00	2,500,000	-
KEXIM	General loan	Mercury Greens +1.50	33,000,000	33,000,000
KB Kookmin Bank	General loan	2.59	29,637,500	27,200,000
Suhyup Bank	General loan	-	-	2,500,000
Eco Capital	General loan	-	-	640,000
IBK	General loan	2.59	5,927,500	5,440,000
Subtotal			154,273,220	153,376,140
liquidity substitution			(119,983,220)	(34,277,920)
Total			34,290,000	119,098,220

(4) Bonds as of December 31, 2021 are as follows:

(In thousands of Korean won)				
Item	Date of issue	Maturity	Interest rate (%)	Amount
3 rd Non-Guaranteed Bonds (*1)	2020-06-25	2022-06-25	4.10	10,000,000
4 th Non-Guaranteed Bonds (*2,3)	2020-06-29	2022-12-29	4.20	25,000,000
Total				35,000,000

(*1) There is a provision of acceleration in the contract In the event of acceleration for bonds other than the 3rd privately placed bonds.

(*2) With respect to the 4th privately placed bonds, the bond underwriter may claim early redemption before maturity according to the agreement on the right to request early redemption on the day corresponding to every 6 months from the date of issuance of 1 year and 6 months.

(*3) Regarding the 4th privately placed bonds, there is a provision of acceleration in the contract if one or more of the credit rating agencies downgrades the parent company's credit rating to BB+ or lower.

(5) The repayment schedule of borrowings as of December 31, 2021 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	261,755,322	-	-	-	261,755,322
Long-term borrowings	119,983,220	16,860,000	5,610,000	11,820,000	154,273,220
Bonds	35,000,000	-	-	-	35,000,000
Total	416,738,542	16,860,000	5,610,000	11,820,000	451,028,542

19. Other financial liabilities and other current liabilities

(1) Breakdown of other financial liabilities as of December 31, 2021 and 2020, is as follows:

(In thousands of Korean won)				
Item	Dec 31, 2021		Dec 31, 2020	
	Current	Non-current	Current	Non-current
Financial Guarantee Liabilities	34,685	-	185,724	-
Derivatives Liabilities	-	-	10,724,299	2,375,128
lease liability	2,013,324	2,585,725	2,738,254	2,918,667
Total	2,048,009	2,585,725	13,648,277	5,293,795

(2) Details of other current liabilities as of December 31, 2021 and 2020, are as follows:

(In thousands of Korean won)		
Item	Dec 31, 2021	Dec 31, 2020
Advances received	1,438,941	1,952,368
Greenhouse gas emission liability	200,822	-
Total	1,639,763	1,952,368

20. Provisions

(1) Provisions as of December 31, 2021 and 2020 are as follows:

(In thousands of Korean won)		
Item	Dec 31, 2021	Dec 31, 2020
Provision for returns	15,325	21,246

(2) Changes in provisions for the years ended December 31, 2021 and 2020, are as follows:

(In thousands of Korean won)		
Item	2021	2020
	Provision for returns (*)	Provision for returns (*)
Beginning balance	21,246	-
Increase	15,325	21,246
Decrease	(21,246)	-
Ending balance	15,325	21,246

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

21. Derivatives

(1) Breakdown derivatives as of December 31, 2021 and 2020, is as follows:

(In thousands of Korean won)				
Item	Dec 31, 2021		Dec 31, 2020	
	Current	Non-current	Current	Non-current
Derivative assets:				
IRS (Interest Rate Swap)	7,388	-	174,299	80,746
Currency swap	685,103	-	-	-
Total	692,491	-	174,299	80,746
Derivative liabilities:				
Knock out Forward	-	-	351,700	-
Target Redemption Forward (TRF)	-	-	9,930,375	-
Currency swap	-	-	442,224	2,375,128
Total	-	-	10,724,299	2,375,128

(2) Details of derivative instruments as of December 31, 2021 are as follows:

(In thousands of Korean won and 1 USD)				
Purpose	Item	Counterparty	Contract amount	Carrying amount
Trading	Currency swap	Kookmin Bank	USD 30,000,000	685,103

(In thousands of Korean won)						
Purpose	Item	Counterparty	Liquidity	Fixed interest payments KRW (Pay)	Floating interest payments USD (Rec)	Carrying amount
Trading	IRS (Interest Rate Swap)	KEB Hana Bank	Current	(497,805)	505,193	7,388

(3) Gains and losses on the above derivatives transactions for the years ended December 31, 2021 and 2020 are as follows:

(In thousands of Korean won)				
Item	Gain or loss on valuation (current)		Gain or loss on trading (current)	
	2021	2020	2021	2020
Knock out forward	-	16,217	506,200	(1,886,800)
Target redemption forward (TRF)	-	(8,999,874)	7,216,275	808,930
Forward exchange	-	-	(31,350)	-
IRS (Interest Rate Swap)	(247,657)	190,271	-	-
Currency forward	-	-	(87,725)	-
Currency swap	3,502,455	(2,224,192)	-	(172,142)
Total	3,254,798	(11,017,578)	7,603,400	(1,250,012)

22. Employee Benefits

(1) Net liabilities related to employee benefits to be recognized in the consolidated statements of financial position as of December 31, 2021 and 2020 are as follows:

(In thousands of Korean won)		
Item	Dec 31, 2021	Dec 31, 2020
defined benefit liability	330,436	2,780,853
Annual paid leave allowance liabilities	3,349,035	3,328,116
Other long-term employee benefit liabilities	485,308	525,454

(2) Adjustments to net defined benefit liabilities for the years ended December 31, 2021 and 2020 are as follows:

(In thousands of Korean won)						
Item	Defined benefit obligation		Fair value of plan assets		Net defined benefit liabilities (assets)	
	2021	2020	2021	2020	2021	2020
Beginning balance	48,800,373	43,002,581	(46,019,520)	(40,472,622)	2,780,853	2,529,959
Recognized as expense for the year:						
Current service cost	7,763,501	7,798,769	-	-	7,763,501	7,798,769
Interest cost (income)	648,923	789,844	(599,146)	(685,618)	49,777	104,226
Subtotal	8,412,424	8,588,613	(599,146)	(685,618)	7,813,278	7,902,995
Recognized in other comprehensive income:						
Loss (gain) on remeasurement						
- Actuarial gain or loss						
Demographic assumptions	-	(1,126,134)	-	-	-	(1,126,134)
Financial assumptions	(2,000,415)	1,402,612	-	-	(2,000,415)	1,402,612
Experience adjustment	2,087,087	(152,346)	-	-	2,087,087	(152,346)
- Income from plan assets	-	-	122,269	115,322	122,269	115,322
Subtotal	86,672	124,132	122,269	115,322	208,941	239,454
Others						
Contributions paid	-	-	(8,427,134)	(7,625,211)	(8,427,134)	(7,625,211)
Wage paid	(7,164,283)	(7,476,182)	5,235,532	4,766,403	(1928,751)	(2,709,779)
Transfer from affiliates	40,470	24,572	(40,470)	(24,572)	-	-
Transfer to affiliates	(291,995)	(171,886)	175,244	156,165	(116,751)	(15,721)
Changes due to business combinations	-	2,211,194	-	(1,840,082)	-	371,112
Change in consolidation scope	-	2,497,349	-	(409,305)	-	2,088,044
Subtotal	(7,415,808)	(2,914,953)	(3,056,828)	(4,976,602)	(10,472,636)	(7,891,555)
Ending balance	49,883,661	48,800,373	(49,553,225)	(46,019,520)	330,436	2,780,853

(3) Breakdown of plan assets as of December 31, 2021 and 2020 is as follows:

(In thousands of Korean won)		
Item	Dec 31, 2021	Dec 31, 2020
Equity securities	1,337,287	1,643,251
Debt securities	2,266,441	1,730,835
Financial instruments such as term and periodic deposits	44,434,033	41,291,168
Transfer to National Pension	11,656	13,532
Others	1,503,808	1,340,734
Total	49,553,225	46,019,520

(4) Amounts related to defined benefit liabilities as of December 31, 2021 and 2020 are as follows:

(In thousands of Korean won)		
Item	Dec 31, 2021	Dec 31, 2020
Defined benefit obligation	49,883,661	48,800,373
Plan assets	(49,553,225)	(46,019,520)
Under-accumulated amount of plan assets	330,436	2,780,853
Reconciliation of differences between original estimates and actual values related to defined benefit obligations	(86,672)	(124,132)
Adjustment of differences between original estimates and actual values related to plan assets	(122,269)	(115,322)

(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, 2021	Discount rate 1% up
Present value of defined benefit obligation	52,437,607	49,883,661	47,962,251
Applicable discount rate	1.34% ~ 1.56%	2.34% ~ 2.56%	3.34% ~ 3.56%
Change	2,553,946	-	(1921,410)

② Sensitivity analysis according to the wage increase rate

(In thousands of Korean won)			
Item	Discount rate 1% down	Dec 31, 2021	Discount rate 1% up
Present value of defined benefit obligation	47,954,188	49,883,661	51,955,032
Applicable discount rate	2.61% ~ 5.79%	3.61% ~ 6.79%	4.61% ~ 7.79%
Change	(1,929,473)	-	2,071,371

(6) Major estimates used for re-measurement of defined benefit plans as of Dec 31, 2021 and 2020 are as follows:

Item	Dec 31, 2021	Dec 31, 2020
discount rate	2.34% ~ 2.56%	1.42% ~ 2.01%
Future wage growth rate	3.61% ~ 6.79%	3.62% ~ 5.99%

As of December 31, 2021, the weighted average maturity of the defined benefit obligations was 3.99 ~ 9.43 years.

23. Revenue

(1) Breakdown of revenue sources for the years ended December 31, 2021 and 2020, is as follows:

(In thousands of Korean won)		
Item	2021	2020
Revenue from contracts with customers	1,033,464,898	901,062,607
Revenue from changes in fair value of biological assets	84,588,977	(5,597,156)
Total	1,118,053,875	895,465,451

(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	2021	2020
(1) Major geographic markets		
Republic of Korea	1,009,788,307	879,797,360
United States of America	4,065,585	4,293,868
Vietnam	17,416,012	14,673,472
Canada	978,298	981,598
Japan	664,558	538,669
Others	552,138	777,640
Total	1,033,464,898	901,062,607
(2) Major product and service lines		
Revenue from sale of products	932,630,380	836,257,775
Revenues from sale of goods	74,621,757	42,368,973
Other sales	26,212,761	22,435,859
Total	1,033,464,898	901,062,607
(3) Timing of revenue recognition		
Fulfillment at one point	1,032,733,290	900,427,067
Fulfillment over time	731,608	635,540
Total	1,033,464,898	901,062,607

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, 2021 and 2020 are as follows:

(1) 2021

(In thousands of Korean won)			
Item	Manufacturing cost	Sales and administrative expenses	Total
Changes in products and work in progress	3,924,424	-	3,924,424
Amount of raw materials used	545,657,639	-	545,657,639
Cost of goods sold	63,961,043	-	63,961,043
Employee benefits	91,987,542	41,361,072	133,348,614
Depreciation cost	36,785,164	7,057,143	43,842,307
Amortization of intangible assets	8,873	520,875	529,748
Amortization of right-of-use assets	1,415,247	2,380,719	3,795,966
Depreciation of biological assets	15,739,164	-	15,739,164
Other expenses	175,241,805	99,936,455	275,178,260
Total	934,720,901	151,256,264	1,085,977,165

(2) 2020

(In thousands of Korean won)			
Item	Manufacturing cost	Sales and administrative expenses	Total
Changes in products and work in progress	(10,153,591)	-	(10,153,591)
Amount of raw materials used	431,579,262	-	431,579,262
Cost of goods sold	40,831,488	-	40,831,488
employee benefits	86,580,013	37,280,996	123,861,009
depreciation	34,999,528	6,496,896	41,496,424
Depreciation of investment property	-	2,960	2,960
Amortization of intangible assets	6,225	536,222	542,447
Amortization of right-of-use assets	1,741,301	2,037,750	3,779,051
Depreciation of biological assets	21,412,254	-	21,412,254
Other expenses	142,931,146	93,072,549	236,003,695
Total	749,927,626	139,427,373	889,354,999

25. Sales and administrative expenses

Breakdown of sales and administrative expenses for the years ended December 31, 2021 and 2020, is as follows:

(In thousands of Korean won)		
Item	2021	2020
Wage	34,635,578	30,813,820
Retirement benefits	2,550,874	2,600,240
Employee benefits	4,174,620	3,866,936
Travel and transportation	431,449	465,040
Communications	551,111	591,239
Water and utilities	38,272	47,236
Electricity	410,760	390,333
Taxes and dues	3,347,303	3,151,716
Rents paid	1,679,263	1,572,767
Repairs	506,915	385,071
Insurance premiums	929,425	899,514
Entertainment	305,675	321,287
Advertising	7,429,088	8,159,998
Shipment	51,974,814	47,258,360
Commissions paid	25,541,897	23,391,918
Vehicle maintenance	1,172,547	1,197,925
Consumables	2,185,427	1,704,663
Books and printing	106,975	105,984
Education/training	77,864	93,238
Sales promotion	217,219	291,582
Depreciation	7,057,143	6,499,856
Storage fee	1,492,835	2,023,650
Ordinary development cost	1,160,734	1,055,718
Bad debt expenses (reversal)	374,770	(38,253)
Amortization of intangible assets	520,875	536,222
Amortization of right-of-use assets	2,380,719	2,037,750
Miscellaneous expenses	2,112	3,563
Total	151,256,264	139,427,373

26. Other incomes and other expenses

(1) Other incomes for the years ended December 31, 2021 and 2020 are as follows:

(In thousands of Korean won)		
Item	2021	2020
Rents income	34,069	27,524
Gains on disposal of PP&E	459,115	430,219
Gain on disposal of Investment property	-	64,148
Miscellaneous income	3,097,081	12,297,203
Gain on insurance adjustment	782,278	3,435,685
Gain on disposal of right-of-use assets	30,039	21,044
Total	4,402,582	16,275,823

(2) Other expenses for the years ended December 31, 2021 and 2020 are as follows:

(In thousands of Korean won)		
Item	2021	2020
Loss on disposal of PP&E	77,521	993,693
Donations	661,951	969,366
Miscellaneous loss	8,607,847	1,198,353
Total	9,347,319	3,161,412

27. Financial income and financial expenses

(1) Financial incomes for the years ended December 31, 2021 and 2020 are as follows:

(In thousands of Korean won)		
Item	2021	2020
Interest income	1,047,099	1,029,381
Gain on foreign currency transactions	409,872	6,455,986
Gain on foreign currency translation	737,144	6,716,858
Import guarantee fee	185,473	1,000,460
Gain on trading of derivatives	10,900,609	2,051,470
Gain on valuation of derivatives	3,509,843	1,553,464
Total	16,790,040	18,807,619

(2) Financial expenses for the years ended December 31, 2021 and 2020 are as follows:

(In thousands of Korean won)		
Item	2021	2020
Interest expense	11,247,800	13,084,414
Loss on foreign currency transactions	4,035,348	3,481,899
Loss on foreign currency translation	5,982,493	442,291
Loss on trading of derivatives	3,297,209	3,301,482
Loss on valuation of derivatives	255,045	12,571,041
Total	24,817,895	32,881,127

28. Income Tax Expenses (Income)

(1) Components of income tax expense (income) for the years ended December 31, 2021 and 2020 are as follows:

(In thousands of Korean won)		
Item	2021	2020
Current income tax	2,566,296	379,856
Income tax refund	(83,481)	(3,975,793)
Changes in deferred income tax due to occurrence and disappearance of temporary differences, etc.	115,220	1,190,999
Changes in deferred income tax due to business combination	-	(860,227)
Change in deferred tax due to tax loss, etc.	2,927,041	185,803
Total income tax expense (income)	5,525,076	(3,079,362)
Income tax expense related to items recognized as other than profit or loss	86,285	103,200
Income tax expense (income)	5,611,361	(2,976,162)

(2) Deferred income tax related to items recognized as other than profit or loss for the years ended December 31, 2021 and 2020 are as follows:

(In thousands of Korean won)		
Item	2021	2020
Current tax:		
- Remeasurements for defined benefit plans (*)	86,285	103,200
Income tax expense related to items recognized as other than profit or loss	86,285	103,200

(*) 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, 2021 and 2020, is as follows:

(In thousands of Korean won)		
Item	2021	2020
Net income before tax	19,104,117	5,151,356
Tax burden according to applicable tax rate	4,155,146	1,120,420
Adjustments:		
Income tax effect of non-taxable income and non-deductible expenses for tax purposes	2,999,961	(692,096)
Tax credits and tax reductions	(201,051)	(191,400)
Effect of change in tax rate	(90,784)	(58,820)
Additional income tax payment (refund)	(93,905)	(3,975,793)
Others	(1,158,006)	821,527
Income tax expense (income)	5,611,361	(2,976,162)

(In thousands of Korean won)		
Item	2021	2020
Average effective tax rate	29.37%	(*)

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

(4) Deferred income tax expenses due to occurrence and disappearance of temporary differences for the years ended December 31, 2021 and 2020 are as follows:

(In thousands of Korean won)		
Item	2021	2020
Deferred income tax assets (liabilities) at end of the year	7,987,956	11,030,217
Deferred income tax assets (liabilities) at beginning of the year	11,030,217	12,407,019
Deferred tax expense (income) due to occurrence and disappearance of temporary differences, etc.	3,042,261	1,376,802

(5) The income tax effect of temporary differences as of December 31, 2021 was calculated by applying the expected future tax rate for the fiscal year in which the temporary differences are extinguished.

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

(7) Changes in deferred tax assets (liabilities) for the years ended December 31, 2021 and 2020, are as follows:

① 2021

(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	(119,866)	74,359	-	(45,507)	-	(45,507)
Allowance for bad debt	215,542	75,712	-	291,254	291,254	-
Others	746,870	(49,113)	-	697,757	697,757	-
Provision for temporary amortization	(443,147)	20,883	-	(422,264)	-	(422,264)
Defined benefit obligation	305,610	(707,538)	86,285	(315,643)	-	(315,643)
Allowance for inventory valuation	317,008	(84,623)	-	232,385	232,385	-
Land	(1,470,965)	3,059	-	(1,467,906)	-	(1,467,906)
Accumulated depreciation	(1,133,929)	114,068	-	(1,019,861)	-	(1,019,861)
Gain on valuation of biological assets	(1,022,478)	196,788	-	(825,690)	-	(825,690)
Gain on valuation of derivatives	2,180,879	58,108	-	2,238,987	2,238,987	-
Government grants	69,084	(69,084)	-	-	-	-
Amortization of right-of-use assets (long-term security deposit)	113,036	(113,036)	-	-	-	-
Unrealized discount of right-of-use asset	(111,000)	111,000	-	-	-	-
Unrealized discount of long-term security deposits	-	111,750	-	111,750	111,750	-
Gain on insurance adjustment	(1,317,043)	75,972	-	(1,241,071)	-	(1,241,071)
Payment guarantee fee	11,846	(11,846)	-	-	-	-
Financial guarantee liabilities	6,379	(6,379)	-	-	-	-
Account receivables for financial guarantee	(7,098)	7,098	-	-	-	-
Accrued expenses (long-term employee benefits)	114,286	(8,683)	-	105,603	105,603	-
Tax loss carried forward	12,468,743	(2,820,581)	-	9,648,162	9,648,162	-
Tax credit carried forward	106,460	(106,460)	-	-	-	-
Deferred income tax before off-set	11,030,217	(3,128,546)	86,285	7,987,956	13,325,898	(5,337,942)
Off-set effect					(5,337,942)	5,337,942
Net deferred income tax assets (liabilities)					7,987,956	-

② 2020

(In thousands of Korean won)							
Item	Beginning balance	Reflection in profit or loss	Directly reflected in capital	Ending balance Net amount	Ending balance		
					Deferred income tax assets	Deferred income tax liability	Deferred income tax liability
Depreciation	(122,141)	-	2,275	-	(119,866)	-	(119,866)
Allowance for bad debt	283,309	7,298	(75,065)	-	215,542	215,542	-
Others	668,865	20,959	57,046	-	746,870	746,870	-
Provision for temporary amortization	(464,223)	-	21,076	-	(443,147)	-	(443,147)
Defined benefit obligation	537,001	72,931	(407,522)	103,200	305,610	305,610	-
Allowance for inventory valuation	360,213	-	(43,205)	-	317,008	317,008	-
Land	(1,305,602)	(165,427)	64	-	(1,470,965)	-	(1,470,965)
Accumulated depreciation	(1,177,852)	-	43,923	-	(1,133,929)	-	(1,133,929)
Gain on valuation of biological assets	775,192	-	(1,797,670)	-	(1,022,478)	-	(1,022,478)
Gain on valuation of derivatives	268,317	-	1,912,562	-	2,180,879	2,180,879	-
Government grants	-	72,228	(3,144)	-	69,084	69,084	-
Amortization of right-of-use assets (long-term deposit)	-	-	113,036	-	113,036	113,036	-
Unrealized discount of right-of-use asset	99,017	-	(210,017)	-	(111,000)	-	(111,000)
Gain on insurance adjustment	-	(880,000)	(437,043)	-	(1,317,043)	-	(1,317,043)
Payment guarantee fee	-	12,510	(664)	-	11,846	11,846	-
Financial guarantee liabilities	-	6,454	(75)	-	6,379	6,379	-
Account receivables for financial guarantee	-	(7,180)	82	-	(7,098)	-	(7,098)
Accrued expenses (long-term employee benefits)	-	-	114,286	-	114,286	114,286	-
Tax loss carried forward	12,484,923	-	(16,180)	-	12,468,743	12,468,743	-
Tax credit carried forward	-	-	106,460	-	106,460	106,460	-
Deferred income tax before off-set	12,407,019	(860,227)	(619,775)	103,200	11,030,217	16,655,743	(5,625,526)
Off-set effect						(5,625,526)	5,625,526
Net deferred tax assets (liabilities)						11,030,217	-

(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, 2021 and 2020 are as follows:

(In thousands of Korean won)		
Item	Dec 31, 2021	Dec 31, 2020
Deferred income tax assets	13,325,898	16,655,743
Deferred income tax liabilities	(5,337,942)	(5,625,526)
Total	7,987,956	11,030,217
Current income tax assets	2,633	75,416
Current income tax liabilities	(1,024,668)	(294,667)
Total	(1,022,035)	(219,251)

29. Capital and capital surplus

(1) Breakdown of capital as of Dec 31, 2021 and Dec 31, 2020 is as follows:

(In thousands of Korean won)		
Item	Dec 31, 2021	Dec 31, 2020
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	500 won	500 won
common stock capital	53,104,851	53,104,851

(*) New shares were issued (19,263,764 shares) due to business combination in 2020 and the capital increased by 9,631,882,000 won.

(2) Changes in the number of shares issued for the years ended December 31, 2021 and 2020 are as follows:

(Unit: shares)		
Item	Dec 31, 2021	Dec 31, 2020
No of shares issued at beginning of the year	106,209,702	86,945,938
Issuance of new shares due to merger	-	19,263,764
No of shares issued at end of the year	106,209,702	106,209,702

(3) Capital surplus

Breakdown of capital surplus as of December 31, 2021 and 2020 is as follows:

(In thousands of Korean won)		
Item	Dec 31, 2021	Dec 31, 2020
Capital surplus in excess of par value (*1,2)	256,293,544	256,293,544

(*1) As of January 1, 2011 the record date, spin-off of Harim Holdings Co., Ltd. in proportion to equity ratio was adopted in spin-off was adopted. Assets and liabilities acquired from the spun-off entity (former Harim Corporation) were accounted at the carrying amounts and 151,396,892 thousand won by which the carrying amount of the net assets to be acquired exceeds the par value of the shares issued by the Group.

(*2) As of March 3, 2020, 39,875,991 thousand won, which exceeds the par value of shares issued by the Group due to issuance of new shares for the business combination, is included.

30. Other capital items

Breakdown other equity items as of December 31, 2021 and 2020, is as follows:

(In thousands of Korean won)		
Item	Dec 31, 2021	Dec 31, 2020
Treasury stock (*2,3)	(77,314)	(77,314)
Stock discount issuance difference	(43,636)	(43,636)
Other capital adjustments (*1)	(35,399,444)	(35,399,444)
Overseas business translation profit and loss	157,139	(63,367)
Total	(35,363,255)	(35,583,761)

(*1) The difference between the consideration transferred and the carrying amount of the acquired net assets was added or subtracted to the capital adjustment at the time of business combination with Green By-Tech Co., Ltd.

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

(*3) The Group acquired 19,053 shares exercised by shareholders in a business combination with Green By-Tech Co., Ltd. as treasury stocks at 52,700 thousand won.

31. Retained Earnings

(1) Breakdown of retained earnings as of December 31, 2021 and 2020 is as follows:

(In thousands of Korean won)		
Item	Dec 31, 2021	Dec 31, 2020
Legal reserve (*)	539,425	539,425
Unappropriated retained earnings	23,052,347	9,839,868
Total	23,591,772	10,379,293

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

(2) Changes in retained earnings for the years ended December 31, 2021 and 2020, are as follows:

(In thousands of Korean won)		
Item	2021	2020
Beginning balance	10,379,293	2,408,637
Net Income	13,347,626	8,101,872
Remeasurements for net defined benefit plans	(135,147)	(131,216)
Ending balance	23,591,772	10,379,293

32. Earnings per share

(1) Calculation details of basic earnings per share attributable to owners of the Group for the years ended December 31, 2021 and 2020 are as follows:

(In Korean won)		
Item	2021	2020
Net income attributable to common shares	13,347,626,251	8,101,871,567
Weighted average number of common shares issued and outstanding (*)	106,187,182 shares	102,242,657 shares
Basic earnings per share	126	79

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

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

33. Disclosure of Related Parties

(1) Details of the companies that have a special relationship with the Group as of December 31, 2021 are as follows:

Category	Company Name
Parent	Harim Holdings Co., Ltd.
Other related parties	HARIM USA Ltd., Pan Ocean(America) Inc., Glyde Co., Ltd., Donglim Corporation, DD F&B Co., Ltd., Mexicana Co., Sunjin Corporation, Sunjin Ham Co., Ltd., Sunjin FS Co., Ltd., Sunjin Farm Co., Ltd., HS Food Co., Ltd., Eco Capital Co., Ltd., N Bicorn Co., Ltd., NS Shopping Co., Ltd., NS Home Shopping Media Center Co., Ltd., ORPUM Co., Ltd., Charm Trading Co., Ltd., Farmsco Food Co., Ltd., Farmsco Co., Ltd., POSSM Co., Ltd., Harim Industry Co., Ltd., Harim MS Co., Ltd., Harim Distribution Co., Ltd., Harim Pet Food Co., Ltd., Sunjin Corporation Hanmaeul, Soonwoori Hanwoo Co., Ltd., Joowon Asta Ducks Co., Ltd., Farmsco Bio Inte Agricultural Co., Ltd., Jeil Feed Co., Ltd., Pan Ocean Co., Ltd., Hangang Food Co., Ltd., Korea Thumb Vet Co., Ltd., Ever Miracle Co., Ltd., etc.

(2) The Group engages in transactions with related parties, such as sales of goods and provision of services and transactions such as sales and purchases with related parties for the years ended December 31, 2021 and 2020 are as follows:

① 2021

(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
Parent	Harim Holdings Co., Ltd.	257,987	-	-	-	-	4,041,909	-
Other related parties	HARIM USA Ltd.	-	185,473	-	-	-	-	-
	Pan Ocean (America) Inc.	-	-	-	8,299,578	-	-	-
	Glyde Co., Ltd.	1,130,125	-	-	1,072	9,984	8,461	-

(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
	Donglim Corporation (*1)	4,272	-	-	-	-	313,216	2,552,500
	DD F&B Co., Ltd.	10,346	-	-	-	-	-	-
	Maxican Co., Ltd.	3,268	-	-	-	-	-	-
	Sunjin Corporation (*2)	293,077	-	-	-	-	1,200	-
	Sunjin FS Co., Ltd.	470,445	-	122,000	21,529	617,915	9,037	-
	Sunjin Farm Co., Ltd.	96,756	-	-	-	3,364	-	-
	Sunjin Ham Co., Ltd.	436,642	-	-	-	-	-	-
	Ever Miracle Co., Ltd.	-	-	-	-	-	409,226	-
	HS Food Co., Ltd.	23,845	-	-	1,602	419,494	30,972	-
	Eco Capital Co., Ltd.	11,173	-	-	-	-	-	-
	ND Co., Ltd.	18,916	-	-	-	-	-	-
	N Bicorn Co., Ltd.	156,080	36	-	1,440	-	49,901	-
	NS Shopping Co., Ltd.	2,824,033	-	-	-	-	364,678	-
	NS Home Shopping Media Center Co., Ltd.	42,016	-	-	-	-	-	-
	ORPUM Co., Ltd.	8,006,435	42,746	-	4,388,218	758,081	111,078	-
	Charm Trading Co., Ltd.	5,052,215	-	-	3,104,576	106,076	13,905	-
	Farmsco Co., Ltd. (*2)	1,606,029	-	-	17,750	563,199	11,276	-
	Farmsco Food Co., Ltd.	314,363	-	-	4,965	34,677	5,830	-
	POSSM Co., Ltd.	12,904	-	-	-	-	-	-
	Harim Industry Co., Ltd.	2,746,779	6,247	142,300	448,249	12,573,444	79,734	-
	Harim MS Co., Ltd.	1,152	-	-	-	-	-	-
	Harim Distribution Co., Ltd.	6,693,083	-	-	-	-	-	-
	Harim Pet Food Co., Ltd.	362,205	9,759	-	-	5,165	1,147,353	-
	Harim Food Co., Ltd.	2,765	-	-	-	-	-	-
	Hangang Food Co., Ltd. (*3)	17,592,138	109,925	685,572	2,691,187	-	169,111	-
	Hypork Smart Farm Ltd.	512	-	-	-	-	-	-
	Sunjin Hanmaeul Co., Ltd.	12,009	-	-	-	-	-	-
	Soonwoori Hanwoo Co., Ltd.	5,642	-	-	-	5,976	239	-
	Joowon Asta Ducks Co., Ltd.	442,472	719	-	4,928	2,570,660	8,427	-
	Farmsco Bio Inte Agricultural Co., Ltd.	12,900	-	-	-	-	-	-
	Farm & Co.	240	-	-	-	-	-	-
	Daesung Livestock Farming Association	240	-	-	-	-	-	-
	Jeil Feed Co., Ltd. (*2)	1,217,656	-	-	-	1,318,654	1,098,169	-
	Pan Ocean Co., Ltd.	139,523	-	-	-	-	-	-
	Korea Thumb Vet Co., Ltd.	86,308	-	-	11,854,760	-	253,514	-
	Total	50,086,551	354,905	949,872	30,839,854	18,986,689	8,127,236	2,552,500

(*1) In 2021, Donglim Engineering & Construction has changed its name into Donglim Corporation.

(*2) 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) is 1,727,300 thousand won and the transaction amount (cost of recovered raw materials) for the current period is 1,714,300 thousand won.

(*3) In 2021, Hangang CM Co., Ltd. was renamed to Hangang Food Co., Ltd.

② 2020

(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	Acquisition of tangible assets
Parent	Harim Holdings Co., Ltd.	225,299	-	-	49,507,874	-	25,397	1,574,763	-
Subsidiaries	Singgreen Food System. Co., Ltd. (*1)	359,303	-	-	-	261,600	-	-	-
Other related parties	HARIM USA Ltd.	-	974,338	-	-	-	-	-	-
	Pan Ocean (America) Inc.	-	-	-	-	19,890,066	-	-	-
	Green By-Tech Co., Ltd. (*2)	25,246	1,129,001	-	-	2,094,726	-	698,625	-
	Glyde Co., Ltd.	120,802	-	-	-	-	6,120	1,426	-
	Donglim E&C Co., Ltd.	4,272	-	-	-	-	135,774	374,997	3,222,949
	DD F&B Co., Ltd.	7,845	-	-	-	-	-	-	-
	Maxican Co., Ltd.	4,458	-	-	-	-	-	-	-
	Sunjin Corporation	208,888	-	-	-	-	-	1,200	-
	Sunjin FS Co., Ltd.	474,122	-	-	-	25,048	5,463	5,710	-
	Sunjin Farm Co., Ltd.	97,412	-	-	-	-	-	-	-
	Sunjin Ham Co., Ltd.	645,038	-	-	-	-	-	-	-
	Ever Miracle Co., Ltd.	-	-	-	-	-	-	118,064	-
	HS Food Co., Ltd.	8,273	-	-	-	-	-	-	-
	Eco Capital Co., Ltd.	8,172	-	-	-	-	-	37,006	-
	N Bicorn Co., Ltd.	120,731	-	-	-	-	-	21,653	-
	NS Shopping Co., Ltd.	3,592,401	-	-	-	-	-	455,364	-
	NS Home Shopping Media Center Co., Ltd.	36,319	-	-	-	-	-	-	-
	ORPUM Co., Ltd.	5,037,415	127,133	-	-	4,173,522	102,920	24,176	-
	Charm Trading Co., Ltd.	5,282,871	-	-	-	2,810,828	40,811	9,087	-
	Farmsco Co., Ltd.	1,357,274	-	-	-	23,662	32,508	6,546	-
	Farmsco Food Co., Ltd.	377,244	-	-	-	6,357	74,875	2,028	-
	POSSM Co., Ltd.	8,989	-	-	-	-	-	-	-
	Harim Industry Co., Ltd.	302,849	6,923	1,215,000	-	123,295	89,245	71,724	84,051
	Harim MS Co., Ltd.	1,207	-	-	-	-	-	-	-
	Harim Distribution Co., Ltd.	6,157,382	-	-	-	-	-	-	-
	Harim Pet Food Co., Ltd.	145,534	10,008	-	-	-	8,072	652,806	-
	Soonwoori Hanwoo Co., Ltd.	3,888	-	-	-	-	-	10,199	-
	Joowon Asta Ducks Co., Ltd.	576,516	-	-	-	690,012	3,407,199	5,460	-
	Farmsco Bio Inte Agricultural Co., Ltd.	9,579	-	-	-	-	-	-	-
	Jeil Feed Co., Ltd.	730,875	-	-	-	510,000	668,201	1,150,311	-
	Pan Ocean Co., Ltd.	66,216	-	-	-	-	-	-	-
	Hangang CM Co., Ltd.	12,943,341	30,264	-	-	1,062,284	47,295	100,000	-
	Korea Thumb Vet Co., Ltd.	36,676	-	-	-	11,982,216	112,923	128,917	-
Total		38,976,437	2,277,667	1,215,000	49,507,874	43,653,616	4,756,803	5,450,062	3,307,000

(1) It is the transactions prior to transfer to a subsidiary in 2020.

(*2) The Group merged Green By-Tech Co., Ltd. and the transaction details in 2020 are those prior to transfer to a subsidiary.

(3) Receivables and payables from/to related parties as of December 31, 2021 and 2020, are as follows:

① Dec 31, 2021

(In thousands of Korean won)						
Category	Company	Receivables			Payables	
		Trade receivable	Security deposits	Account receivables, etc.	Trade payables	Account payables, etc.
Parent company	Harim Holdings Co., Ltd.	22,560	2,775,860	-	-	1,808,378
Other related parties	Glyde Co., Ltd.	123,896	-	-	-	-
	Donglim Corporation	-	-	-	-	34,247
	DD F&B Co., Ltd.	686	-	-	-	-
	Sunjin Corporation	28,083	-	-	-	-
	Sunjin FS Co., Ltd.	34,546	-	89,100	87,569	-
	Sunjin Farm Co., Ltd.	5,054	-	-	-	-
	Sunjin Ham Co., Ltd.	36,414	-	-	-	-
	Ever Miracle Co., Ltd.	-	-	-	-	34,856
	HS Food Co., Ltd.	2,127	-	6,562	-	-
	N Bicorn Co., Ltd.	12,186	-	-	-	-
	NS Shopping Co., Ltd.	118,462	-	-	-	-
	NS Home Shopping Media Center Co., Ltd.	3,417	-	-	-	-
	ORPUM Co., Ltd.	192,804	-	594	72,755	5,226
	Charm Trading Co., Ltd.	397,564	-	-	614,336	1,679
	Farmsco Co., Ltd.	29,753	-	-	1,698	-
	Farmsco Food Co., Ltd.	33,625	-	-	805	-
	Harim Industry Co., Ltd.	361,606	-	494	2,843,639	164,369
	Harim MS Co., Ltd.	106	-	-	-	-
	Harim Distribution Co., Ltd.	1,406	-	-	-	-
	Harim Pet Food Co., Ltd.	56,128	-	-	411	368,300
	Harim Food Co., Ltd.	272	-	-	-	-
	Hangang Food Co., Ltd.	1,809,987	-	702,569	662,489	2004
	Soonwoori Hanwoo Co., Ltd.	356	-	-	194	-
	Joowon Asta Ducks Co., Ltd.	43,311	-	-	220,764	8,807
	Jeil Feed Co., Ltd.	113,880	529,920	-	131,052	111,459
	Pan Ocean Co., Ltd.	1,144	-	-	-	-
	Korea Thumb Vet Co., Ltd.	9,446	-	-	1,242,178	12,514
Total		3,438,819	3,305,780	799,319	5,877,890	2,551,839

② Dec 31, 2020

(In thousands of Korean won)							
Category	Company	Receivables			Payables		
		Trade receivable	Security deposits	Account receivables, etc.	Trade payables	Account payables, etc.	long-term borrowings
Parent company	Harim Holdings Co., Ltd.	19,688	2,775,860	-	-	512,027	-
Other related parties	HARIM USA Ltd.	-	-	1,084,581	-	-	-
	Glyde Co., Ltd.	99,699	-	-	6,732	1,569	-
	Donglim E&C Co., Ltd.	-	-	-	-	537,716	-
	DD F&B Co., Ltd.	528	-	-	-	-	-
	Sunjin Corporation	10,850	-	-	-	-	-
	Sunjin FS Co., Ltd.	88,057	-	-	2,904	312	-
	Sunjin Farm Co., Ltd.	6,541	-	-	-	-	-
	Sunjin Ham Co., Ltd.	64,056	-	-	-	-	-
	Ever Miracle Co., Ltd.	-	-	-	-	17,841	-
	HS Food Co., Ltd.	510	-	-	-	-	-
	Eco Capital Co., Ltd.	-	-	-	-	-	640,000
	N Bicorn Co., Ltd.	12,542	-	-	-	-	-
	NS Shopping Co., Ltd.	172,182	-	-	-	-	-
	NS Home Shopping Media Center Co., Ltd.	2,795	-	-	-	-	-
	ORPUM Co., Ltd.	1,371,584	-	22,607	2,752,001	292	-
	Charm Trading Co., Ltd.	339,378	-	-	173,985	13,916	-
	Farmsco Co., Ltd.	3,300	-	-	33,826	68	-
	Farmsco Food Co., Ltd.	19,773	-	-	39,718	12	-
	Harim Industry Co., Ltd.	86,232	-	94,232	88,980	186,387	-
	Harim MS Co., Ltd.	106	-	-	-	-	-
	Harim Distribution Co., Ltd.	-	-	-	-	543	-
	Harim Pet Food Co., Ltd.	13,381	-	-	654	127,303	-
	Soonwoori Hanwoo Co., Ltd.	356	-	-	-	238	-
	Joowon Asta Ducks Co., Ltd.	55,240	-	-	402,939	6,006	-
	Jeil Feed Co., Ltd.	72,380	374,300	-	71,767	107,506	-
	Hangang CM Co., Ltd.	987,615	-	-	211,409	11,000	-
	Korea Thumb Vet Co., Ltd.	7,528	-	-	490,786	8,676	-
Total		3,434,321	3,150,160	1,201,420	4,275,701	1,531,412	640,000

(4) There is no guarantee provided by the Group to related parties as of Dec 31, 2021.

(5) The Group has determined that registered officers with important authorities and responsibilities for the planning, operation and control of its activities are the key management and the remunerations paid for key management for years ended Dec 31, 2021 and 2020 are as follows:

(In thousands of Korean won)		
Item	2021	2020
Short-term employee wage	3,634,196	2,981,989
Other long-term employee benefits	222	2,261
Retirement benefits	292,653	244,479
Total	3,927,071	3,228,729

(6) Guarantees and collaterals provided by related parties as of December 31, 2021 are as follows:

(1 USD and 1,000 thousands of Korean won)						
Category	Related party	Provided to	Unit	Guaranteed amount	Descriptions	Period
Others	Kim Hongkuk	Shinhan Bank	USD	12,000,000	L/C	2021.03.10 ~ 2022.03.09
		KEB Hana Bank	USD	15,000,000	L/C	2021.09.15 ~ 2022.09.15
			KRW	18,000,000	Credit line	2021.03.25 ~ 2022.03.24
			KRW	12,150,000	Facility loan	2019.04.09 ~ 2022.04.09
			KRW	12,000,000	General working capital	2021.09.03 ~ 2022.09.03
			KRW	12,000,000	General working capital	2021.04.16 ~ 2022.04.16
			KRW	18,000,000	Facility loan	2020.04.01 ~ 2023.04.01
			KRW	18,000,000	General working capital	2021.07.01 ~ 2024.07.01
			USD	6,000,000	FX payment guarantee	2021.07.01 ~ 2022.07.01
	Harim Industry Co., Ltd.	KB Kookmin Bank	USD	26,400,000	Real estate (Other buildings)	2019.07.10 ~ 2022.07.10
Total			KRW	90,150,000		
			USD	59,400,000		

(7) Fund transactions with related parties for the years ended December 31, 2021 and 2020, are as follows:

(In thousands of Korean won)					
Category	Company	2021		2020	
		Borrowing	Repayment	Borrowing	Repayment
Others	Eco Capital Co., Ltd.	-	640,000	-	100,000

34. Financial Instruments

(1) Classification of financial instruments by category

Carrying amounts of financial instruments by category as of December 31, 2021 and 2020, are as follows:

① Dec 31, 2021

(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	94,033,289	-	-	-
Short-term financial instruments	13,338,548	-	-	-
Long-term financial instruments	3,548,081	-	-	-
Trade and other receivables	63,123,719	-	-	-
Long-term trade and other receivables	11,072,254	-	-	-
Current portion of held-to- maturity financial assets	3,510	-	-	-
Non-current portion of held-to- maturity financial assets	3,435	-	-	-
Other financial assets	-	-	692,491	-
Total financial assets	185,122,836	-	692,491	-
Trade and other payables	-	81,704,303	-	-
Long-term trade and other payables	-	3,809,889	-	-
Short-term borrowings	-	416,701,846	-	-
Long-term borrowings	-	34,290,000	-	-
Other financial liabilities	-	2,048,009	-	-
Long-term other financial liabilities	-	2,585,725	-	-
Total financial liabilities	-	541,139,772	-	-

② Dec 31, 2020

(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	52,643,859	-	-	-
Short-term financial instruments	6,974,650	-	-	-
Long-term financial instruments	960,481	-	-	-
Trade and other receivables	68,627,826	-	-	-
Long-term trade and other receivables	10,727,745	-	-	-
Current portion of held-to- maturity financial assets	19,370	-	-	-
Non-current portion of held-to- maturity financial assets	6,945	-	-	-
Other financial assets	1,084,582	-	174,299	-
Long-term other financial assets	-	-	80,746	-
Total financial assets	141,045,458	-	255,045	-
Trade payables other payables	-	74,461,205	-	-
Long-term trade and other payables	-	3,509,123	-	-
Short-term borrowings	-	290,605,443	-	-
Long-term borrowings	-	129,079,648	-	-
Other financial liabilities	-	2,923,978	-	10,724,299
Other non-current financial liabilities	-	2,918,667	-	2,375,128
Total financial liabilities	-	503,498,064	-	13,099,427

(2) Details of financial incomes and financial expenses by category of financial instruments for the years ended December 31, 2021 and 2020, are as follows:

(In thousands of Korean won)		
Item	2021	2020
Financial assets measured at amortized cost:		
Interest income	1,047,099	1,029,381
Gain on foreign currency transactions	409,772	148,895
Loss on foreign currency transactions	(139,718)	(533,317)
Gain on foreign currency translation	555,151	69
Loss on foreign currency translation	(30,017)	(386,671)
Import guarantee fee	185,473	1,000,460
Reversal of allowance for bad debt (bad debt expenses)	(359,435)	141,437
Financial assets measured at fair value:		
Gain on trading of derivatives	10,900,609	2,051,470
Loss on trading of derivatives	(3,297,209)	(3,301,482)
Gain on valuation of derivatives	3,509,843	1,553,463
Loss on valuation of derivatives	(255,045)	(12,571,041)
Financial liabilities measured at amortized cost:		
Interest expense	(11,247,800)	(13,084,413)
Gain on foreign currency transactions	100	6,307,091
Loss on foreign currency transactions	(3,895,630)	(2,948,582)
Gain on foreign currency translation	181,993	6,716,789
Loss on foreign currency translation	(5,952,476)	(55,620)
Total	(8,387,290)	(13,932,071)

(3) Currency risk

① Exposure to currency risk

The Group's exposure to foreign exchange risk as of Dec 31, 2021 and 2020 are as follows:

(Unit: USD, EUR, CAD, JPY, KRW 1,000)						
Account	Dec 31, 2021			Dec 31, 2020		
	Foreign currency		KRW equivalent	Foreign currency		KRW equivalent
Cash and cash equivalents	USD	3,559,046	4,219,248	USD	4,472,024	4,865,562
	EUR	696	934	EUR	696	931
	CAD	1,563	1,454	CAD	12,776	10,902
	JPY	57,489,004	592,275	JPY	13,626,424	143,658
Total foreign currency assets			4,813,911			5,021,053
Short-term borrowings	USD	139,352,432	165,239,597	USD	86,612,289	94,241,972
Total foreign currency liabilities			165,239,597			94,241,972

② Sensitivity analysis

The Group internally measures the foreign exchange risk of exchange rate fluctuations on a regular basis. When assuming that all other variables are constant as of Dec 31, 2021 and 2020, the results of sensitivity analysis on the effects of potential fluctuations in exchange rates on the Group's pre-tax net income and equity to the reasonable extent are as follows:

(In thousands of Korean won)					
Currency	FX rate change	Dec 31, 2021		Dec 31, 2020	
		Up	Down	Up	Down
USD	10%	(16,102,035)	16,102,035	(8,937,641)	8,937,641
EUR	10%	93	(93)	93	(93)
CAD	10%	145	(145)	1,090	(1,090)
JPY	10%	59,228	(59,228)	14,366	(14,366)
Total		(16,042,569)	16,042,569	(8,922,092)	8,922,092

(4) Liquidity risk

Contractual maturities of financial liabilities as of Dec 31, 2021 and 2020 are as follows:

① Dec 31, 2021

(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	81,704,303	81,704,303	78,529,663	3,174,640	-	-
Short-term borrowings	416,701,846	421,471,499	79,909,211	341,562,288	-	-
Long-term trade and other payables	3,809,889	3,809,888	-	-	3,324,581	485,307
Long-term borrowings	34,290,000	37,028,972	245,022	748,678	13,424,934	22,610,338
Other financial liabilities	2,048,009	2,264,592	892,620	1,371,972	-	-
Long-term other financial liabilities	2,585,725	2,770,971	-	-	1,495,364	1,275,607
Total	541,139,772	549,050,225	159,576,516	346,857,578	18,244,879	24,371,252

Meanwhile, in addition to the above other financial liabilities and long-term other financial liabilities, the maximum amount of guarantees the Group can assume under the financial guarantee contracts provided by the Group as of December 31, 2021 is 12,288,000 thousand won.

② Dec 31, 2020

(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	74,461,205	74,461,205	71,170,232	3,290,973	-	-
Short-term borrowings	290,605,443	293,920,708	71,755,927	222,164,781	-	-
Long-term trade and other payables	3,509,123	3,509,123	-	-	2,983,670	525,453
Long-term borrowings	129,079,648	136,647,962	860,276	2,672,974	105,254,523	27,860,189
Other financial liabilities	13,648,277	13,835,467	11,324,254	2,511,213	-	-
Long-term other financial liabilities	5,293,795	5,612,577	-	-	3,978,607	1,633,970
Total	516,597,491	527,987,042	155,110,689	230,639,941	112,216,800	30,019,612

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

(5) Credit risk

① Exposure to credit risk

The carrying amount of a financial asset represents the maximum exposure to credit risk. The maximum exposure to credit risk of the Group as of December 31, 2021 and 2020, is as follows:

(In thousands of Korean won)		
Item	Dec 31, 2021	Dec 31, 2020
Cash and cash equivalents (*)	94,032,744	52,643,451
Short-term financial instruments	13,338,548	6,974,650
Long-term financial instruments	3,548,081	960,481
Trade and other receivables	63,123,719	68,627,826
Long-term trade and other receivables	11,072,254	10,727,745
Current portion of held-to-maturity financial assets	3,510	19,370
Non-current portion of held-to-maturity financial assets	3,435	6,945
Other financial assets	692,491	1,258,880
Long-term other financial assets	-	80,746
Total	185,814,782	141,300,094

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

As of December 31, 2021, the maximum exposure to credit risk of financial guarantees provided by the Group is 12,288,000 thousands won (Notes 33 and 35).

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

② Impairment loss

The ages of trade receivables and other receivables as of December 31, 2021 and 2020, and the amounts of expected credit loss for receivables by age are as follows:

(In thousands of Korean won)						
Item	Dec 31, 2021			Dec 31, 2020		
	Total Receivables	Impaired receivables	Carrying amount	Total Receivables	Impaired receivables	Carrying amount
0-3 months	64,173,454	209,416	63,964,038	70,289,517	127,795	70,161,722
4-6 months	689,426	123,432	565,994	375,785	26,229	349,556
7-9 months	306,387	133,749	172,638	145,285	41,491	103,794
10-12 months	134,330	108,734	25,596	237,789	93,831	143,958
Over 12 months	11,288,699	1,820,992	9,467,707	10,368,332	1,771,791	8,596,541
Total	76,592,296	2,396,323	74,195,973	81,416,708	2,061,137	79,355,571

(6) Interest rate risk

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

① The carrying amounts of floating interest rate financial liabilities held by the Group as of December 31, 2021 and 2020, are as follows:

(In thousands of Korean won)		
Item	Dec 31, 2021	Dec 31, 2020
Floating interest rate financial liabilities:		
Short-term borrowings	162,015,322	128,447,572
Long-term borrowings	149,844,000	116,779,000
Total	311,859,322	245,226,572

② Cash flow sensitivity analysis of floating interest rate financial liabilities

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

(In thousands of Korean won)								
Item	Dec 31, 2021				Dec 31, 2020			
	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	(1,620,153)	1,620,153	(1,620,153)	1,620,153	(1,284,476)	1,284,476	(1,284,476)	1,284,476
Long-term borrowings	(1,498,440)	1,498,440	(1,498,440)	1,498,440	(1,167,790)	1,167,790	(1,167,790)	1,167,790
Total	(3,118,593)	3,118,593	(3,118,593)	3,118,593	(2,452,266)	2,452,266	(2,452,266)	2,452,266

(7) Fair value

① The carrying amounts and fair values of financial instruments as of December 31, 2021 and 2020, are as follows:

(In thousands of Korean won)				
Item	Dec 31, 2021		Dec 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Financial assets measured at amortized cost				
Cash and cash equivalents	94,033,289	94,033,289	52,643,859	52,643,859
Short-term financial instruments	13,338,548	13,338,548	6,974,650	6,974,650
Long-term financial instruments	3,548,081	3,548,081	960,481	960,481
Trade and other receivables	63,123,719	63,123,719	68,627,826	68,627,826
Long-term trade and other receivables	11,072,254	11,072,254	10,727,745	10,727,745
Current portion of held-to-maturity financial assets	3,510	3,510	19,370	19,370
Non-current portion of held-to-maturity financial assets	3,435	3,435	6,945	6,945
Other financial assets	-	-	1,084,582	1,084,582
Financial assets measured at fair value				
Derivatives assets	692,491	692,491	255,045	255,045
Total financial assets	185,815,327	185,815,327	141,300,503	141,300,503
Financial Liabilities:				
Financial liabilities measured at amortized cost				
Trade and other payables	81,704,303	81,704,303	74,461,205	74,461,205
Long-term trade and other payables	3,809,889	3,809,889	3,509,123	3,509,123
Short-term borrowings	416,701,846	416,701,846	290,605,443	290,605,443
Long-term borrowings	34,290,000	34,290,000	129,079,648	129,079,648
Other financial liabilities	2,048,009	2,048,009	2,923,978	2,923,978
Long-term other financial liabilities	2,585,725	2,585,725	2,918,667	2,918,667
Financial liabilities measured at fair value				
Derivatives liabilities	-	-	13,099,427	13,099,427
Total financial liabilities	541,139,772	541,139,772	516,597,491	516,597,491

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, 2021 and 2020, is as follows:

1) Dec 31, 2021

(In thousands of Korean won)				
Item	Level 1	Level 2	Level 3	Total
Financial assets				
Derivatives assets	-	692,491	-	692,491

2) Dec 31, 2020

(In thousands of Korean won)				
Item	Level 1	Level 2	Level 3	Total
Financial assets				
Derivatives assets	-	255,045	-	255,045
Financial liabilities				
Derivatives liabilities	-	13,099,427	-	13,099,427

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

Valuation technics and inputs of assets/liabilities classified as Level 2 of the fair value hierarchy among assets and liabilities measured at fair values as of Dec 31, 2021 and 2020 are as follows:

(In thousands of Korean won)				
Item	Dec 31, 2021	Dec 31, 2020	Valuation technic	Inputs
Financial assets				
Derivatives assets	692,491	255,045	Market approach	FX rate, remaining maturity, etc.
Financial liabilities				
Derivatives liabilities	-	13,099,427	Market approach	FX rate, remaining maturity, etc.

35. Commitments and contingent liabilities

(1) Commitments with financial institutions as of December 31, 2021 are as follows:

(In 1 USD and thousands of Korean won)			
Lender	Descriptions	Amount used	Limit
KEB Hana Bank	Import L/C Guarantee	USD 14,239,550	USD 25,135,835
Woori Bank		USD 11,763,061	USD 12,600,000
KDB		USD 19,323,216	USD 30,000,000
Kookmin Bank		USD 4,359,294	USD 13,000,000
Nonghyup Bank		USD 16,539,347	USD 17,000,000
Fisheries Cooperative Federation		USD 7,687,917	USD 10,000,000
Export-Import Bank of Korea		USD 25,734,463	USD 26,000,000
Shinhan Bank		USD 4,905,583	USD 10,000,000
Jeonbuk Bank		-	USD 5,000,000
Export-Import Bank of Korea		-	USD 20,000,000
	Import loan	58,800,000	68,565,000
KEB Hana Bank	Working capital & facility	96,260,000	109,350,000
KDB	Working capital & facility	81,679,220	81,679,220
Nonghyup Bank	Working capital	13,109,000	13,109,000
Woori Bank	Working capital	1,000,000	1,000,000
Kookmin Bank	Working capital	USD 25,000,000	USD 25,000,000
Hana Financial Investment	Bonds	10,000,000	10,000,000
Hanyang Securities	Bonds	25,000,000	25,000,000
IBK	Working capital	USD 5,000,000	USD 5,000,000
KEB Hana Hong Kong	Working capital	USD 4,750,000	USD 5,000,000
Total		USD 139,302,431	USD 203,735,835
		KRW 285,848,220	KRW 308,703,220

(2) Details of payment guarantees provided by the Group for others as of December 31, 2021 are as follows:

(In thousands of Korean won)			
Provided to	Guaranteed amount	Descriptions	Financial institution
Breeding Farm Co., Ltd.	288,000	Debt Guarantee	KEB Hana Bank
Arum Farm and 27 others	12,000,000	Debt Guarantee	Eco Capital
Total	12,288,000		

(3) The pending litigation cases of the Group as of Dec 31, 2021 are as follows, and the outlook for the litigation as of Dec 31, 2021 is unpredictable.

(In thousands of Korean won)					
Court	Plaintiff	Defendant	Descriptions	Value	Progress
Jeonju District Court	Harim Corp.	Park Jehee and 17 others	Claim on registration of ownership transfer	16,774	1 st trial in progress
Seoul High Court	Harim Corp.	Fair Trade Commission	Claim on cancellation of correction order and penalty payment order	1,100,000	1 st trial in progress
Jeonju District Prosecutors' Office Gunsan Branch, (Criminal Case)	-	Harim Corp and Head of Env. Mgt. Team (Park Jeongmo, G.M.)	Groundwater inspection cycle violation	-	Prosecutor's investigation in progress
Total				1,116,774	

Meanwhile, Fair Trade Commission is investigating the unfair joint act of live chicken sales and the results are unpredictable.

36. Consolidated Statement of Cash Flows

(1) Significant transactions with no cash inflows or outflows during investment and financing activities for the years ended December 31, 2021 and 2020, are as follows:

(In thousands of Korean won)		
Item	2021	2020
Account payables related to acquisition of PP&E	(1,493,958)	(2,207,198)
Transfer of construction in progress to main accounts	16,401,802	43,294,044
Account receivables related to disposal of PP&E	-	2,000
Transfer of borrowings to current portion	115,220,752	35,277,920

(2) Adjustments for liabilities arising from financial activities for the years ended December 31, 2021 and 2020, are as follows:

① 2021

(In thousands of Korean won)								
Item	Beginning	Cash flow	Non-cash change					Ending balance
			FX rate change	Transfer to current portion	Interest expense amortization	Effect of foreign operation translation	Change	
Current Liabilities								
Short-term borrowings	231,387,572	27,097,210	3,270,540	-	-	-	-	261,755,322
Current portion of long-term borrowings	34,277,920	(19,527,920)	-	105,233,220	-	-	-	119,983,220
Current portion of bonds	24,939,951	-	-	9,987,532	35,821	-	-	34,963,304
Current portion of lease liabilities	2,738,254	(3,280,831)	-	597,269	-	1,025	1,957,607	2,013,324
Non-current liabilities								
Long-term borrowings	119,098,220	17,500,000	2,925,000	(105,233,220)	-	-	-	34,290,000
Bonds	9,981,428	-	-	(9,987,532)	6,104	-	-	-
Lease liabilities	2,918,667	-	-	(597,269)	-	1,283	263,044	2,585,725
Total	425,342,012	21,788,459	6,195,540	-	41,925	2,308	2,220,651	455,590,895

② 2020

(In thousands of Korean won)										
Item	Beginning	Cash flow	Non-cash change							Ending balance
			FX rate change	Transfer to current portion	Interest expense amortization	Effect of foreign operation translation	Change	business combination effect	Change in the scope of consolidation	
Current Liabilities										
Short-term borrowings	299,035,695	(78,682,737)	(4,820,346)	-	-	(85,988)	-	13,540,000	2,400,948	231,387,572
Current portion of long-term borrowings	36,471,220	(37,471,220)	-	35,277,920	-	-	-	-	-	34,277,920
Current portion of bonds	-	-	-	24,939,951	-	-	-	-	-	24,939,951
Current portion of lease liabilities	2,275,434	(3,481,863)	-	955,068	-	(1110)	2,795,932	46,404	148,389	2,738,254
Non-current liabilities										
Long-term borrowings	91,207,140	30,529,000	(2,094,000)	(35,277,920)	-	-	-	-	34,734,000	119,098,220
Bonds	-	34,900,610	-	(24,939,951)	20,769	-	-	-	-	9,981,428
Lease liabilities	3,867,537	-	-	(955,068)	-	(1,067)	(110,109)	30,180	87,194	2,918,667
Total	432,857,026	(54,206,210)	(6,914,346)	-	20,769	(88,165)	2,685,823	13,616,584	37,370,531	425,342,012

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 3rd planning period (2021-2025) as of Dec 31, 2021 is as follows:

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

② Changes and carrying amounts of emission rights for the years ended December 31, 2021 and 2020, are as follows:

(Unit: ton (tCO ₂ -eq), 1,000 won)				
Item	2021		2020	
	Quantity	Carrying amount	Quantity	Carrying amount
Free allocation at beginning of the year	40,067	-	77,180	-
Additional allocation (*)	10,124	-	15,320	-
Purchase (Sell)	(2,084)	-	-	-
Submit to the government	(53,107)	-	-	-
Carried forward	5,000	-	5,000	-
Ending balance	-	-	97,500	-

(*) 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 15,320 tons.

③ There are no emission rights provided as collaterals as of Dec 31, 2021.

(2) Emission Liabilities

① The Group's estimated greenhouse gas emissions for the year ended December 31, 2021 are 103,189 tons (tCO₂-eq).

② Changes in emission liabilities for the years ended December 31, 2021 and 2020, are as follows:

(In thousands of Korean won)		
Item	2021	2020
Beginning balance	-	-
Transfer	200,822	-
Reversal	-	-
Ending balance	200,822	-

38. Effects of COVID-19

In 2021, the spread of COVID-19 has significantly affects the economies at home and abroad. This can have negative effects such as reduced productivity, reduced or delayed sales, and recovery of existing receivables. This may adversely affect the financial position and business performance of the Group.

Accordingly, important accounting estimates and assumptions used in preparing the financial statements may be adjusted according to changes in uncertainty due to COVID-19, and the ultimate effects on the business, financial conditions and management performances of the Group due to COVID-19 may be different from estimates s reflected in financial statements.

As of the end of Dec 31, 2021, no change in business partners or a decrease in sales volume due to COVID-19 was found.