

HARIM CORPORATION

FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED

DECEMBER 31, 2022 AND 2021

WITH INDEPENDENT AUDITORS' REPORT

Samil PricewaterhouseCoopers

Independent Auditors' Report

To the Shareholders and Board of Directors of
Harim Corporation

Audit Opinion

We have audited the financial statements of Harim Corporation ("the Company"), which comprise the statements of financial position as of December 31, 2022, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and its financial performance and its cash flows for the years then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

We, also, audited the Internal Accounting Control System of Harim Corporation as of Dec. 31, 2022 based on the 'Design and Operation Concept System of Internal Accounting Control System and expressed unqualified opinion in the audit report dated on Mar. 20, 2023.

Basis for Opinion

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

Key Audit Matters

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

1. Review of Reversal of Impairment Losses on Investment in Subsidiary Shares

A. Reason decided as a key audit matter

The Company reviews the existence of impairment (reversal) indicators for its investment in subsidiary shares at the end of the reporting period. For investment in subsidiary shares deemed to have impairment (reversal) indicators, the Company performs an impairment (reversal) test and recognizes impairment loss (reversal) by comparing the recoverable amount and the carrying amount.

As a result of the review for impairment (reversal) indicators on the investment in subsidiary shares during the current period, the company determined that the investment in SingGreen FS Co., Ltd. corresponded to the signs of impairment

reversal. As a result of the impairment reversal test, an impairment loss reversal of KRW 13.020 billion was recognized for the investment in SingGreen FS Co., Ltd. (Refer to Note 12).

We determined that the carrying amount of the investment in SingGreen FS Co., Ltd. and the amount of impairment loss reversal recognized in the current period are significant, and the assumptions and judgments included in the estimation of the recoverable amount by management have a significant effect on the financial statements, thus we decided that this impairment reversal test is a key audit matter.

B. How to address the key audit matters in Audit

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

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

2. Cash-Generating Unit Impairment Test

A. Reason decided as a key audit matter

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

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

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

B. How to address the key audit matters in Audit

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

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

Other Matters

The financial statements of the Company for the year ended Dec. 31, 2021 was audited by KPMG SAMJONG in accordance with the Audit Standards of Korea, and the audit report as of Mar. 11, 2022 of the auditor expressed unqualified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is CPA, Hwang Yoon Seok.

100, Hangang-daero, Yongsan-gu, Seoul

Samil PricewaterhouseCoopers

CEO Yoon Hoon Soo

Mar. 20, 2023

This report is effective as of the audit report date (March 20, 2023). Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

(Attachment)
Financial Statement

HARIM CORPORATION

12th FY: January 1, 2022 ~ December 31, 2022

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

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

Harim Corporation
CEO Kim Hongkuk and Jeong Hoseok

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

Harim Corporation

Statements of Financial Position

As of December 31, 2022 and 2021

(In Korean won)

Account	Note	December 31, 2022		December 31, 2021	
Assets					
I. Current Assets			378,970,709,239		297,014,978,034
Cash and cash equivalents	5,7,33	49,176,877,521		88,055,138,233	
Short-term financial instruments	5,7,33	68,805,380,643		2,859,000,000	
Trade and other receivables	8,32,33	80,220,643,312		63,113,599,164	
Other financial assets	11,20,33	197,405,000		10,897,873	
Inventories	9	130,562,755,051		104,578,496,023	
Biological assets	10	46,097,987,130		34,352,113,080	
Other current assets	11	3,909,660,582		4,045,733,661	
II. Non-current assets			504,692,409,282		496,347,453,504
Long-term financial instruments	5,7,33	6,931,410,300		3,492,880,643	
Long-term trade and other receivables	8,32,33	8,614,502,760		10,416,354,013	
Long-term other financial assets	11,33	2,110,000		3,435,000	
Investment in subsidiaries	12	26,208,095,170		7,187,670,000	
Property investment	13,14	21,967,970,860		22,701,437,957	
Property, plant and equipment	14,32,35	425,941,105,905		436,043,261,671	
Intangible assets	16	1,571,533,765		1,690,010,244	
Deferred tax assets	27	5,420,626,896		7,916,926,160	
Right-of-use asset	15	3,760,269,665		4,805,959,129	
Defined benefit assets	21	4,274,783,961		2,089,518,687	
Total Assets			883,663,118,521		793,362,431,538
Liabilities					
I. Current Liabilities			511,944,177,045		458,708,298,440
Trade and other payables	17,32,33	111,548,344,034		79,886,720,611	
Short-term borrowings	18,33,34,35	395,123,035,155		374,298,431,611	
Other financial liabilities	19,20,33	920,721,646		34,684,807	
Current lease liabilities	15,35	2,029,341,168		1,916,659,310	
Current tax liabilities	27	287,251,354		964,399,370	
Other current liabilities	19,36	2,035,483,688		1,607,402,731	
II. Non-current liabilities			75,633,013,800		40,216,355,457
Long-term trade and other payables	17,33	6,199,575,226		3,738,054,343	
Long-term borrowings	18,33,34,35	67,803,321,459		33,950,000,000	
Long-term other financial liabilities	15,35	1,630,117,115		2,528,301,114	
Total Liabilities			587,577,190,845		498,924,653,897

Account	Note	December 31, 2022		December 31, 2021	
Equity					
I. Capital	28		53,104,851,000		53,104,851,000
II. Capital surplus	28		256,293,544,034		256,293,544,034
III. Other capital items	29		(27,437,961,151)		(27,437,961,151)
IV. Retained earnings	30		14,125,493,793		12,477,343,758
Total Equity			296,085,927,676		294,437,777,641
Total Liabilities and Equity			883,663,118,521		793,362,431,538

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

Harim Corporation

Statement of Comprehensive Income

For Years Ended December 31, 2022 and 2021

(In Korean won)

Account	Note	2022		2021	
I. Sales	22,32		1,289,857,319,178		1,087,191,457,434
II. Cost of sales	23,32		1,100,015,895,818		914,469,705,066
III. Gross profit			189,841,423,360		172,721,752,368
IV. Sales and administrative expenses	23,24		154,178,386,819		143,282,199,850
V. Operating profit			35,663,036,541		29,439,552,518
VI. Other income and expenses	25,32		(4,360,317,200)		(4,779,924,590)
Other income		14,835,400,847		4,459,334,225	
Other expenses		19,195,718,047		9,239,258,815	
VII. Financial income and expenses	20,26,33		(25,166,597,694)		(8,106,650,404)
Financial income		21,431,543,877		12,280,201,076	
Financial expenses		46,598,141,571		20,386,851,480	
VIII. Income before tax			6,136,121,647		16,552,977,524
IX. Income tax expense	27		1,754,217,881		5,062,224,852
X. Net Income			4,381,903,766		11,490,752,672
XI. Other comprehensive income			451,861,729		(436,928,340)
Items not subsequently reclassified to profit or loss:					
Remeasurements of defined benefit plans	21,27	451,861,729		(436,928,340)	
XII. Total comprehensive income			4,833,765,495		11,053,824,332
XIII. Earnings per share	31				
Basic earnings per share			41		108

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

Harim Corporation
Statements of Changes in Shareholders' Equity
For Years Ended December 31, 2022 and 2021

(In Korean won)

Account	Capital	Capital surplus	Other capital components	Retained earnings	Subtotal
Balance at Jan 1, 2021	53,104,851,000	256,293,544,034	(27,437,961,151)	1,423,519,426	283,383,953,309
Net Income	-	-	-	11,490,752,672	11,490,752,672
Remeasurements for net defined benefit plans	-	-	-	(436,928,340)	(436,928,340)
Balance at Dec 31, 2021	53,104,851,000	256,293,544,034	(27,437,961,151)	12,477,343,758	294,437,777,641
Balance at Jan 1, 2022	53,104,851,000	256,293,544,034	(27,437,961,151)	12,477,343,758	294,437,777,641
Net Income	-	-	-	4,381,903,766	4,381,903,766
Dividend payment	-	-	-	(3,185,615,460)	(3,185,615,460)
Remeasurements for net defined benefit plans	-	-	-	451,861,729	451,861,729
Balance at Dec 31, 2022	53,104,851,000	256,293,544,034	(27,437,961,151)	14,125,493,793	296,085,927,676

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

Harim Corporation
Statements of Cash Flows
For Years ended December 31, 2022 and 2021

(In Korean won)

Account	2022		2021	
I. Cash flow from operating activities		40,692,300,998		44,610,393,539
(1) Net income	4,381,903,766		11,490,752,672	
(2) Adjustment	73,641,655,979		82,321,413,496	
Income tax expense (profit)	1,754,217,881		5,062,224,852	
Depreciation	40,933,131,718		40,526,539,575	
Depreciation of investment property	733,467,097		708,902,108	
Amortization of intangible assets	521,626,836		517,533,811	
Depreciation of right-of-use assets	3,064,646,426		3,467,765,734	
Depreciation of biological assets for production	18,736,714,460		16,141,031,628	
Reversal of gain on valuation of inventories	(99,422,019)		(389,564,730)	
Loss on valuation of derivatives	928,109,519		255,044,836	
Gain on valuation of derivatives	(196,080,000)		(7,387,873)	
Loss on transaction of derivatives	3,470,354,000		-	
Gain on transaction of derivatives	(6,449,431,000)		-	
Retirement benefits	6,755,470,371		6,999,378,714	
Loss on disposal of PP&E	342,640,474		77,067,297	
Gains on disposal of PP&E	(72,887,387)		(454,319,218)	
Loss on disposal of investment property	-		3,000	
Gain on disposal of right-of-use assets	(50,979,791)		(28,992,547)	
Bad debt expenses	(80,989,995)		253,052,909	
Interest income	(3,813,513,444)		(991,638,824)	
Interest expense	17,887,791,995		9,974,414,843	
Import guarantee fees	(34,745,100)		(225,555,503)	
Changes in fair value of biological assets held for consumption	(9,649,571,878)		(2,655,301,355)	
Reversal of impairment loss on investment in subsidiary shares	(13,020,425,170)		-	
Gain on foreign currency translation	(7,638,726,381)		(35,859,723)	
Loss on foreign currency translation	2,532,807,067		2,926,252,262	
Greenhouse gas emission liabilities	(108,549,700)		200,821,700	
Contribution to provisions for contingent loss liabilities	17,196,000,000		-	
(3) Changes in net working capital	(23,899,806,783)		(38,560,479,879)	
Decrease (increase) in trade receivables	(16,061,057,522)		(4,657,489,443)	
Decrease (increase) in other receivables	(717,146,373)		(665,061,491)	
Decrease (increase) in inventories	(26,359,331,812)		(12,366,287,040)	
Decrease (increase) in biological assets for consumption	(797,659,292)		2,321,032,870	
Decrease (increase) in biological assets for production	-		(17,109,102,710)	
Decrease (increase) in other assets	(688,267,482)		(149,336,207)	
Increase (decrease) in trade payables	28,541,463,294		10,803,171,619	
Increase (decrease) in other payables	1,848,526,037		4,544,981,154	
Increase (decrease) in other liabilities	(1,297,574,860)		(1,756,661,817)	
Payment of severance pay	(7,808,406,320)		(6,850,433,530)	
Decrease (increase) in plan assets	(560,352,453)		(2,393,218,225)	
Increase (decrease) in derivative liabilities	-		(10,282,075,059)	
(4) Receipt of interest	2,836,415,935		548,184,568	
(5) Payment of interest	(16,212,686,123)		(9,738,595,725)	

(6) Income tax refund (payment amount)	(55,181,776)		(1,450,881,593)	
II. Cash flow from investing activities		(133,560,194,918)		(22,842,878,723)
Decrease in short-term financial instruments	139,465,000,000		55,267,400,000	
Increase in short-term financial instruments	(202,588,500,000)		(53,248,700,000)	
Decrease in short-term loans	50,000,000		60,000,000	
Increase in short-term loans	-		(30,000,000)	
Decrease in short-term security deposits	52,780,760		7,721,863,453	
Increase in short-term security deposits	(8,772,440,902)		(1,124,715,810)	
Decrease in account receivables for short-term financial guarantees	-		1,154,401,906	
Increase in long-term financial instruments	(6,261,410,300)		(2,560,000,000)	
Increase in long-term loans	-		(20,000,000)	
Decrease in long-term deposit	2,277,669,000		195,456,000	
Increase in long-term deposit	(216,910,000)		(781,820,000)	
Decrease in other financial instruments	3,510,000		19,370,000	
Increase in investment in subsidiary shares	(6,000,000,000)		-	
Disposal of PP&E	138,612,345		1,117,066,135	
Disposal of intangible assets	22,000,000		-	
Acquisition of PP&E	(32,032,561,154)		(30,570,300,407)	
Acquisition of intangible assets	(137,082,130)		(42,900,000)	
Increase in biological assets for production	(19,560,862,537)		-	
III. Cash flow from financing activities		54,053,896,052		21,409,496,640
Increase in short-term borrowings	400,189,810,749		170,700,840,992	
Repayment of short-term borrowings	(327,923,440,692)		(145,107,864,032)	
Repayment of current portion of long-term liabilities	(10,748,220,000)		(18,717,920,000)	
Increase in long-term borrowings	13,344,000,000		17,500,000,000	
Increase in bonds	19,939,780,000		-	
Repayment of current bonds	(35,000,000,000)		-	
Payment of dividends	(3,185,615,460)		-	
Repayment of lease liabilities	(2,562,418,545)		(2,965,560,320)	
IV. Effect of exchange rate fluctuation on cash and cash equivalents		(64,262,844)		(7,536,677)
V. Increase in cash and cash equivalents (I + II + III + IV)		(38,878,260,712)		43,169,474,779
VI. Cash and cash equivalents at beginning of the year		88,055,138,233		44,885,663,454
VII. Cash and cash equivalents at end of the year		49,176,877,521		88,055,138,233

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

Notes to the Financial Statements

For the Years ended December 31, 2022 and 2021

Harim Corporation

1. General

(1) Overview of the Company

Harim Corporation (hereinafter referred to the “Company”) was established by spin-off of Harim Corporation (before spin-off) into Harim Holdings (Surviving entity after spin-off) to engage in the investment division and the new corporation, the Company to engage in the chicken processing and fee manufacturing business with a record date of January 1, 2011.

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

2. Basis of financial statements preparation

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

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

The financial statements of the Company were approved by the board of directors on February 10, 2023 and expected to be approved finally at the general meeting of shareholders on March 29, 2023.

(1) Basis of measurement

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

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

(2) Functional and presentation currency

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

(3) Significant Accounting Estimates and Assumptions

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

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

① Recoverable amount of cash-generating units

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

② Recoverable amount of investment in subsidiary shares

The recoverable amount of cash-generating units, which is used to assess whether impairment on and reversal of investment in subsidiary shares exist, is determined based on the calculation of their value in use.

③ Realizability of deferred tax assets

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

④ Fair value of biological assets

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

3. Changes in Accounting Policies and Disclosures

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

The Company has applied the following new and amended standards and interpretations for the accounting periods beginning on January 1, 2022.

① Amendment to K-IFRS No. 1116 "Leases" - Rent concessions related to COVID-19 provided after June 30, 2021

The practical expedient allowing lessees not to assess whether rent concessions resulting directly from COVID-19 are lease modifications has been extended to include rent concessions that affect lease payments due before June 30, 2022. Lessees must apply the practical expedient consistently to similar contracts in similar circumstances. There is no significant impact of the amendment on the financial statements.

② Amendment to K-IFRS No. 1103 "Business Combinations" - Reference to the Conceptual Framework

The definition of assets and liabilities to be recognized in a business combination has been amended to refer to the revised Conceptual Framework for Financial Reporting. However, an exception has been added to apply K-IFRS No. 1037 "Provisions, Contingent Liabilities, and Contingent Assets" and Interpretation No. 2121 "Liabilities and Contingent Liabilities within the Scope of IAS 37" and clarified that contingent assets are not recognized at the acquisition date. The amendment has no significant impact on the financial statements.

③ Amendment to K-IFRS No. 1016 "Property, Plant, and Equipment" - Proceeds before intended use

The amendment requires entities to recognize income generated from the sale of items produced before an asset is used in the intended manner in profit or loss, along with the production costs, and prohibits deducting these amounts from the cost of the asset. There is no significant impact of the amendment on the financial statements.

④ Amendment to K-IFRS No. 1037 "Provisions, Contingent Liabilities, and Contingent Assets" - Onerous contracts: Costs of fulfilling a contract

The amendment clarifies that the scope of costs of fulfilling a contract when identifying onerous contracts includes incremental costs and the allocation of other costs directly related to contract performance. There is no significant impact of the amendment on the financial statements

⑤ K-IFRS Annual Improvements 2018-2020

The K-IFRS Annual Improvements 2018-2020 are effective for accounting periods beginning on or after January 1, 2022, and early adoption is permitted. There is no significant impact of the amendments on the financial statements.

- K-IFRS No. 1101 "First-time Adoption of K-IFRS": Subsidiaries that are first-time adopters
- K-IFRS No. 1109 "Financial Instruments": Fees related to the 10% test for derecognition of financial liabilities
- K-IFRS No. 1041 "Agriculture": Fair value measurement

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

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

① Amendment to K-IFRS No. 1001 "Presentation of Financial Statements" - Classification of Liabilities as Current/Non-current

Liabilities are classified as current or non-current based on the existence of substantive rights at the end of the reporting period, and the possibility of exercising the rights to defer settlement or management expectations are not considered. Also, the settlement of liabilities includes the transfer of equity instruments, but it excludes cases where the option to settle with equity instruments in a compound financial instrument meets the definition of an equity instrument and is recognized separately from the liability. This amendment will be applied to fiscal years beginning on or after January 1, 2024, and early adoption is permitted. The Company expects that the amendment will not have a significant impact on the financial statements.

② K-IFRS No. 1001 "Presentation of Financial Statements" - Disclosure of 'Accounting Policies'

The amendment defines significant accounting policy information and requires its disclosure. The amendment will be applied to fiscal years beginning on or after January 1, 2023, and early adoption is permitted. The Company expects that the amendment will not have a significant impact on the financial statements.

③ K-IFRS No. 1008 "Changes in Accounting Policies, Estimates, and Errors" - Definition of 'Accounting Estimates'

The amendment defines accounting estimates and clarifies how to distinguish them from changes in accounting policies. The amendment will be applied to fiscal years beginning on or after January 1, 2023, and early adoption is permitted. The Company expects that the amendment will not have a significant impact on the financial statements.

④ K-IFRS No. 1012 "Income Taxes" - Deferred Tax Assets or Liabilities for Assets and Liabilities Arising from a Single Transaction

The amendment adds a requirement that a transaction does not give rise to both deductible and taxable temporary differences at the transaction date for the initial recognition exception of deferred tax assets or liabilities from a single transaction. The amendment will be applied to fiscal years beginning on or after January 1, 2023, and early adoption is permitted. The Company expects that the amendment will not have a significant impact on the financial statements.

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

K-IFRS No. 1117 "Insurance Contracts" replaces K-IFRS No. 1104 "Insurance Contracts." The standard requires the measurement of insurance liabilities using all cash flows estimated and discounted at rates reflecting current assumptions and risks at the reporting date and recognizing revenue on an accrual basis reflecting the services provided to policyholders (insurance coverage) each fiscal year. Also, investment components (surrender/maturity refunds) paid to policyholders regardless of insurance events are excluded from insurance income, and insurance income and investment income are separately presented so that users of financial information can identify the sources of profit or loss. The standard will be applied to fiscal years beginning on or after January 1, 2023, and early adoption is permitted for companies applying K-IFRS No. 1109 "Financial Instruments." The Company expects that the amendment will not have a significant impact on the financial statements.

⑥ K-IFRS No. 1001 "Presentation of Financial Statements" - Disclosure of Gains and Losses on Financial Liabilities with Exercise Price Adjustment Conditions

The amendment requires the disclosure of the carrying amount and related gains and losses of financial liabilities classified as such when all or part of a financial instrument with an exercise price adjustment condition based on the issuer's share price changes. The amendment will be applied to fiscal years beginning on or after January 1, 2023, and early adoption is permitted. The Company expects that the amendment will not have a significant impact on the financial statements.

4. Significant Accounting Policies

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

(1) Investment in subsidiaries and affiliates

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

(2) Cash and cash equivalents

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

(3) Biological assets

① Biological assets for consumption

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

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

② Biological assets for production

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

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

(4) Inventories

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

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

(5) Non-derivative financial assets

① Initial recognition and measurement

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

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

② Classification and subsequent measurement

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

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

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

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

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

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

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

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

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

- Accounting policies and objectives specified for the portfolio and the actual operation of these policies which include management's strategies focused on obtaining a nominal interest income, maintaining a certain level of interest rate, matching the duration of the liabilities to finance the financial asset with the duration of the financial asset, and outflow or realization of the expected cash flow through sale of the assets
- Method of evaluating the performance of financial assets held in the business model and reporting the evaluation to key management
- Risks that affect the performance of the business model (and financial assets held in the business model) and how those risks are managed

- Compensation method for management (for example, based on the fair value of the assets under management or based on the contractual cash flows received)
- Frequency, amount, timing, reason, and forecast of future sales activities of financial assets in the past period

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

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

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

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

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

In evaluating this, the Company considers:

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

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

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

Financial assets: Subsequent measurement and profit or loss

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

③ Derecognition

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

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

④ Offset

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

(6) Derivative financial instruments

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

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

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

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

Hedges directly affected by interest rate benchmark reform.

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

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

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

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

① Cash flow hedging

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

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

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

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

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

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

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

② Net investment hedging

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

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

(7) Impairment for financial assets

① Financial instruments and contract assets

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

- financial assets measured at amortized cost

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

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

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

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

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

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

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security

- the number of overdue days of financial assets exceeds 365 days

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

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

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

② Measurement of expected credit losses

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

③ Credit-impaired financial assets

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

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

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

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

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

⑤ Write-off

A financial asset is written off when there is no reasonable expectation of recovery of all or part of its contractual cash flows. For individual customers, the Company writes off the carrying amount based on past experience with the recovery of similar assets, and for corporate customers, the timing and amount of each write-off are evaluated individually by assessing whether there is a reasonable expectation for recovery. The Company has

no expectation that the write-off will be significantly recovered. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

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

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

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

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

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

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

Estimated useful lives for the years ended December 31, 2022 and 2021 are as follows.

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

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

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

(9) Intangible assets

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

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

Amortization periods and the amortization methods for intangible assets with finite useful lives are reviewed at the end of each reporting period. Intangible assets are treated as change in accounting change if is proper to

change by reviewing whether the evaluation that the useful lives of intangible assets are indefinite and it is determined that the change is reasonable.

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

(10) Government grants

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

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

(11) Investment property

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

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

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

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

(12) Impairment for non-financial assets

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

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

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

(13) Leases

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

① As a lessee

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

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

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

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

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

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

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

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

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

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

Short-term leases and small-value underlying asset leases

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

② As a lessor

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

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

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

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

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

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

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

(14) Non-derivative financial liabilities

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

① Financial liabilities measured at fair value through profit or loss

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

② Other financial liabilities

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

③ Derecognition of financial liabilities

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

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

(15) Employee benefits

① Short-term employee benefits

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

② Other long-term employee benefits

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

③ Retirement benefit: Defined benefit plan

For defined contribution plans, when an employee has rendered service to the Company during a period, the

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

④ Retirement benefits: Defined benefit plans

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

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

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

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

(16) Greenhouse Gases Emission Right

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

① Emission rights

Greenhouse gas emissions rights consist of the allowances received free of charge from the government and the ones purchased. the allowances received free of charge from the government is measured and recognized as zero (“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 Company to fulfill the legal obligation and recorded as intangible assets. To the extent that the portion to be submitted to the government within one year from the end of reporting period, the greenhouse gas emissions rights are classified as current assets. Greenhouse gas emissions rights recorded as intangible assets are initially measured at cost and substantially remeasured at cost less accumulated impairment losses.

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

The Company derecognizes an emission right asset when the emission allowance is unusable, disposed or

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

② Emission liability

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

(17) Foreign currency

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

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

(18) Paid-in capital

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

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

(19) Revenue from contracts with customers

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

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

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

(20) Finance income and finance costs

The Company's finance income and finance costs include:

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

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

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

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

(21) Borrowing costs

The Company capitalizes borrowing costs directly attributable to the acquisition, construction or production of

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

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

(22) Income taxes

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

① Current income tax

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

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

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

② Deferred income tax

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

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

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

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

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

(23) Earnings per share

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

(24) Operating segment

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

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

5. Risk Management

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

(1) Risk Management System

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

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

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

(2) Credit risk

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

① Trade receivables

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

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

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

② Debt securities

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

③ Guarantee

It is the policy of the Company to provide guarantees only to related parties or business partners who need support for business. As of December 31, 2021, the guarantees provided by the Company are described in Notes 32 and 34.

(3) Liquidity risk

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

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

(4) Market risk

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

① Currency risk

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

② Interest rate risk

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

(5) Capital Management

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

(In thousands of Korean won)		
Item	Dec 31, 2022	Dec 31, 2021
Total borrowings	462,926,357	408,248,432
Less:		
Cash and cash equivalents	49,176,878	88,055,138
Short-term financial instruments	68,805,381	2,859,000
Long-term financial instruments	6,931,410	3,492,881
Adjusted borrowings	338,012,688	313,841,413
Equity	296,085,928	294,437,778
Adjusted debt ratio	114.16%	106.59%

6. Operating Segments

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

7. Cash and cash equivalents

(1) Cash and cash equivalents as of December 31, 2022 and 2021 are as follows:

(In thousands of Korean won)		
Item	Dec 31, 2022	Dec 31, 2021
Ordinary deposits	49,176,878	88,055,138

(2) Restricted deposits as of December 31, 2022 and 2021, are as follows:

(In thousands of Korean won)				
Item	Dec 31, 2022	Dec 31, 2021	Financial institution	Remarks
Short-term financial instruments	2,000,000	3,000,000	Nonghyup Bank	Win-win loans
	-	680,000	KEB Hana Bank	Collaterals for borrowings
	-	529,000	Nonghyup Bank	
	57,647,500	-	Kookmin Bank	
	4,255,000	-	KEB Hana Bank	
	2,500,000	-	KDB	
Long-term financial instruments	-	2,500,000	KDB	Collaterals for borrowings
	5,000,000	-	Nonghyup Bank	
	680,000	-	KEB Hana Bank	
Total	72,082,500	6,709,000		

(3) Breakdown of short-term and long-term financial instruments as of December 31, 2022 and 2021 is as follows:

(In thousands of Korean won)			
Item	Descriptions	Dec 31, 2022	Dec 31, 2021
Short-term financial instruments	Term deposits	67,740,381	2,209,000
	Periodical deposits	1,065,000	650,000
	Subtotal	68,805,381	2,859,000
Long-term financial instruments	Long-term deposit	6,931,410	3,492,881
Total		75,736,791	6,351,881

8. 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, 2022		Dec 31, 2021	
	Current	Non-current	Current	Non-current
Trade receivable	68,903,985	-	61,194,844	-
Allowance for trade receivables	(1,451,517)	-	(1,507,946)	-
Loans	66,000	40,000	116,000	40,000
Allowance for loans	(66,000)	(40,000)	(66,000)	(40,000)
Account receivables	78,817	-	1,072,158	-
Allowance for account receivables	(17,924)	-	(20,914)	-
Accrued income	646,745	-	107,257	-
VAT paid for others	2,909,886	-	1,199,400	-
Security deposits	9,150,651	8,873,630	1,018,800	10,950,200
Allowance for security deposits	-	(4,480)	-	(20,291)
Unrealized security deposits	-	(254,647)	-	(513,555)
Total	80,220,643	8,614,503	63,113,599	10,416,354

(2) Changes in allowance for bad debts for trade and other receivables for the years ended December 31, 2022 and 2021, are as follows:

(In thousands of Korean won)		
Item	Dec 31, 2022	Dec 31, 2021
Beginning balance	1,655,151	1,491,937
Bad debt expenses	-	187,718
Writ-off of allowance of bad debt	(58,870)	(32,839)
Reversal of allowance for bad debt	(16,360)	-
Reversal of write-off to allowance for bad debt	-	8,335
Ending balance	1,579,921	1,655,151

9. Inventories

(1) Breakdown of inventories as of December 31, 2022 and 2021 is as follows:

(In thousands of Korean won)						
Item	Dec 31, 2022			Dec 31, 2021		
	Acquisition cost	Valuation loss	Carrying amount	Acquisition cost	Valuation loss	Carrying amount
Goods	1,709,578	-	1,709,578	1,988,244	-	1,988,244
Products	26,326,497	(968,523)	25,357,974	24,095,715	(1,067,945)	23,027,770
Work in progress	3,390,691	-	3,390,691	3,902,857	-	3,902,857
Raw materials	88,262,982	-	88,262,982	65,823,934	-	65,823,934
Subsidiary materials	2,447,646	-	2,447,646	2,807,383	-	2,807,383
Stored goods	9,393,884	-	9,393,884	7,028,308	-	7,028,308
Total	131,531,278	(968,523)	130,562,755	105,646,441	(1,067,945)	104,578,496

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, 2022 is 99,422 thousand won.

(2) Inventories provided as collaterals in relation to borrowing arrangements as of December 31, 2022 are as follows:

Collaterals	Coverage	Related borrowings	Provided to
Inventories	USD 63,700,000	USD 35,565,127	Export-Import Bank of Korea

10. Biological assets

(1) Breakdown biological assets as of December 31, 2022 and 2021 is as follows:

(In thousands of Korean won)		
Item	Dec 31, 2022	Dec 31, 2021
Biological assets for production	11,042,526	9,743,884
Biological assets for consumption	35,055,461	24,608,229
Total	46,097,987	34,352,113

(2) Changes in Biological assets for production for the years ended December 31, 2022 and 2021 are as follows:

① 2022

(In thousands of Korean won)			
Item	GPS	PS	Total
Acquisition cost:			
Beginning balance	4,405,584	60,673,854	65,079,438
Acquisition cost	3,581,559	-	3,581,559
Increase due to breeding	474,495	15,979,304	16,453,799
Disposal amount	(2,925,860)	(11,808,972)	(14,734,832)
Ending balance	5,535,778	64,844,186	70,379,964
Accumulated depreciation:			
Beginning balance	(1,103,594)	(54,231,960)	(55,335,554)
Depreciation	(3,537,774)	(15,198,940)	(18,736,714)
Disposal amount	2,925,858	11,808,972	14,734,830
Ending balance	(1,715,510)	(57,621,928)	(59,337,438)
Carrying amount:			
Beginning balance	3,301,990	6,441,894	9,743,884
Ending balance	3,820,268	7,222,258	11,042,526

② 2021

(In thousands of Korean won)			
Item	GPS	PS	Total
Acquisition cost:			
Beginning balance	3,908,075	56,362,767	60,270,842
Acquisition amount	2,819,880	-	2,819,880
Increase due to breeding	424,345	13,864,879	14,289,224
Disposal amount	(2,746,716)	(9,553,792)	(12,300,508)
Ending balance	4,405,584	60,673,854	65,079,438
Accumulated depreciation:			
Beginning balance	(1,205,845)	(50,289,185)	(51,495,030)
Depreciation	(2,644,465)	(13,496,567)	(16,141,032)
Disposal amount	2,746,716	9,553,792	12,300,508
Ending balance	(1,103,594)	(54,231,960)	(55,335,554)
Carrying amount:			
Beginning balance	2,702,230	6,073,582	8,775,812
Ending balance	3,301,990	6,441,894	9,743,884

(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, 2022

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

ii) Dec 31, 2021

(In thousands of Korean won)				
Item	Level 1	Level 2	Level 3	Total
Biological assets for consumption – Live chickens	-	-	24,608,229	24,608,229

② Changes in the beginning and endings balances of the repeated fair value measurements classified as Level 3 for the years ended December 31, 2022 and 2021, are as follows:

(In thousands of Korean won)		
Item	2022	2021
Beginning carrying amount	24,608,229	24,273,961
Increase due to breeding	494,607,147	450,824,654
Increase due to external purchases	21,500,264	23,890,064
Changes in net fair value of harvest	165,266,480	81,933,676
Changes in net fair value of biological assets held	9,649,572	2,655,301
Transfer to inventories after harvest	(680,576,231)	(558,969,427)
Ending carrying amount	35,055,461	24,608,229

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

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

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

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

(5) Risks exposed in relation to biological assets

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

① Regulatory and environmental risks

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

② Supply and demand risk

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

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

③ Climate and other risks

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

11. Other Financial Assets and Other Assets

(1) Other financial assets as of December 31, 2022 and 2021 are as follows:

(In thousands of Korean won)				
Item	Dec 31, 2022		Dec 31, 2021	
	Current	Non-current	Current	Non-current
Receivables of financial guarantee	1,325	2,110	3,510	3,435
Derivatives assets	196,080	-	7,388	-
Total	197,405	2,110	10,898	3,435

(2) Other assets as of December 31, 2022 and 2021 are as follows:

(In thousands of Korean won)				
Item	Dec 31, 2022		Dec 31, 2021	
	Current	Non-current	Current	Non-current
Local development bond	1,325	-	3,510	1,325
National housing bond	-	2,110	-	2,110
Total	1,325	2,110	3,510	3,435

(3) Breakdown of amortized cost financial assets for years ended Dec 31, 2022 and 2021 is as follows:

(In thousands of Korean won)				
Item	Dec 31, 2022		Dec 31, 2021	
	Current	Non-current	Current	Non-current
Beginning balance	3,510	3,435	19,370	6,945
Deducted amount	(3,510)	-	(19,370)	-
Sub-total	-	3,435	-	6,945
Liquidity substitution	1,325	(1,325)	3,510	(3,510)
Total	1,325	2,110	3,510	3,435

(4) Other assets as of December 31, 2022 and 2021 are as follows:

(In thousands of Korean won)				
Item	Dec 31, 2022		Dec 31, 2021	
	Current	Non-current	Current	Non-current
Advance payment	75,520	-	75,575	-
Allowance for advance payment	(75,520)	-	(75,520)	-
Advance payment for breeding	3,167,155	-	3,504,059	-
Allowance for breeding advance payment	(229,350)	-	(293,980)	-
Prepaid expenses	971,856	-	835,600	-
Total	3,909,661	-	4,045,734	-

(3) Changes in allowance for bad debts in other assets for the years ended December 31, 2022 and 2021 are as follows:

(In thousands of Korean won)		
Item	2022	2021
Beginning balance	369,500	304,165
Bad debt expenses	-	65,335
Reversal of bad debt allowance	(64,630)	-
Ending balance	304,870	369,500

12. Investment in subsidiaries

(1) Details of investment in subsidiaries as of December 31, 2022 and 2021 are as follows:

(In thousands of Korean won)								
Item	Company Name	Location	Month	Main business activity	Dec 31, 2022		Dec 31, 2021	
					Holding Ratio	Carrying amount	Holding Ratio	Carrying amount
Subsidiary	HBC Co., Ltd.	Korea	Dec.	Poultry farming	90.00%	6,132,600	90.00%	6,132,600
Subsidiary	Harim Animal Clinic	Korea	Dec.	Veterinary clinic, Medical service	100.00%	155,070	100.00%	155,070
Subsidiary (*)	Sing Green FS Corporation	Korea	Dec.	Poultry farming	100.00%	19,020,425	100.00%	-
Subsidiary	BNP Co., Ltd.	Korea	Dec.	Poultry farming	90.00%	900,000	90.00%	900,000
Total						26,208,095		7,187,670

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

(2) Changes in investment in subsidiaries as of December 31, 2022 and 2021 are as follows:

(In thousands of Korean won)		
Item	2022	2021
Beginning amount	7,187,670	7,187,670
Acquisition amount	6,000,000	-
Changes due to business combination(*)	13,020,425	-
Ending balance	26,208,095	7,187,670

(*) During 2020, at the time of the merger with Green Biotech Co., Ltd., the investment in the subsidiary shares of SingGreen FS Co., Ltd. was transferred at a carrying amount of KRW 0 (acquisition cost of 24,470,494 thousand won, accumulated impairment loss of 24,470,494 thousand won). During the current period, it was determined that the impairment signs for the investment stake in SingGreen FS Co., Ltd. were removed, and upon re-evaluation of the recoverable amount, an impairment loss reversal of 13,020,425 thousand won was recognized. The said impairment loss reversal is included in other non-operating income in the statement of comprehensive income. The recoverable amount was estimated based on the use value, and the key assumptions used in estimating the use value are as follows.

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

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

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

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

13. Investment property

(1) Changes in investment real estate for the years ended December 31, 2022 and 2021, are as follows:

(In thousands of Korean won)						
Item	2022			2021		
	Land	Building	Total	Land	Building	Total
Acquisition:						
Beginning	5,462,602	29,819,610	35,282,212	5,462,602	27,264,127	32,726,729
Disposal	-	-	-	-	(19,317)	(19,317)
Other increase (*)	-	-	-	-	2,574,800	2,574,800
Ending balance	5,462,602	29,819,610	35,282,212	5,462,602	29,819,610	35,282,212
Accumulated depreciation						
Beginning	-	(12,580,774)	(12,580,774)	-	(11,891,186)	(11,891,186)
Disposal	-	-	-	-	19,314	19,314
Depreciation	-	(733,467)	(733,467)	-	(708,902)	(708,902)
Ending balance	-	(13,314,241)	(13,314,241)	-	(12,580,774)	(12,580,774)
Carrying amount						
Beginning	5,462,602	17,238,836	22,701,438	5,462,602	15,372,941	20,835,543
Ending balance	5,462,602	16,505,369	21,967,971	5,462,602	17,238,836	22,701,438

(*1) Other increase of investment properties was transferred from PP&E.

(*2) As of Dec. 31, 2022, investment properties have been provided as collateral for borrowings from bank. (refer to Note 18)

(2) Income related to investment property

Gains or losses related to investment property for the years ended December 31, 2022 and 2021 are as follows:

(In thousands of Korean won)		
Item	2022	2021
Rent income	238,951	248,608
Rental cost	(796,113)	(820,863)
Total	(557,162)	(572,255)

(3) Fair value of investment properties

(In thousands of Korean won)		
Item	Fair value	Carrying amount
Land	5,269,496	5,462,602
Building	24,214,947	16,505,369
Total	29,484,443	21,967,971

Fair value of investment properties as of Dec. 31, 2022 were calculated by the use of information such as publicly posted price of common housing.

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

(1) Changes in PP&E for the years ended December 31, 2022 and 2021 are as follows:

① 2022

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

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

② 2021

(In thousands of Korean won)									
Item	Land	Building	Structures	Machinery	Facilities and equipment	Vehicles	Others	Construction in progress (*1)	Total
Acquisition cost:									
Beginning balance	17,151,964	231,423,597	19,823,606	272,681,033	223,230,565	2,041,744	46,665,213	4,353,766	817,371,488
Acquisition amount	-	15,400	30,000	775,672	4,533,812	-	1,388,825	22,326,477	29,070,186
Disposal	-	-	(199,556)	(7,893,539)	(9,665,166)	(521,294)	(5,817,726)	-	(24,097,281)
Other changes	-	90,640	-	4,766,768	7,370,400	39,096	1,319,600	(16,313,802)	(2,727,298)
Ending balance	17,151,964	231,529,637	19,654,050	270,329,934	225,469,611	1,559,546	43,555,912	10,366,441	819,617,095
Accumulated depreciation:									
Beginning balance	-	(52,583,411)	(9,432,520)	(175,573,775)	(81,778,022)	(1,754,403)	(35,775,058)	-	(356,897,189)
Disposal	-	-	199,541	7,659,054	9,665,035	497,657	5,336,180	-	23,357,467
Depreciation	-	(5,763,799)	(821,922)	(13,819,032)	(16,475,781)	(115,271)	(3,856,832)	-	(40,852,637)
Ending balance	-	(58,347,210)	(10,054,901)	(181,733,753)	(88,588,768)	(1,372,017)	(34,295,710)	-	(374,392,359)
Government Grants:									
Beginning balance	-	(8,991,631)	-	(439,250)	(76,690)	-	-	-	(9,507,571)
Depreciation	-	239,192	-	78,268	8,637	-	-	-	326,097
Ending balance	-	(8,752,439)	-	(360,982)	(68,053)	-	-	-	(9,181,474)
Carrying amount:									
Beginning balance	17,151,964	169,848,555	10,391,086	96,668,008	141,375,853	287,341	10,890,155	4,353,766	450,966,728
Ending balance	17,151,964	164,429,988	9,599,149	88,235,199	136,812,790	187,529	9,260,202	10,366,441	436,043,262

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

(2) Property, plant and equipment provided as collateral in relation to the Company's liabilities as of Dec. 31, 2022 are as follows:

(In thousands of Korean won)				
Collaterals	Carrying amount	Coverage	Descriptions	Secured creditor
Head Office (Iksan Plant), etc.	433,048,759	160,000,000	Borrowings	KEB Hana Bank
		127,655,500	Borrowings	KDB
		8,270,000	Borrowings	Woori Bank
		84,000,000	Borrowings	KEXIM
		2,328,000	Borrowings	Nonghyup Bank
		14,400,000	Blanket loan	
Total	433,048,759	396,653,500		

(3) Cash-generating unit impairment test

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

(In millions of Korean won)	
Item	Contents
Cash flow estimation period	Estimation of cash flows for 5 years based on the future business plans
Perpetual growth rate	Application of 1% in the light of industry average growth rate
Weighted average cost of capital	8.53%
Comparison target carrying value	93,382
Recoverable value (use value)	105,208

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

(In millions of Korean won)				
Item		Discount Rate (WACC)		
		7.53%	8.53%	9.53%
Permanent growth rate	0.0%	0.0%	111,650	95,085
	1.0%	1.0%	125,704	105,208
	2.0%	2.0%	144,839	118,431

15. Lease

(1) Breakdowns of leasehold right-of-use assets as of Dec 31, 2022 and 2021 are as follows:

① Dec 31, 2022

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

② Dec 31, 2021

(In thousands of Korean won)			
Item	Acquisition amount	Accumulated depreciation	Carrying amount
Building	3,332,846	(1,691,702)	1,641,144
Facilities and equipment	345,895	(244,180)	101,715
Vehicles	4,849,268	(1,845,227)	3,004,041
Others	238,514	(179,455)	59,059
Total	8,766,523	(3,960,564)	4,805,959

(2) Changes in the carrying amount of leasehold right-of-use assets for the years ended December 31, 2022 and 2021, are as follows:

① 2022

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

② 2021

(In thousands of Korean won)					
Item	Beginning	Increase	Depreciation	Change due to business combination	Ending
Building	1,936,708	1,270,801	(1,566,365)	1,641,144	
Facilities and equipment	60,576	399,913	(358,774)	101,715	
Vehicles	3,070,815	1,396,348	(1,463,122)	3,004,041	
Others	138,564	-	(79,505)	59,059	
Total	5,206,663	3,067,062	(3,467,766)	4,805,959	

(3) Changes in lease liabilities for the years ended December 31, 2022 and 2021, are as follows:

① 2022

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

② 2021

(In thousands of Korean won)						
Item	Beginning	Increase	Interest expense	Change due to business combination	Payments	Ending balance
Lease liability	4,936,598	2,473,922	258,284	(3,223,844)	4,444,960	

(4) Expenses incurred from leases for the years ended December 31, 2022 and 2021, are as follows:

(In thousands of Korean won)		
Item	2022	2021
Interest expense incurred on lease liabilities	255,560	258,284
Short-term lease related expenses	690,290	367,324
Costs related to small asset lease	1,519,917	1,430,950
Variable lease payments not included in lease assets and liabilities (*)	424,463	327,135
Total cost	2,890,230	2,383,693

(*) In applying the recognition exemption criteria of K-IFRS No. 1116 Lease Accounting Standard, the Company 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, 2022 and 2021, are as follows:

(In thousands of Korean won)								
Item	2022				2021			
	Membership (*1)	Software	industrial property rights	Total	Membership (*1)	Software	Industrial property rights	Total
Acquisition cost:								
Beginning balance	671,349	9,877,064	71,887	10,620,300	671,349	9,689,384	64,168	10,424,901
Acquisition	24,442	112,640	-	137,082	-	42,900	-	42,900
Disposal	(22,000)	-	-	(22,000)	-	-	-	-
Other changes (*2)	-	281,731	6,338	288,069	-	144,780	7,719	152,499
Ending balance	673,791	10,271,435	78,225	11,023,451	671,349	9,877,064	71,887	10,620,300
Accumulated amortization:								
Beginning balance	-	(8,898,149)	(32,141)	(8,930,290)	-	(8,391,222)	(21,534)	(8,412,756)
Amortization	-	(511,474)	(10,153)	(521,627)	-	(506,927)	(10,607)	(517,534)
Ending balance	-	(9,409,623)	(42,294)	(9,451,917)	-	(8,898,149)	(32,141)	(8,930,290)
Carrying amount:								
Beginning balance	671,349	978,915	39,746	1,690,010	671,349	1,298,162	42,634	2,012,145
Ending balance	673,791	861,812	35,931	1,571,534	671,349	978,915	39,746	1,690,010

(*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, 2022 and 2021 is as follows:

(In thousands of Korean won)				
Item	Dec 31, 2022		Dec 31, 2021	
	Current	Non-current	Current	Non-current
Trade payables	50,615,930	-	33,092,866	-
Account payables	27,855,295	-	29,231,360	-
Accrued expenses	27,928,886	6,199,575	16,455,136	485,308
Deposits received	1,315,978	-	1,107,359	-
Import deposit	3,832,255	-	-	3,252,746
Total	111,548,344	6,199,575	79,886,721	3,738,054

18. Borrowings

(1) Breakdown of borrowings as of December 31, 2022 and 2021, is as follows:

(In thousands of Korean won)				
Item	Dec 31, 2022		Dec 31, 2021	
	Current	Non-current	Current	Non-current
Short-term borrowings (*)	375,433,035	-	255,086,908	-
Long-term borrowings (*)	19,690,000	47,854,000	84,248,220	33,950,000
Bonds	-	20,000,000	35,000,000	-
Discount on bonds payables	-	(50,679)	(36,696)	-
Total	395,123,035	67,803,321	374,298,432	33,950,000

(*) As of December 31, 2022, financial assets, inventories, and PP&E were provided as collaterals for borrowings from banks (Refer to Notes 7, 9 and 14).

(2) Breakdown of short-term borrowings as of December 31, 2022 and 2021 is as follows:

(In thousands of Korean won)				
Lender	Type	Interest rate (%)	Dec 31, 2022	Dec 31, 2021
Nonghyup Bank	General loan	MOR+2.0	9,500,000	9,500,000
	General loan	MOR+1.82	1,940,000	1,940,000
KEB Hana Bank	General loan	CD (3M) +1.758~2.664	30,000,000	30,000,000
	General loan	CD (3M) +1.37	18,750,000	-
KDB	General loan	Industrial Finance Bond fixated at +1.29	50,000,000	50,000,000
	General loan	CD (3M) +1.15	11,500,000	11,500,000
	General loan	Industrial Finance Bond (6M) +1.42	2,400,000	2,400,000
Export-Import Bank of Korea	General loan	2.99	25,800,000	12,300,000
	General loan	3.08~1.35	16,500,000	13,500,000
	General loan	Export-Import Bank Bond (3M) + 1.35	16,500,000	-
Kookmin Bank	Import L/C	Term SOFR + 1.00	192,543,035	123,946,908
Total			375,433,035	255,086,908

(3) Long-term borrowings as of December 31, 2022 and 2021, are as follows:

(In thousands of Korean won)				
Lender	Type	Interest rate (%)	Dec 31, 2022	Dec 31, 2021
Nonghyup Bank	General loan	3.00	950,000	1,140,000
	General loan	2.5	1,344,000	-
	General loan	0.00	12,000,000	-
	General loan	Policy fund variable rate +2.11	-	529,000
KEB Hana Bank	Facility loan	CD (3M) +1.54	20,250,000	23,250,000
	Facility loan	CD (3M) +2.4~2.62	15,500,000	42,500,000
KDB	Facility loan	3.00	-	279,220
	Facility loan	Industrial Financing Bond (6M) +1.98	15,000,000	15,000,000
	General loan	0.00	2,500,000	2,500,000
KEXIM	General loan	KEXIM bond +1.50	-	33,000,000
Subtotal			67,544,000	118,198,220
liquidity substitution			(19,690,000)	(84,248,220)
Total			47,854,000	33,950,000

(4) Bonds as of December 31, 2022 are as follows:

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

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

(5) The repayment schedule of borrowings as of December 31, 2022 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	375,433,035	-	-	-	375,433,035
Long-term borrowings	19,690,000	21,784,000	18,190,000	7,880,000	67,544,000
Bonds	-	-	20,000,000	-	20,000,000
Total	395,123,035	21,784,000	38,190,000	7,880,000	462,977,035

19. Other financial liabilities and other current liabilities

(1) Breakdown of other financial liabilities as of December 31, 2022 and 2021, is as follows:

(In thousands of Korean won)				
Item	Dec 31, 2022		Dec 31, 2021	
	Current	Non-current	Current	Non-current
Financial Guarantee Liabilities	-	-	34,685	-
Derivatives Liabilities	920,722	-	-	-
Total	920,722	-	34,685	-

(2) Details of other current liabilities as of December 31, 2022 and 2021, are as follows:

(In thousands of Korean won)		
Item	Dec 31, 2022	Dec 31, 2021
Advances received	1,943,212	1,406,581
Greenhouse gas emission liability	92,272	200,822
Total	2,035,484	1,607,403

20. Derivatives

(1) Breakdown derivatives as of December 31, 2022 and 2021, is as follows:

(In thousands of Korean won)				
Item	Dec 31, 2022		Dec 31, 2021	
	Current	Non-current	Current	Non-current
Derivative assets:				
IRS (Interest Rate Swap)	-	-	7,388	-
Currency forward	196,080	-	-	-
Total	196,080	-	7,388	-
Derivative liabilities:				
Knock out Forward	418,084	-	-	-
Forward exchange	33,704	-	-	-
CAP (Capped Forward)	468,934	-	-	-
Total	920,722	-	-	-

(2) Details of derivative instruments as of December 31, 2022 are as follows:

(In thousands of Korean won and 1 USD)				
Purpose	Item	Counterparty	Contract amount	Carrying amount
Trading purpose	Knock out Forward	Nomura Securities	USD 10,000,000	(261,854)
		Cheil Bank	USD 10,000,000	(156,230)
	Forward exchange	Cheil Bank	USD 5,000,000	(33,704)
	CAP (Capped Forward)	Nomura Securities	USD 10,000,000	(468,934)
	Currency forward	Samsung Futures	-	43,700
		SI Securities	-	152,380
	Total		USD 35,000,000	(724,642)

(3) Gains and losses on the above derivatives transactions for the years ended December 31, 2022 and 2021 are as follows:

(In thousands of Korean won)				
Item	Gain or loss on valuation (current)		Gain or loss on trading (current)	
	2022	2021	2022	2021
Knock out forward	(418,084)	-	(2,135,600)	506,200
Target redemption forward (TRF)	-	-	-	7,216,275
Forward exchange	(33,704)	-	-	(31,350)
IRS (Interest Rate Swap)	(7,388)	(247,657)	-	-
CAP (Capped Forward)	(468,934)	-	(804,800)	-
Currency forward	196,080	-	2,979,077	(87,725)
Total	(732,030)	(247,657)	38,677	7,603,400

21. Employee Benefits

(1) Net liabilities related to employee benefits to be recognized in the statements of financial position as of December 31, 2022 and 2021 are as follows:

(In thousands of Korean won)		
Item	Dec 31, 2022	Dec 31, 2021
defined benefit liability	(4,274,784)	(2,089,519)
Annual paid leave allowance liabilities	3,394,230	3,090,179
Other long-term employee benefit liabilities	467,575	485,308

(2) Adjustments to net defined benefit liabilities for the years ended December 31, 2022 and 2021 are as follows:

(In thousands of Korean won)						
Item	Defined benefit obligation		Fair value of plan assets		Net defined benefit liabilities (assets)	
	2022	2021	2022	2021	2022	2021
Beginning balance	46,386,883	45,206,264	(48,476,402)	(45,609,956)	(2,089,519)	(403,692)
Recognized as expense for the year:						
Current service cost	6,804,117	7,004,941	-	-	6,804,117	7,004,941
Interest cost (income)	986,625	585,952	(1,035,272)	(591,514)	(48,647)	(5,562)
Subtotal	7,790,742	7,590,893	(1,035,272)	(591,514)	6,755,470	6,999,379
Recognized in other comprehensive income:						
Loss (gain) on remeasurement						
- Actuarial gain or loss						
Demographic assumptions	-	-	-	-	-	-
Financial assumptions	(3,784,115)	(1,714,632)	-	-	(3,784,115)	(1,714,632)
Experience adjustment	2,987,533	2,154,792	-	-	2,987,533	2,154,792
- Income from plan assets	-	-	224,605	118,286	224,605	118,286
Subtotal	(796,582)	440,160	224,605	118,286	(571,977)	558,446
Others						
Contributions paid	-	-	(5,800,000)	(7,700,000)	(5,800,000)	(7,700,000)
Wage paid	(7,690,794)	(6,700,395)	5,181,997	5,172,007	(2,508,797)	(1,528,388)
Transfer from	57,250	40,470	(52,527)	(40,470)	4,723	-
Transfer to	(174,862)	(190,509)	110,178	175,245	(64,684)	(15,264)
Subtotal	(7,808,406)	(6,850,434)	(560,352)	(2,393,218)	(8,368,758)	(9,243,652)
Ending balance	45,572,637	46,386,883	(49,847,421)	(48,476,402)	(4,274,784)	(2,089,519)

(3) Breakdown of plan assets as of December 31, 2022 and 2021 is as follows:

(In thousands of Korean won)		
Item	Dec 31, 2022	Dec 31, 2021
Equity securities	1,302,543	1,337,287
Debt securities	2,557,802	2,266,441
Financial instruments such as term and periodic deposits	44,238,355	43,357,210
Transfer to National Pension	8,808	11,656
Others	1,739,913	1,503,808
Total	49,847,421	48,476,402

(4) Amounts related to defined benefit liabilities as of December 31, 2022 and 2021 are as follows:

(In thousands of Korean won)		
Item	Dec 31, 2022	Dec 31, 2021
Defined benefit obligation	45,572,637	46,386,883
Plan assets	(49,847,421)	(48,476,402)
Under-accumulated amount of plan assets	(4,274,784)	(2,089,519)
Reconciliation of differences between original estimates and actual values related to defined benefit obligations	796,582	(440,160)
Adjustment of differences between original estimates and actual values related to plan assets	(224,605)	(118,286)

(5) Sensitivity analysis

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

① Sensitivity analysis according to discount rate

(In thousands of Korean won)			
Item	Discount rate 1% down	Dec 31, 2022	Discount rate 1% up
Present value of defined benefit obligation	47,244,149	45,572,637	44,026,562
Applicable discount rate	4.02%	5.02%	6.02%
Change	1,671,512	-	(1,546,075)

② Sensitivity analysis according to the wage increase rate

(In thousands of Korean won)			
Item	Discount rate 1% down	Dec 31, 2022	Discount rate 1% up
Present value of defined benefit obligation	43,985,849	45,572,637	47,258,079
Applicable discount rate	3.11%	4.11%	5.11%
Change	(1,586,788)	-	1,685,442

(6) Major estimates used for re-measurement of defined benefit plans as of Dec 31, 2022 and 2021 are as follows:

Item	Dec 31, 2022	Dec 31, 2021
discount rate	5.02%	2.34%
Future wage growth rate	4.11%	3.61%

As of December 31, 2022, the weighted average maturity of the defined benefit obligations was 3.7 years.

With reference to the defined benefit plan, the contribution amount estimated to pay in the following year of 2023 is 6,363,914 thousand won.

22. Revenue

(1) Breakdown of revenue sources for the years ended December 31, 2022 and 2021, is as follows:

(In thousands of Korean won)		
Item	2022	2021
Revenue from contracts with customers	1,114,941,267	1,002,602,480
Revenue from changes in fair value of biological assets	174,916,052	84,588,977
Total	1,289,857,319	1,087,191,457

(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	2022	2021
(1) Major geographic markets		
Republic of Korea	1,106,894,265	996,191,797
United States of America	5,079,660	4,065,585
Vietnam	1,012,634	978,298
Canada	715,447	664,557
Japan	456,025	396,496
Others	783,236	305,747
Total	1,114,941,267	1,002,602,480
(2) Major product and service lines		
Revenue from sale of products	1,012,023,402	913,051,813
Revenues from sale of goods	75,109,866	63,274,662
Other sales	27,807,999	26,276,005
Total	1,114,941,267	1,002,602,480
(3) Timing of revenue recognition		
Fulfillment at one point	1,113,855,089	1,001,839,040
Fulfillment over time	1,086,178	763,440
Total	1,114,941,267	1,002,602,480

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

23. Expenses by Nature

Expenses (including manufacturing cost, sales and administrative expenses) by nature for the years ended December 31, 2022 and 2021 are as follows:

(1) 2022

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

(2) 2021

(In thousands of Korean won)			
Item	Manufacturing cost	Sales and administrative expenses	Total
Changes in products and work in progress	-	945,576	945,576
Amount of raw materials used	-	540,209,592	540,209,592
Cost of goods sold	-	53,242,894	53,242,894
employee benefits	38,570,677	84,600,017	123,170,694
depreciation	6,139,321	34,387,219	40,526,540
Depreciation of investment property	708,902	-	708,902
Amortization of intangible assets	508,820	8,714	517,534
Amortization of right-of-use assets	2,054,420	1,413,346	3,467,766
Depreciation of biological assets	-	16,141,032	16,141,032
Other expenses	95,300,060	183,521,315	278,821,375
Total	143,282,200	914,469,705	1,057,751,905

24. Sales and administrative expenses

Breakdown of sales and administrative expenses for the years ended December 31, 2022 and 2021, is as follows:

(In thousands of Korean won)		
Item	2022	2021
Wage	33,929,027	32,474,229
Retirement benefits	2,262,282	2,345,902
Employee benefits	4,269,596	3,750,546
Travel and transportation	521,678	372,545
Communications	537,919	529,981
Water and utilities	36,225	38,045
Electricity	385,051	378,360
Taxes and dues	2,582,678	2,499,345
Rents paid	1,848,059	1,518,108
Repairs	596,176	499,949
Insurance premiums	994,101	890,852
Entertainment	348,451	236,367
Advertising	8,438,950	7,394,437
Shipment	55,860,449	50,325,064
Commissions paid	27,037,453	25,267,640
Vehicle maintenance	1,171,650	1,115,250
Consumables	2,195,507	2,089,022
Books and printing	111,872	101,060
Education/training	99,925	67,690
Sales promotion	275,903	217,219
Depreciation	7,001,008	6,848,223
Storage fee	156,813	343,189
Ordinary development cost	1,175,383	1,160,772
Bad debt expenses	(80,990)	253,053
Amortization of intangible assets	512,913	508,820
Amortization of right-of-use assets	1,910,308	2,054,420
Waste water treatment expenses	-	2,112
Total	154,178,387	143,282,200

25. Other incomes and other expenses

(1) Other incomes for the years ended December 31, 2022 and 2021 are as follows:

(In thousands of Korean won)		
Item	2022	2021
Rents income	270,738	282,677
Gains on disposal of PP&E	72,887	454,319
Gain on disposal of Investment property	1,420,371	2,911,067
Miscellaneous income	-	782,278
Gain on insurance adjustment	50,980	28,993
Gain on disposal of right-of-use assets	13,020,425	-
Total	14,835,401	4,459,334

(2) Other expenses for the years ended December 31, 2022 and 2021 are as follows:

(In thousands of Korean won)		
Item	2022	2021
Loss on disposal of PP&E	342,640	77,067
Loss on disposal of investment properties	-	3
Donations	866,519	660,551
Miscellaneous loss (*)	790,559	8,501,638
Contribution to provisions for contingent loss liabilities	17,196,000	-
Total	19,195,718	9,239,259

(*) The amount of the prior year includes 7,874,000 thousand won related to a penalty by Fair Trade Commission.

26. Financial income and financial expenses

(1) Financial incomes for the years ended December 31, 2022 and 2021 are as follows:

(In thousands of Korean won)		
Item	2022	2021
Interest income	3,813,513	991,639
Gain on foreign currency transactions	3,299,048	119,150
Gain on foreign currency translation	7,638,726	35,860
Import guarantee fee	34,746	225,556
Gain on trading of derivatives	6,449,431	10,900,608
Gain on valuation of derivatives	196,080	7,388
Total	21,431,544	12,280,201

(2) Financial expenses for the years ended December 31, 2022 and 2021 are as follows:

(In thousands of Korean won)		
Item	2022	2021
Interest expense	17,887,792	9,974,415
Loss on foreign currency transactions	18,838,679	3,933,931
Loss on foreign currency translation	2,532,807	2,926,252
Loss on trading of derivatives	6,410,754	3,297,208
Loss on valuation of derivatives	928,110	255,045
Total	46,598,142	20,386,851

27. Income Tax Expenses

(1) Components of income tax expense (income) for the years ended December 31, 2022 and 2021 are as follows:

(In thousands of Korean won)		
Item	2022	2021
Current income tax	722,071	2,272,337
Adjustment of income tax for the past term recognized for the current year	(1,344,037)	(83,633)
Changes in deferred income tax due to occurrence and disappearance of temporary differences, etc.	3,215,074	76,216
Change in deferred tax due to tax loss, etc.	(718,775)	2,675,787
Total income tax expense	1,874,333	4,940,707
Income tax expense related to items recognized as other than profit or loss	(120,115)	121,518
Income tax expense	1,754,218	5,062,225

(2) Deferred income tax related to items recognized as other than profit or loss for the years ended December 31, 2022 and 2021 are as follows:

(In thousands of Korean won)		
Item	2022	2021
Current tax:		
- Remeasurements for defined benefit plans (*)	(120,115)	121,518
Income tax expense related to items recognized as other than profit or loss	(120,115)	121,518

(*) 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, 2022 and 2021, is as follows:

(In thousands of Korean won)		
Item	2022	2021
Net income before tax	6,136,122	16,552,978
Tax burden according to applicable tax rate	1,327,947	3,601,928
Adjustments:		
Income tax effect of non-taxable income and non-deductible expenses for tax purposes	3,797,044	2,865,225
Effect of temporary difference that has not recognized deferred income tax	(2,695,552)	-
Tax credits and tax reductions	(343,700)	(192,508)
Effect of change in tax rate	224,684	(114,180)
Additional income tax payment (refund)	(567,645)	(83,633)
Others	11,439	(1,014,607)
Income tax expense (income)	1,754,218	5,062,225
Average effective tax rate	28.59%	30.58%

(4) Deferred income tax expenses due to occurrence and disappearance of temporary differences for the years ended December 31, 2022 and 2021 are as follows:

(In thousands of Korean won)		
Item	2022	2021
Deferred income tax assets at end of the year	5,420,627	7,916,926
Deferred income tax assets at beginning of the year	7,916,926	10,668,929
Deferred tax expense due to occurrence and disappearance of temporary differences, etc.	2,496,299	2,752,003

(5) The income tax effect of temporary differences as of December 31, 2022 was calculated by applying the expected future tax rate for the fiscal year in which the temporary differences are extinguished.

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

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

① 2022

(In thousands of Korean won)						
Item	Beginning balance	Reflection in profit or loss	Directly reflected in capital	Ending balance		
				Net amount	Deferred income tax assets	Deferred income tax liability
Depreciation	50,780	(3,926)	-	46,854	46,854	-
Allowance for bad debt	273,115	(47,838)	-	225,277	225,277	-
Others	662,487	(57,501)	-	604,986	2,497,719	(1,892,733)
Provision for temporary amortization	(422,265)	35,098	-	(387,167)	-	(387,167)
Defined benefit obligation	(345,032)	465,147	(120,115)	-	9,568,404	(9,568,404)
Allowance for inventory valuation	232,385	(28,995)	-	203,390	203,390	-
Land	(1,396,345)	48,769	-	(1,347,576)	-	(1,347,576)
Accumulated depreciation	(1,019,861)	469,195	-	(550,666)	-	(550,666)
Gain on valuation of biological assets	(825,691)	(1,946,965)	-	(2,772,656)	-	(2,772,656)
Gain on valuation of derivatives	2,238,987	(2,086,812)	-	152,175	193,352	(41,177)
Unrealized discount of long-term security deposits	111,750	(58,274)	-	53,476	53,476	-
Gain on insurance adjustment	(1,241,069)	105,178	-	(1,135,891)	-	(1,135,891)
Accrued expenses (long-term employee benefits)	105,603	(7,412)	-	98,191	98,191	-
Greenhous gas emission liabilities	-	19,377	-	19,377	19,377	-
Tax loss carried forward	9,492,082	718,775	-	10,210,857	10,210,857	-
Deferred income tax before off-set	7,916,926	(2,376,184)	(120,115)	5,420,627	23,116,897	(17,696,270)
Off-set effect				-	(17,696,270)	17,696,270
Net deferred income tax assets (liabilities)				5,420,627	5,420,627	-

② 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	(18,253)	69,033	-	50,780	50,780	-
Allowance for bad debt	215,542	57,573	-	273,115	273,115	-
Others	722,275	(59,788)	-	662,487	662,487	-
Provision for temporary amortization	(443,147)	20,882	-	(422,265)	-	(422,265)
Defined benefit obligation	199,376	(665,926)	121,518	(345,032)	-	(345,032)
Allowance for inventory valuation	317,008	(84,623)	-	232,385	232,385	-
Land	(1,395,703)	(642)	-	(1,396,345)	-	(1,396,345)
Accumulated depreciation	(1,133,929)	114,068	-	(1,019,861)	-	(1,019,861)
Gain on valuation of biological assets	(1,022,479)	196,788	-	(825,691)	-	(825,691)
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	(111,001)	111,001	-	-	-	-
Unrealized discount of long-term security deposits	-	111,750	-	111,750	111,750	-
Gain on insurance adjustment	(1,317,043)	75,974	-	(1,241,069)	-	(1,241,069)
Payment guarantee fee	11,846	(11,846)	-	-	-	-
Financial guarantee liabilities	6,380	(6,380)	-	-	-	-
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	12,065,992	(2,573,910)	-	9,492,082	9,492,082	-
Tax credit carried forward	101,878	(101,878)	-	-	-	-
Deferred income tax before off-set	10,668,929	(2,873,521)	121,518	7,916,926	13,167,189	(5,250,263)
Off-set effect				-	(5,250,263)	5,250,263
Net deferred income tax assets (liabilities)				7,916,926	7,916,926	-

(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, 2022 and 2021 are as follows:

(In thousands of Korean won)		
Item	Dec 31, 2022	Dec 31, 2021
Deferred income tax assets	23,116,897	13,167,189
Deferred income tax liabilities	(17,696,271)	(5,250,263)
Total	5,420,626	7,916,926
Current income tax liabilities	(287,251)	(964,399)

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

(In thousands of Korean won)		
Item	2022	2021
Deferred income tax assets		
Deferred income tax assets to be collected after 12 months	21,683,899	9,654,612
Deferred income tax assets to be collected within 12 months	1,432,998	3,512,577
Sub-total	23,116,897	13,167,189
Current income tax liabilities		
Deferred income tax liabilities to be collected after 12 months	(14,746,620)	(4,079,540)
Deferred income tax liabilities to be collected within 12 months	(2,949,650)	(1,170,723)
Sub-total	(17,696,270)	(5,250,263)
Net amount of deferred income tax assets (liabilities)	5,420,627	7,916,926

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

(In thousands of Korean won)			
Item	2022	2021	Reason
Investment shares in subsidiaries	11,779,287	24,621,691	No disposal plan

28. Capital and capital surplus

(1) Breakdown of capital as of Dec 31, 2022 and Dec 31, 2021 is as follows:

(In thousands of Korean won)		
Item	Dec 31, 2022	Dec 31, 2021
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

(2) Changes in the number of shares issued for the years ended December 31, 2022 and 2021 are note.

(3) Capital surplus

Breakdown of capital surplus as of December 31, 2022 and 2021 is as follows:

(In thousands of Korean won)		
Item	Dec 31, 2022	Dec 31, 2021
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.(former Cheil 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 Company.

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

29. Other capital items

Breakdown other equity items as of December 31, 2022 and 2021, is as follows:

(In thousands of Korean won)		
Item	Dec 31, 2022	Dec 31, 2021
Other capital adjustments (*1)	(27,360,647)	(27,360,647)
Treasury stock (*2,3)	(77,314)	(77,314)
Total	(27,437,961)	(27,437,961)

(*1) 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. for 2020.

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

(*3) The Company 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, and the number of treasury stocks are 22,520 shares.

30. Retained Earnings

(1) Breakdown of retained earnings as of December 31, 2022 and 2021 is as follows:

(In thousands of Korean won)		
Item	Dec 31, 2022	Dec 31, 2021
Legal reserve (*)	857,986	539,425
Unappropriated retained earnings	13,267,508	11,937,919
Total	14,125,494	12,477,344

(*) 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, 2022 and 2021, are as follows:

(In thousands of Korean won)		
Item	2022	2021
Beginning balance	12,477,344	1,423,519
Net Income	4,381,904	11,490,753
Dividend payment	(3,185,615)	-
Remeasurements for net defined benefit plans	451,861	(436,928)
Ending balance	14,125,494	12,477,344

(3) Statement of Appropriations of Retained Earnings for the current and prior years are as follows.

(In thousands of Korean won)				
Item	2022		2021	
	Expected date of appropriation: Mar. 29, 2023		Confirmed date of appropriation: Mar. 29, 2022	
I. Unappropriated retained earnings		13,267,508		11,937,919
Unappropriated retained earnings for the prior year (deficit)	8,433,742		884,094	
Net income	4,381,904		11,490,753	
Remeasurement of net defined benefit system	451,862		(436,928)	
II. Appropriated retained earnings		2,336,118		3,504,177
Dividend	2,123,744		3,185,615	
Reserve	212,374		318,562	
III. Unappropriated retained earnings carried forward to the subsequent year		10,931,390		8,433,742

(4) Dividend

① Calculation details of dividends for the current and prior years are as follows.

(In thousands of Korean won)		
Item	2022	2021
Number of shares to be divided	106,187,182 shares	106,187,182 shares
Par value per share	500	500
Par dividend rate	4%	6%
Dividend	2,123,743,640	3,185,615,460

② Calculation details of propensity to dividends for the current and prior years are as follows.

(In thousands of Korean won)		
Item	2022	2021
Dividend	2,123,743,640	3,185,615,460
Net income	4,381,903,766	11,490,752,672
Propensity to dividends	48.47%	27.72%

(3) Calculation details of propensity to dividends for the current and prior years are as follows.

(In thousands of Korean won)		
Item	2022	2021
Dividend per share	20	30
Closing value on settlement date	2,715	2,800
Dividend rate	0.74%	1.07%

31. Earnings per share

(1) Calculation details of basic earnings per share attributable to owners of the Company for the years ended December 31, 2022 and 2021 are as follows:

(In Korean won)		
Item	2022	2021
Net income attributable to common shares	4,381,903,766	11,490,752,672
Weighted average number of common shares issued and outstanding (*)	106,187,182 shares	106,187,182 shares
Basic earnings per share	41	108

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

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

32. Disclosure of Related Parties

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

Category	Company Name
Parent	Harim Holdings Co., Ltd.
Subsidiaries	HBC Co., Ltd., BNP Co., Ltd., Harim Animal Clinic, Singgreen FS Co., Ltd., Singgreenvina Co., Ltd.
Other related parties	Related parties of Harim Holdings Co., Ltd.

(2) The Company 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, 2022 and 2021 are as follows:

① 2022

(In thousands of Korean won)								
Category	Company	Sales	Other income	Disposal of PP&E	Purchase of raw materials	Purchase of goods	Other expenses	Acquisition of PP&E
Parent	Harim Holdings Co., Ltd.	284,612	-	-	-	-	21,031,137	-
Subsidiaries	HBC Co., Ltd.	11,422	75,018	-	4,504,938	83,798	319,059	-
	Harim Animal Clinic	1,627	-	-	-	-	-	-
	Singgreen FS Co., Ltd.	1,928,593	-	-	1,621,399	-	1,521	-
	BNP Co., Ltd.	8,273	163,933	-	3,929,023	93,500	-	-
	SINGGREEN VINA CO., LTD.	-	34,745	-	-	-	-	-
Other related parties	HARIM USA Ltd.	-	12,368	-	-	-	-	-
	Pan Ocean (America) Inc.	-	-	-	24,374,149	-	-	-
	PAN OCEAN TRADING & LOGISTICS PTE. LTD.	-	-	-	27,935,298	-	-	-
	PT. CAHAYA TECHNOLOGY UNGGAS	-	2,665	-	-	-	-	-
	Glyde Co., Ltd.	884,889	-	1,688	-	-	-	-
	Donglim Corporation	6,175	-	-	-	-	24,881	781,100
	DD F&B Co., Ltd.	12,516	-	-	-	-	-	-
	Maxican Co., Ltd.	4,129	-	-	-	-	-	-
	Sunjin Corporation (*)	286,594	-	-	-	-	1,200	-
	Sunjin FS Co., Ltd.	61,346	-	-	18,535	917,079	3,746	-
	Sunjin Farm Co., Ltd.	44,348	-	-	-	1,547	-	-
	Ever Miracle Co., Ltd.	-	-	-	-	-	214,216	-
	HS Food Co., Ltd.	54,125	-	-	-	1,308,105	14,137	-
	Eco Capital Co., Ltd.	14,099	-	-	-	-	-	-
	ND Co., Ltd.	286,200	-	-	-	-	-	-
	N Bicorn Co., Ltd.	125,748	-	-	-	-	36,624	-
	NS Shopping Co., Ltd.	3,555,068	-	-	-	-	452,206	-
	NS Home Shopping Media Center Co., Ltd.	19,911	-	-	-	-	-	-
	ORPUM Co., Ltd.	3,879,098	44,620	-	1,581,503	69,888	-	-
	Charm Trading Co., Ltd.	6,119,922	-	-	4,237,200	104,103	30,557	-
	Farmsco Co., Ltd.	1,709,754	-	-	99,340	745	-	-
	Farmsco Food Co., Ltd.	412,204	-	-	6,958	1,409	-	-
	POSSM Co., Ltd.	23,639	-	-	-	-	-	-
	Harim Industry Co., Ltd.	4,411,364	27,580	-	588,931	14,760,651	100,214	-
	Harim MS Co., Ltd.	2,254	-	-	-	-	-	-
	Harim Distribution Co., Ltd.	8,132,215	-	-	-	-	-	-
	Harim Pet Food Co., Ltd.	710,911	-	-	-	5,857	(79,973)	-
	Harim Food Co., Ltd.	4,391	-	-	-	-	-	-
	Sunjin Hanmaeul Co., Ltd.	17,789	-	-	-	-	-	-
	Soonwoori Hanwoo Co., Ltd.	6,980	8,288	-	-	10,963	2,375	-
	Joowon Asta Ducks Co., Ltd.	443,588	-	-	2,292	1,920,397	2,110	-
	Farmsco Bio Inte Agricultural	9,944	-	-	-	-	-	-

(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
	Co., Ltd.							
	Jeil Feed Co., Ltd.	1,325,319	-	-	-	227,556	1,093,182	-
	Pan Ocean Co., Ltd.	185,805	-	-	-	-	-	-
	Hangang Food Co., Ltd.	28,630,282	19,919	-	2,673,441	393,873	8,711	-
	Korea Thumb Vet Co., Ltd.	89,304	-	-	14,997,532	-	129,100	-
	Total	63,704,438	389,136	1,688	86,570,539	19,899,471	23,385,003	781,100

(*1) The Company has made agreements for lending raw materials of compounded feed with other related parties and the amount of transfer (cost of raw materials) is none and the transaction amount (cost of recovered raw materials) for the current period is 772,000 thousand won.

(*2) In 2022, the controlling company, Harim Holdings Co., Ltd., was fined KRW 17.196 billion won by the Fair Trade Commission in relation to the sale of fresh chicken meat. Since this fine was incurred due to the business activities of the Company before the split, Harim Holdings claimed indemnity for the fine to be paid by the Company. The profit and loss effect related to this fine is included in other expenses in the statement of comprehensive income, and the related liability is included in accounts payable and other liabilities and long-term accounts payable and other liabilities in the statement of financial positions.

② 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.	252,512	-	-	-	-	3,696,016	-
Subsidiaries	HBC Co., Ltd.	6,251	79,645	-	5,323,064	67,665	127,780	-
	Harim Animal Clinic	1,408	-	-	-	-	894	-
	Singgreen FS Co., Ltd.	1,345,253	-	-	1,223,515	-	28,800	-
	BNP Co., Ltd.	5,028	168,963	-	3,501,031	107,237	-	-
	SINGGREEN VINA CO., LTD.	-	40,083	-	-	-	-	-
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	2,421	-
	Donglim Corporation (*1)	4,272	-	-	-	-	119,520	2,208,000
	DD F&B Co., Ltd.	10,346	-	-	-	-	-	-
	Maxican Co., Ltd.	3,268	-	-	-	-	-	-
	Sunjin Corporation (*2)	293,077	-	-	-	-	1,200	-
	Sunjin FS Co., Ltd.	61,099	-	122,000	21,529	617,915	7,100	-
	Sunjin Farm Co., Ltd.	96,756	-	-	-	3,364	-	-
	Ever Miracle Co., Ltd.	-	-	-	-	-	223,765	-
	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.	7,867,656	42,746	-	4,383,316	758,081	404	-
	Charm Trading Co., Ltd.	5,052,215	-	-	3,055,465	106,076	10,501	-
	Farmsco Co., Ltd. (*2)	1,606,029	-	-	17,750	563,199	432	-
	Farmsco Food Co., Ltd.	314,363	-	-	4,965	34,677	-	-
	POSSM Co., Ltd.	12,904	-	-	-	-	-	-
	Harim Industry Co., Ltd.	2,588,695	6,247	142,300	448,249	12,573,444	34,326	-
	Harim MS Co., Ltd.	1,152	-	-	-	-	-	-
	Harim Distribution Co., Ltd.	6,693,083	-	-	-	-	-	-
	Harim Pet Food Co., Ltd.	362,205	9,759	-	-	5,165	1,144,477	-
	Harim Food Co., Ltd.	2,765	-	-	-	-	-	-
	Hangang Food Co., Ltd. (*3)	17,578,242	109,925	685,572	2,590,190	-	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	-

(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
	Pan Ocean Co., Ltd.	139,523	-	-	-	-	-	-
	Korea Thumb Vet Co., Ltd.	86,308	-	-	11,854,760	-	129,654	-
	Total	50,282,269	643,596	949,872	40,732,454	19,161,591	7,248,787	2,208,000

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

(*2) The Company has made agreements for lending raw materials of compounded feed with other related parties and the amount of transfer (cost of raw materials) 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.

(3) Receivables and payables from/to related parties as of December 31, 2022 and 2021, are as follows:

① Dec 31, 2022

(In thousands of Korean won)						
Category	Company	Receivables			Payables	
		Trade receivable	Security deposits	Account receivables, etc.	Trade payables	Account payables, etc.
Parent company	Harim Holdings Co., Ltd.	19,998	2,775,860	-	-	16,200,599
Subsidiaries	HBC Co., Ltd.	414	-	6,999	770,980	17,155
	Singgreen FS Co., Ltd. (*1)	98,693	-	-	12,092	-
	BNP Co., Ltd.	223	-	14,204	1,021,727	-
	PAN OCEAN TRADING & LOGISTICS PTE. LTD.	-	-	-	4,948,419	-
Other related parties	Glyde Co., Ltd.	89,414	-	-	-	-
	DD F&B Co., Ltd.	528	-	-	-	-
	Sunjin Corporation	14,750	-	-	-	-
	Sunjin FS Co., Ltd.	5,834	-	-	63,186	312
	Sunjin Farm Co., Ltd.	5,083	-	-	-	-
	Ever Miracle Co., Ltd.	-	-	-	-	11,068
	HS Food Co., Ltd.	4,388	-	-	617	-
	N Bicorn Co., Ltd.	11,471	-	-	-	-
	NS Shopping Co., Ltd.	361,379	-	-	-	-
	ORPUM Co., Ltd.	203,930	-	1,100	77,757	-
	Charm Trading Co., Ltd.	109,893	-	-	252,550	8,760
	Farmsco Co., Ltd.	50,566	-	-	1,275	-
	Farmsco Food Co., Ltd.	14,748	-	-	-	-
	Harim Industry Co., Ltd.	424,167	-	1,242	1,109,611	44,894
	Harim Distribution Co., Ltd.	327	-	-	-	-
	Harim Pet Food Co., Ltd.	71,316	-	-	-	-
	Harim Food Co., Ltd.	272	-	-	-	-
	Hangang Food Co., Ltd.	5,457,140	-	1,544	10,466	-
	Soonwoori Hanwoo Co., Ltd.	356	-	-	419	-
	Joowon Asta Ducks Co., Ltd.	34,903	-	-	158,950	-
	Jeil Feed Co., Ltd.	83,336	571,610	-	-	103,641
	Pan Ocean Co., Ltd.	341	-	-	-	-
	Korea Thumb Vet Co., Ltd.	8,420	-	-	694,349	17,408
Total		7,071,890	3,347,470	25,089	9,122,398	16,403,837

(*) It includes the fine of 14,330 million won to be paid to Harim Holdings Co., Ltd.

② 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	-	-	1,771,191
Subsidiaries	HBC Co., Ltd.	414	-	6,609	549,057	37,520
	Harim Animal Clinic	106	-	-	-	-
	Singgreen FS Co., Ltd. (*1)	60,465	-	-	73,173	-
	BNP Co., Ltd.	223	-	15,004	761,128	-
Other related parties	Glyde Co., Ltd.	123,896	-	-	-	-
	Donglim Corporation	-	-	-	-	10,153
	DD F&B Co., Ltd.	686	-	-	-	-
	Sunjin Corporation	28,083	-	-	-	-
	Sunjin FS Co., Ltd.	5,986	-	89,100	87,569	-
	Sunjin Farm Co., Ltd.	5,054	-	-	-	-
	Ever Miracle Co., Ltd.	-	-	-	-	20,465
	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	-
	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.	335,846	-	494	2,843,639	49,749
	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	2,004
	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	-	-	1,235,722	12,112
Total		3,409,293	3,305,780	820,932	7,254,792	2,393,439

(4) Guarantees provided by the Company to related parties as of Dec 31, 2022. are as follow:

(In thousands of Korean won)				
Scope	Company Name	Amount of Guarantee	Content	Financing Institution
Subsidiaries	HBC Co., Ltd.	680,000	Savings Guarantee	KEB Hana Bank
Total		680,000		

(5) The Company has determined that registered officers with important authorities and responsibilities for the planning, operation and control of its activities are the key management and the remunerations paid for key management for years ended Dec 31, 2022 and 2021 are as follows:

(In thousands of Korean won)		
Item	2022	2021
Short-term employee wage	2,406,055	3,148,121
Other long-term employee benefits	144	222
Retirement benefits	175,350	206,810
Total	2,581,549	3,355,153

(6) There are no guarantees and collaterals provided by related parties as of December 31, 2022.

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

(In thousands of Korean won)				
Category	Company	Dividend Payment	Financial Income	Investment
Controlling Company	Harim Holdings Co., Ltd.	1,827,853	-	-
Subsidiary	SingGreen FS Co., Ltd.	-	34,745	6,000,000
Others	Major Management and Others	48,519	-	-

33. Financial Instruments

(1) Classification of financial instruments by category

Carrying amounts of financial instruments by category as of December 31, 2022 and 2021, are as follows:

① Dec 31, 2022

(In thousands of Korean won)				
Item	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Financial assets measured at fair value	Financial liabilities measured at fair value
Cash and cash equivalents	49,176,878	-	-	-
Short-term financial instruments	68,805,381	-	-	-
Long-term financial instruments	6,931,410	-	-	-
Trade and other receivables	77,310,757	-	-	-
Long-term trade and other receivables	8,614,503	-	-	-
Other financial assets	1,325	-	196,080	-
Long-term other financial assets	2,110	-	-	-
Total financial assets	210,842,364	-	196,080	-
Trade and other payables	-	111,548,344	-	-
Long-term trade and other payables	-	6,199,575	-	-
Short-term borrowings	-	395,123,035	-	-
Long-term borrowings	-	67,803,321	-	-
Other financial liabilities	-	-	-	920,722
Total financial liabilities	-	580,674,275	-	920,722

② 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	88,055,138	-	-	-
Short-term financial instruments	2,859,000	-	-	-
Long-term financial instruments	3,492,881	-	-	-
Trade and other receivables	61,914,199	-	-	-
Long-term trade and other receivables	10,416,354	-	-	-
Current portion of held-to- maturity financial assets	3,510	-	-	-
Non-current portion of held-to- maturity financial assets	3,435	-	-	-
Other financial assets	-	-	7,388	-
Total financial assets	166,744,517	-	7,388	-
Trade and other payables	-	79,886,721	-	-
Long-term trade and other payables	-	3,738,054	-	-
Short-term borrowings	-	374,298,432	-	-
Long-term borrowings	-	33,950,000	-	-
Other financial liabilities	-	1,951,344	-	-
Long-term other financial liabilities	-	2,528,301	-	-
Total financial liabilities	-	496,352,852	-	-

(2) Details of financial incomes and financial expenses by category of financial instruments for the years ended

December 31, 2022 and 2021, are as follows:

(In thousands of Korean won)		
Item	2022	2021
Financial assets measured at amortized cost:		
Interest income	3,813,513	991,639
Gain on foreign currency transactions	4,144	119,050
Loss on foreign currency transactions	(10,994)	(69,092)
Gain on foreign currency translation	770	521
Loss on foreign currency translation	(65,033)	(8,826)
Import guarantee fee	34,746	225,556
Reversal of allowance for bad debt (bad debt expenses)	16,360	(187,718)
Financial assets measured at fair value:		
Gain on trading of derivatives	6,449,431	10,900,608
Loss on trading of derivatives	(6,410,754)	(3,297,208)
Gain on valuation of derivatives	196,080	7,388
Loss on valuation of derivatives	(928,110)	(255,045)
Financial liabilities measured at amortized cost:		
Interest expense	(17,887,792)	(9,974,415)
Gain on foreign currency transactions	3,294,904	100
Loss on foreign currency transactions	(18,827,685)	(3,864,839)
Gain on foreign currency translation	7,637,956	35,339
Loss on foreign currency translation	(2,467,774)	(2,917,426)
Total	(25,150,238)	(8,294,368)

(3) Currency risk

① Exposure to currency risk

The Company's exposure to foreign exchange risk as of Dec 31, 2022 and 2021 are as follows:

(Unit: USD, EUR, CAD, JPY, KRW 1,000)						
Account	Dec 31, 2022			Dec 31, 2021		
	Foreign currency		KRW equivalent	Foreign currency		KRW equivalent
Cash and cash equivalents	USD	17,064	21,625	USD	37,908	44,940
	EUR	9,962	13,461	EUR	696	934
	CAD	1,563	1,462	CAD	1,563	1,454
	JPY	112,241,924	1,069,868	JPY	57,489,004	592,275
Total foreign currency assets			1,106,416			639,603
Short-term borrowings	USD	149,495,908	189,456,165	USD	104,552,432	123,946,908
	EUR	2,284,540	3,086,871	EUR	-	-
Total foreign currency liabilities			192,543,036			123,946,908

② Sensitivity analysis

The Company internally measures the foreign exchange risk of exchange rate fluctuations on a regular basis. When assuming that all other variables are constant as of Dec 31, 2022 and 2021, the results of sensitivity analysis on the effects of potential fluctuations in exchange rates on the Company's pre-tax net income and equity to the reasonable extent are as follows:

(In thousands of Korean won)					
Currency	FX rate change	Dec 31, 2022		Dec 31, 2021	
		Up	Down	Up	Down
USD	10%	(18,943,454)	18,943,454	(12,390,197)	12,390,197
EUR	10%	(307,341)	307,341	93	(93)
CAD	10%	146	(146)	145	(145)
JPY	10%	106,987	(106,987)	59,227	(59,227)
Total		(19,143,662)	19,143,662	(12,330,732)	12,330,732

(4) Liquidity risk

Contractual maturities of financial liabilities as of Dec 31, 2022 and 2021 are as follows:

① Dec 31, 2022

(In thousands of Korean won)						
Item	Carrying amount	Contractual cash flow	Within 3 months	3 months ~ 1 year	1-2 years	Over 2 years
Trade and other payables	111,548,344	107,716,090	104,321,860	3,394,230	-	-
Short-term borrowings	395,123,035	398,731,265	96,075,527	302,655,738	-	-
Long-term trade and other payables	6,199,575	10,031,830	-	-	9,564,255	467,575
Long-term borrowings	67,803,321	72,315,139	386,975	1,182,325	16,359,856	54,385,983
Other financial liabilities	920,722	920,722	-	-	920,722	-
Long-term other financial liabilities	-	-	-	-	-	-
Total	581,594,997	589,715,046	200,784,362	307,232,293	26,844,833	54,853,558

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

② 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	79,886,721	79,886,721	76,796,542	3,090,179	-	-
Short-term borrowings	374,298,432	378,536,368	79,656,309	298,880,059	-	-
Long-term trade and other payables	3,738,054	3,738,054	-	-	3,252,746	485,308
Long-term borrowings	33,950,000	36,674,329	243,345	743,555	13,249,317	22,438,112
Other financial liabilities	1,951,344	2,160,455	743,432	1,417,023	-	-
Long-term other financial liabilities	2,528,301	2,710,546	-	-	1,447,237	1,263,309
Total	496,352,852	503,706,473	157,439,628	304,130,816	17,949,300	24,186,729

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

(5) Credit risk

① Exposure to credit risk

The carrying amount of a financial asset represents the maximum exposure to credit risk. The maximum exposure to credit risk of the Company as of December 31, 2022 and 2021, is as follows:

(In thousands of Korean won)		
Item	Dec 31, 2022	Dec 31, 2021
Cash and cash equivalents	49,176,878	88,055,138
Short-term financial instruments	68,805,381	2,859,000
Long-term financial instruments	6,931,410	3,492,881
Trade and other receivables	77,310,756	61,914,199
Long-term trade and other receivables	8,614,503	10,416,354
Other financial assets	197,405	10,898
Long-term other financial assets	2,110	3,435
Total	211,038,443	166,751,905

As of December 31, 2022, the maximum exposure to credit risk of financial guarantees provided by the Company is 12,288,000 thousand won (Notes 32 and 34).

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

② Impairment loss

The ages of trade receivables and other receivables as of December 31, 2022 and 2021, and the amounts of expected credit loss for receivables by age are as follows:

(In thousands of Korean won)						
Item	Dec 31, 2022			Dec 31, 2021		
	Total Receivables	Impaired receivables	Carrying amount	Total Receivables	Impaired receivables	Carrying amount
0-3 months	75,406,869	155,645	75,251,224	61,496,397	205,899	61,290,498
4-6 months	2,008,048	146,977	1,861,071	571,140	123,389	447,751
7-9 months	241,847	68,967	172,880	284,227	133,731	150,496
10-12 months	75,782	50,200	25,582	134,188	108,734	25,454
Over 12 months	9,772,635	1,158,133	8,614,503	11,499,752	1,083,398	10,416,354
Total	87,505,181	1,579,922	85,925,260	73,985,704	1,655,151	72,330,553

(6) Interest rate risk

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

① The carrying amounts of floating interest rate financial liabilities held by the Company as of December 31, 2022 and 2021, are as follows:

(In thousands of Korean won)		
Item	Dec 31, 2022	Dec 31, 2021
Floating interest rate financial liabilities:		
Short-term borrowings	269,193,035	156,346,908
Long-term borrowings	43,250,000	114,279,000
Total	312,443,035	270,625,908

② Cash flow sensitivity analysis of floating interest rate financial liabilities

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

(In thousands of Korean won)								
Item	Dec 31, 2022				Dec 31, 2021			
	Profit or loss		Capital		Profit or loss		Capital	
	100bp Up	100bp Down	100bp Up	100bp Down	100bp Up	100bp Down	100bp Up	100bp Down
Short-term borrowings	(2,691,930)	2,691,930	(2,691,930)	2,691,930	(1,563,469)	1,563,469	(1,563,469)	1,563,469
Long-term borrowings	(432,500)	432,500	(432,500)	432,500	(1,142,790)	1,142,790	(1,142,790)	1,142,790
Total	(3,124,430)	3,124,430	(3,124,430)	3,124,430	(2,706,259)	2,706,259	(2,706,259)	2,706,259

(7) Fair value

① The carrying amounts and fair values of financial instruments as of December 31, 2022 and 2021, are as follows:

(In thousands of Korean won)				
Item	Dec 31, 2022		Dec 31, 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Financial assets measured at amortized cost				
Cash and cash equivalents	49,176,878	49,176,878	88,055,138	88,055,138
Short-term financial instruments	68,805,381	68,805,381	2,859,000	2,859,000
Long-term financial instruments	6,931,410	6,931,410	3,492,881	3,492,881
Trade and other receivables	77,310,757	77,310,757	61,914,199	61,914,199
Long-term trade and other receivables	8,614,503	8,614,503	10,416,354	10,416,354
Other financial assets	1,325	1,325	3,510	3,510
Long-term other financial assets	2,110	2,110	3,435	3,435
Financial assets measured at fair value				
Derivatives assets	196,080	196,080	7,388	7,388
Total financial assets	211,038,444	211,038,444	166,751,905	166,751,905
Financial Liabilities:				
Financial liabilities measured at fair value				
Trade and other payables	111,548,344	111,548,344	79,886,721	79,886,721
Long-term trade and other payables	6,199,575	6,199,575	3,738,054	3,738,054
Short-term borrowings	395,123,035	395,123,035	374,298,432	374,298,432
Long-term borrowings	67,803,321	67,803,321	33,950,000	33,950,000
Other financial liabilities	-	-	1,951,344	1,951,344
Long-term other financial liabilities	-	-	2,528,301	2,528,301
Financial liabilities measured at fair value				
Derivatives liabilities	920,722	920,722	-	-
Total financial liabilities	581,594,997	581,594,997	496,352,852	496,352,852

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, 2022 and 2021, is as follows:

1) Dec 31, 2022

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

2) Dec 31, 2021

(In thousands of Korean won)				
Item	Level 1	Level 2	Level 3	Total
Financial assets				
Derivatives assets	-	7,388	-	7,388

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, 2022 and 2021 are as follows:

(In thousands of Korean won)				
Item	Dec 31, 2022	Dec 31, 2021	Valuation technic	Inputs
Financial assets				
Derivatives assets	196,080	7,388	Market approach	FX rate, remaining maturity, etc.
Financial liabilities				
Derivatives liabilities	920,722	-	Market approach	FX rate, remaining maturity, etc.

34. Commitments and contingent liabilities

(1) Commitments with financial institutions as of December 31, 2022 are as follows:

(In 1 USD and thousands of Korean won)			
Lender	Descriptions	Amount used	Limit
KEB Hana Bank	Import L/C Guarantee	USD 5,825,296	USD 23,500,000
Woori Bank		USD 9,507,782	USD 9,800,000
KDB		USD 15,747,668	USD 30,000,000
Kookmin Bank		USD 8,499,930	USD 20,000,000
Nonghyup Bank		USD 6,403,523	USD 20,000,000
Fisheries Cooperative Federation		USD 7,650,307	USD 10,000,000
Export-Import Bank of Korea		USD 22,565,127	USD 26,000,000
Shinhan Bank		USD 3,668,538	USD 15,000,000
Jeonbuk Bank		EUR 2,284,540	EUR 2,345,000
SC Cheil Bank		USD 7,564,113	USD 10,000,000
		USD 5,263,625	USD 20,000,000
Export-Import Bank of Korea	Import loan	USD 13,000,000	USD 23,000,000
		7,500,000	
		34,800,000	USD 30,000,000
		16,500,000	16,500,000
KEB Hana Bank	Working capital & facility	84,500,000	88,250,000
KDB	Working capital & facility	81,400,000	81,400,000
Nonghyup Bank	Working capital	25,734,000	25,734,000
Kookmin Bank	General Foreign Currency Loan	USD 43,800,000	USD 43,800,000
Hanyang Securities (*)	Bonds	20,000,000	20,000,000
Total		USD 149,495,909	USD 281,100,000
		EUR 2,284,540	EUR 2,345,000
		KRW 270,434,000	KRW 231,884,000

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

(2) Details of payment guarantees provided by the Company for others as of December 31, 2022 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 23 others	12,000,000	Debt Guarantee	Eco Capital
Total	12,288,000		

(3) The pending litigation cases of the Company as of Dec 31, 2022 are as follows, and the outlook for the litigation as of Dec 31, 2022 is unpredictable.

(In thousands of Korean won)					
Court	Plaintiff	Defendant	Descriptions	Value	Progress
Jeonju District Court	Lee Junhee	Harim Corp.	Claim for damages (industrial accident)	200,000	1 st trial in progress
Seoul Central District Court	Seoul Central District Court	Harim Corp.	Claim on violation of Monopoly Regulation and Fair Trade Act	-	1 st trial in progress
Total				200,000	

35. Statement of Cash Flows

(1) Significant transactions with no cash inflows or outflows during investment and financing activities for the years ended December 31, 2022 and 2021, are as follows:

(In thousands of Korean won)		
Item	2022	2021
Account payables related to acquisition of PP&E	(505,152)	(1,500,114)
Transfer of construction in progress to main accounts	20,059,799	16,313,802
Transfer of borrowings to current portion	20,440,000	79,485,752

(2) Adjustments for liabilities arising from financial activities for the years ended December 31, 2022 and 2021, are as follows:

① 2022

(In thousands of Korean won)							
Item	Beginning	Cash flow	Non-cash change				Ending balance
			FX rate change	Transfer to current portion	Interest expense amortization	Change	
Current Liabilities							
Short-term borrowings	255,086,908	72,266,370	(5,170,242)	-	-	53,250,000	375,433,036
Current portion of long-term borrowings	84,248,220	(10,748,220)	-	20,440,000	-	(74,250,000)	19,690,000
Current portion of bonds	34,963,304	(35,000,000)	-	-	36,696	-	-
Current portion of lease liabilities	1,916,659	(2,562,419)	-	1,149,107	-	1,525,994	2,029,341

Non-current liabilities							
Long-term borrowings	33,950,000	13,344,000	-	(20,440,000)	-	21,000,000	47,854,000
Bonds	-	19,939,780	-	-	9,541	-	19,949,321
Lease liabilities	2,528,301	-	-	(1,149,107)	-	250,923	1,630,117
Total	412,693,392	57,239,511	(5,170,242)	-	46,237	1,776,917	466,585,815

② 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	Change	Business combination	
Current Liabilities								
Short-term borrowings	226,615,770	25,592,977	2,878,161	-	-	-	255,086,908	
Current portion of long-term borrowings	33,467,920	(18,717,920)	-	69,498,220	-	-	84,248,220	
Current portion of bonds	24,939,951	-	-	9,987,532	35,821	-	34,963,304	
Current portion of lease liabilities	2,104,660	(2,965,560)	-	527,201	-	2,250,358	1,916,659	
Non-current liabilities								
Long-term borrowings	85,948,220	17,500,000	-	(69,498,220)	-	-	33,950,000	
Bonds	9,981,428	-	-	(9,987,532)	6,104	-	-	
Lease liabilities	2,831,938	-	-	(527,201)	-	223,564	2,528,301	
Total	385,889,887	21,409,497	2,878,161	-	41,925	2,473,922	412,693,392	

36. 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, 2022 is as follows:

(Unit: Ton (tCO2-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, 2022 and 2021, are as follows:

(Unit: ton (tCO2-eq), 1,000 won)										
Item	2021		2022		2023		2024		2025	
	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount
Free allocation at beginning of the year	77,180	-	77,180	-	77,180	-	76,456	-	76,456	-
Additional allocation (*)	15,077	-	15,077	-	-	-	-	-	-	-
Purchase (Sell)	2,185	43,700	-	-	-	-	-	-	-	-
Submit to the government	(99,442)	(43,700)	(98,024)	-	-	-	-	-	-	-
Carried forward	5,000	-	-	-	-	-	-	-	-	-
Ending balance	-	-	(5,767)	-	77,180	-	76,456	-	76,456	-

(*) Due to the addition of the bio business division (Iksan, Jeongeup), Meat Processing Factory 2, FS Plant, and the livestock production plants, when submitting the statement for the next year, the Group plans to apply for an additional free allocation of 15,077 tons, and the estimated emission for 2022 is 98,024 tons.

③ There are no emission rights provided as collaterals as of Dec 31, 2022.

(2) Emission Liabilities

① The Company's estimated greenhouse gas emissions for the year ended December 31, 2022 are 103,189 tons (tCO2-eq).

② Changes in emission liabilities for the years ended December 31, 2022 and 2021, are as follows:

(In thousands of Korean won)		
Item	2022	2021
Beginning balance	200,822	-
Transfer	92,272	200,822
Reversal	(200,822)	-
Ending balance	92,272	200,822

Audit or Review Opinion on Internal Control over Financial Reporting

This Independent Auditors' Report on Audit or Review of Internal Control over Financial Reporting is annexed in relation to the audit over the financial statements of Harim Corporation as of December 31, 2022 and the audit of internal accounting control system pursuant to Article 8 of the Act on External Audit for stock Companies of the Republic of Korea.

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

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

Independent Auditors' Report on Internal Control over Financial Reporting

To the Shareholders and Board of Directors of

Harim Corporation

Opinion on Internal Control over Financial Reporting

We have audited Harim Corporation's (the "Company") internal control over financial reporting ("ICFR") as of December 31, 2022 based on the criteria established in the Conceptual Framework for Designing and Operating ICFR ("ICFR Design and Operation Framework").

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on ICFR Design and Operation Framework.

We also have audited, in accordance with Korean Standards on Auditing ("KSAs"), the financial statements of the Company, which comprise the statements of financial position as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information, and our report dated March 20, 2023 expressed an unqualified opinion on those financial statements.

Basis for Opinion

We conducted our audit in accordance with KSAs. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Internal Control over Financial Reporting section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the internal control over financial reporting in Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

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

Our audit of internal control over financial reporting included obtaining an understanding of internal control

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

Definition and Limitations of Internal Control over Financial Reporting

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

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

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

100, Hangang-daero, Yongsan-gu, Seoul

Samil PricewaterhouseCoopers

CEO Yoon Hoon Soo

Mar. 20, 2023

<p>This report is effective as of the audit report date (March 20, 2023). Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.</p>

Report on Operating Status or Internal Control over Financial Reporting

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

We, as the Chief Executive Officer and the Internal Control Officer of the Company, assessed operating status of the Company's Internal Control over Financial Reporting("ICFR") for the year ended December 31, 2022.

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

Based on our assessment, we concluded that the Company's ICFR is designed and operated effectively as of December 31, 2021, in all material respects, in accordance with the 'Guidelines for Internal Control over Financial Reporting'.

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

February 08, 2023

Representative Director Jeong Hoseok
Internal Accounting Manager Hong Seokjin