

Samyang Holdings Corporation and its subsidiaries

Consolidated financial statements
for the year ended December 31, 2023
with the independent auditor's report

Samyang Holdings Corporation and
its subsidiaries

Table of contents

Independent auditor's report

Page

Consolidated financial statements

Consolidated statements of financial position	1
Consolidated statements of comprehensive income	2
Consolidated statements of changes in equity	3
Consolidated statements of cash flows	5
Notes to the consolidated financial statements	6

Independent auditor's report on internal control over financial reporting

Management's report on the effectiveness of internal control over financial reporting

Independent auditor's report

(English translation of a report originally issued in Korean)

Samyang Holdings Corporation The Shareholders and Board of Directors

Opinion

We have audited the consolidated financial statements of Samyang Holdings Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as of December 31, 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including material accounting policy information.

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

We have audited the Group's internal control over financial reporting ("ICFR") as of December 31, 2023 based on the Conceptual Framework for Design and Operation of ICFR established by the Operating Committee of ICFR in Korea, in accordance with Korean Standards on Auditing ("KSA"), and our report dated March 14, 2024 expressed an unqualified opinion thereon.

Basis of opinion

We conducted our audit in accordance with KSA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the 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 matter

A key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Impairment assessment of goodwill pertaining to KCI Ltd. and Samyang Packaging Co., Ltd

- Why the matter was determined to be a key audit matter

As indicated in Note 10, the book value of goodwill of the Group as of December 31, 2023 stands at KRW 479,615 million, which is material. The Group annually carries out impairment tests on goodwill with an indefinite useful life by using value in use based on the cash flow discount method. We have identified the impairment test of goodwill as a key audit matter, considering the materiality of the amount of goodwill and the significant managerial judgment and estimates involved in the impairment testing process.

- How the key audit matter was addressed in the audit

The primary audit procedures we performed are as follows:

- Understand and assess the internal controls related to the impairment indicators and impairment testing process.
- Assess the independence and competence of the external experts used by management.
- Evaluate the appropriateness of the valuation model used by management in estimating the value in use.
- Compare the discount rate used by management in estimating value in use with observable information.
- Verify the consistency of the projections of cash-generating unit's sales growth rate, operating profit margin, and investment activity with past performance and market conditions.
- Compare the future cash flows used in estimating value in use with those presented in the business plans approved by management.
- Perform independent recalculation and verify the impairment testing report.

Other matter

The consolidated financial statements as of and for the year ended December 31, 2022, presented for comparative purposes, were audited by PWC Samil LLC, in accordance with KSA, whose report dated March 16, 2023 expressed an unqualified opinion thereon.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 auditor's report is Heekyun Shin.

Ernst & Young Han Young

March 14, 2024

This audit report is effective as of March 14, 2024, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to this report.

Samyang Holdings Corporation and its subsidiaries

Consolidated financial statements
for each of the two years in the period ended December 31, 2023

“The accompanying consolidated financial statements, including all footnotes and disclosures, have been prepared by, and are the responsibility of, the Group.”

Taeung Eom, Youngjoon Lee
Chief Executive Officer
Samyang Holdings Corporation

Samyang Holdings Corporation and its subsidiaries
Consolidated statements of financial position
as of December 31, 2023 and 2022

<i>(in Korean won)</i>	Notes	2023	2022
Assets			
Current assets			
Cash and cash equivalents	32, 33, 34	₩ 246,817,514,325	₩ 231,375,111,397
Trade and other receivables	5, 31, 33, 34	388,588,097,768	368,696,730,821
Financial assets at fair value through other comprehensive income (FVOCI)	4, 33, 34	22,096	653,359
Other current financial assets	4, 30, 33, 34	713,817,395,176	558,364,227,119
Inventories, net	6, 30	516,517,795,494	530,619,871,751
Current tax assets		1,123,406,707	4,915,772,795
Other current assets	7	24,957,682,023	19,455,328,649
Assets held for sale		41,328,733	34,471,601,242
		<u>1,891,863,242,322</u>	<u>1,747,899,297,133</u>
Non-current assets			
Property, plant and equipment, net	8, 9, 30, 31	1,730,068,464,063	1,615,969,941,666
Goodwill	10	479,615,402,748	237,199,909,514
Other intangible assets	10	115,790,512,148	121,548,283,943
Investment properties, net	11, 30	97,259,616,653	97,487,117,809
Investments in associates and joint ventures	12, 35	254,322,999,065	285,013,096,098
Long-term other receivables	5, 34	40,441,820,749	9,861,958,396
Financial assets at fair value through profit or loss (FVPL)	4, 34	23,354,687,111	23,807,708,347
Financial assets at fair value through other comprehensive income (FVOCI)	4, 34	480,891,418,152	381,374,944,832
Other non-current financial assets	30, 34	2,805,123,691	25,500,000
Net defined benefit assets	17	12,921,526,170	21,040,151,879
Deferred tax assets	28	6,373,789,384	5,711,872,054
Other non-current assets	7	951,576,749	840,840,435
		<u>3,244,796,936,683</u>	<u>2,799,881,324,973</u>
Total assets		<u>₩ 5,136,660,179,005</u>	<u>₩ 4,547,780,622,106</u>
Liabilities			
Current liabilities			
Trade and other payables	13, 31, 33, 34	₩ 334,292,680,681	₩ 280,385,075,236
Short-term borrowings	14, 33, 34	387,223,794,846	276,813,919,946
Current portion of long-term borrowings	14, 33, 34	98,104,675,425	75,131,501,375
Current portion of debentures	14, 33, 34	353,895,860,300	-
Other current financial liabilities	4, 9, 15, 33, 34	46,319,110,674	17,681,082,669
Income tax payables		47,055,481,358	12,585,417,897
Other current liabilities	16	95,527,449,616	92,379,736,101
		<u>1,362,419,052,900</u>	<u>754,976,733,224</u>
Non-current liabilities			
Long-term other payables	13, 33, 34	8,983,802,492	8,489,535,281
Long-term borrowings	14, 33, 34	143,547,419,376	237,716,310,625
Debentures	14, 33, 34	608,738,679,745	772,753,487,810
Other non-current financial liabilities	9, 15, 33, 34	28,256,997,342	80,912,426,820
Defined benefit liabilities	17	241,537,716	39,536,644
Deferred tax liabilities	28	176,800,816,219	160,895,241,262
Other non-current liabilities	16	11,135,556,202	8,486,838,260
		<u>977,704,809,092</u>	<u>1,269,293,376,702</u>
Total liabilities		<u>₩ 2,340,123,861,992</u>	<u>₩ 2,024,270,109,926</u>
Equity			
Capital stock	19	44,341,645,000	44,341,645,000
Capital surplus	19	341,515,644,055	330,531,362,847
Accumulated other comprehensive income	20	123,764,649,446	77,526,468,175
Retained earnings	21	1,494,832,386,264	1,351,230,997,705
Other components of equity	22	(11,723,770,742)	(11,700,350,142)
Equity attributable to owners of the Parent Company		<u>1,992,730,554,023</u>	<u>1,791,930,123,585</u>
Non-controlling interest		<u>803,805,762,990</u>	<u>731,580,388,595</u>
Total equity		<u>2,796,536,317,013</u>	<u>2,523,510,512,180</u>
Total liabilities and equity		<u>₩ 5,136,660,179,005</u>	<u>₩ 4,547,780,622,106</u>

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

Samyang Holdings Corporation and its subsidiaries
Consolidated statements of comprehensive income
for the years ended December 31, 2023 and 2022

<i>(in Korean won)</i>	Notes	2023	2022
Sales	3, 23	₩ 3,210,853,491,794	₩ 3,316,777,826,141
Cost of sales	27	<u>(2,682,163,192,482)</u>	<u>(2,773,465,999,176)</u>
Gross profit		528,690,299,312	543,311,826,965
Selling and administrative expenses	24, 27	<u>(433,887,572,498)</u>	<u>(410,987,550,115)</u>
Operating profit		94,802,726,814	132,324,276,850
Finance income	25, 34	85,844,964,158	66,887,788,467
Finance costs	25, 34	(69,145,929,319)	(54,883,976,388)
Share of gain on equity method	3, 12	(17,482,545,777)	792,009,673
Other non-operating income	26, 34	228,257,955,281	89,038,335,603
Other non-operating expenses	26, 27, 34	<u>(55,744,446,609)</u>	<u>(107,494,863,815)</u>
Profit before income tax		266,532,724,548	126,663,570,390
Income tax expense	28	<u>(39,518,689,730)</u>	<u>(20,814,211,060)</u>
Profit for the year		<u>227,014,034,818</u>	<u>105,849,359,330</u>
Other comprehensive income (loss)			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurements of net defined benefit liability		(1,925,370,913)	16,421,763,737
Retained earnings adjustments in equity method		(370,855,642)	1,983,534,093
Gain (loss) on valuation of financial assets at fair value through other comprehensive income (FVOCI)		80,394,532,550	(20,057,612,060)
<i>Items that may be subsequently reclassified to profit or loss</i>			
Equity adjustments in equity method		(237,202,686)	135,435,929
Gain (loss) on valuation of financial assets at fair value through other comprehensive income (FVOCI)		72,154,047	(87,227,943)
Gain (loss) on translation of foreign operations		<u>(5,037,149,490)</u>	<u>907,900,702</u>
Other comprehensive income (loss) for the year, net of tax		<u>72,896,107,866</u>	<u>(696,205,542)</u>
Total comprehensive income for the year		<u>₩ 299,910,142,684</u>	<u>₩ 105,153,153,788</u>
Profit attributable to:			
Owners of the Parent Company		₩ 172,365,842,294	₩ 71,009,173,131
Non-controlling interests		<u>54,648,192,524</u>	<u>34,840,186,199</u>
		<u>₩ 227,014,034,818</u>	<u>₩ 105,849,359,330</u>
Total comprehensive income for the year attributable to:			
Owners of the Parent Company		₩ 216,943,081,480	₩ 67,969,684,096
Non-controlling interest		<u>82,967,061,204</u>	<u>37,183,469,692</u>
		<u>₩ 299,910,142,684</u>	<u>₩ 105,153,153,788</u>
Earnings per share			
Basic and diluted earnings per ordinary share	29	₩ 22,269	₩ 9,173
Basic and diluted earnings per preferred share	29	22,319	9,223

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

(in Korean won)

(Continued)

Sanyang Holdings Corporation and its subsidiaries
Consolidated Statements of Changes in Equity
for the years ended December 31, 2023 and 2022

(in Korean won)

	Attributable to owners of the Parent Company							
	Accumulated						Non-controlling Interest	
	Capital stock	Capital surplus	Other Comprehensive Income	Retained Earnings	Other Components of Equity	Total		
₩	44,341,645,000	₩ 330,531,362,847	₩ 77,526,468,175	₩ 1,351,230,997,705	₩ (11,700,350,142)	₩ 1,791,930,123,585	₩ 731,580,388,595	₩ 2,523,510,512,180
Balance as of January 1, 2023								
Total comprehensive income								
Profit for the year	-	-	-	172,365,842,294	-	172,365,842,294	54,648,192,524	227,014,034,818
Remeasurements of net defined benefit liability	-	-	-	(1,300,583,994)	-	(1,300,583,994)	(624,786,919)	(1,925,370,913)
Retained earnings adjustments in equity method	-	-	-	(359,887,211)	-	(359,887,211)	(10,968,431)	(370,855,642)
Equity adjustments in equity method	-	-	(182,789,003)	-	-	(182,789,003)	(54,413,683)	(237,202,686)
Gain (loss) on valuation of financial assets at fair value	-	-	51,443,567,501	-	-	51,443,567,501	29,023,119,096	80,466,686,597
Gain (loss) on translation of foreign operations	-	-	(5,023,068,107)	-	-	(5,023,068,107)	(14,081,383)	(5,037,149,490)
Equity adjustments from disposal of financial assets at FVOCI	-	-	470,880	(470,880)	-	-	-	-
Total comprehensive income for the year	-	-	46,238,181,271	170,704,900,209	-	216,943,081,480	82,967,061,204	299,910,142,684
Transactions with owners								
Dividends paid	-	-	-	(27,103,511,650)	-	(27,103,511,650)	(10,680,980,000)	(37,784,491,650)
Increase (decrease) through transfers of obligation in reacquisition entities own equity	-	10,984,281,208	-	-	-	10,984,281,208	-	10,984,281,208
Others	-	-	-	-	(23,420,600)	(23,420,600)	(60,706,809)	(84,127,409)
Total transactions with owners	-	10,984,281,208	-	(27,103,511,650)	(23,420,600)	(16,142,651,042)	(10,741,686,809)	(26,884,337,851)
Balance as of January 1, 2023	₩ 44,341,645,000	₩ 341,515,644,055	₩ 123,764,649,446	₩ 1,494,832,386,264	₩ (11,723,770,742)	₩ 1,992,730,554,023	₩ 803,805,762,990	₩ 2,796,536,317,013

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

Samyang Holdings Corporation and its subsidiaries
Consolidated statements of cash flows
for the years ended December 31, 2023 and 2022

<i>(in Korean won)</i>	Notes	2023	2022
Cash flows from operating activities			
Cash generated from operations	32	₩ 291,073,784,910	₩ 140,653,503,627
Interest paid		(41,433,393,310)	(29,523,018,578)
Interest received		29,429,075,255	10,822,453,327
Dividends received		40,234,105,622	30,877,374,945
Income taxes paid		(15,741,789,852)	(57,556,958,275)
Income tax refund received		2,252,107,445	380,448,578
Net cash inflow from operating activities		305,813,890,070	95,653,803,624
Cash flows from investing activities			
Proceeds from disposal of financial assets at FVPL		-	38,802,865
Proceeds from disposal of financial assets at FVOCI		5,008,532,780	40,037,000
Decrease in short-term loans		344,143,505	294,432,765
Decrease in long-term loans		703,690,200	573,301,358
Decrease in other current financial assets		905,956,276,000	820,370,086,388
Decrease in other non-current financial assets		-	3,900,000
Decrease in guarantee deposits		2,070,927,797	2,726,912,538
Proceeds from disposal of property, plant and equipment		4,660,973,521	1,062,878,174
Proceeds from disposal of intangible asset		-	1,291,976,560
Proceeds from disposal of investment properties		-	146,807,500
Proceeds from disposal of assets held for sale		162,007,500,000	-
Proceeds from government grants		10,126,238,517	9,085,094,991
Proceeds from losing control of businesses		22,693,002,422	-
Purchase of financial assets at FVPL		(2,650,574,040)	(5,532,554,085)
Purchase of financial assets at FVOCI		(6,029,610)	(4,183,896,331)
Increase in short-term loans		(442,722,957)	-
Increase in long-term loans		(30,303,611,257)	(862,829,055)
Increase in other current financial assets		(1,064,791,968,750)	(797,211,276,000)
Increase in guarantee deposits		(1,824,675,444)	(1,936,664,328)
Purchase of property, plant and equipment		(151,631,946,870)	(136,700,558,631)
Purchase of intangible assets		(464,359,774)	(11,281,999,304)
Purchase of investment properties		-	(128,004,000)
Usage of government grants		(1,308,951,039)	(1,526,064,319)
Net cash flow due to business combinations		(322,959,302,413)	-
Net cash outflow from investing activities		(462,812,857,412)	(123,729,615,914)
Cash flows from financing activities	32		
Proceeds from short-term borrowings		624,867,518,311	547,126,697,318
Proceeds from long-term borrowings		-	143,286,900,000
Proceeds from debentures		190,000,000,000	180,000,000,000
Refund of debentures issuance cost		-	8,347,301
Cash inflow due to changes in ownership in subsidiaries		-	38,050,694,700
Cash inflows from repayable government grants		1,521,312,274	57,679,390
Repayment of short-term borrowings		(511,711,918,774)	(450,720,429,424)
Repayment of current portion of long-term borrowings		(72,500,079,500)	(120,262,709,000)
Repayment of long-term borrowings		-	(1,033,333,000)
Repayment of current portion of debentures		-	(200,000,000,000)
Repayment of lease liabilities		(5,410,635,692)	(5,333,724,644)
Payment of dividends		(37,784,491,650)	(33,682,243,200)
Debentures issuance cost		(636,440,000)	(581,940,000)
Cash outflow due to changes in ownership in subsidiaries		(15,194,343,012)	(11,213,733,400)
Cash outflows from repayable government grants		(1,071,733,269)	(233,759,875)
Net cash inflow from financing activities		172,079,188,688	85,468,446,166
Effects of exchange rate fluctuations on cash and cash equivalents		3,980,960,811	(2,158,412,908)
Exchange differences on translating foreign operations		(3,221,492,276)	152,819,720
Net increase in cash and cash equivalents		15,839,689,881	55,387,040,688
Cash and cash equivalents at the beginning of the year	34	231,765,847,011	176,378,806,323
Cash and cash equivalents at the end of the year	34	₩ 247,605,536,892	₩ 231,765,847,011

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

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

1. The Group Information

1.1 The Company

Samyang Holdings Corporation (the “Company” or the “Parent Company”) was established on October 1, 1924 and has been listed on the KOSPI market of the Korea Exchange since December 1968. The Company is primarily engaged in the manufacture and sale of sugar, engineering plastics and other items. On November 1, 2011, the Company completed the spin-off of its food, and chemicals business segments, and the split-off of its pharmaceutical business segment. The Company changed its former name, Samyang Corporation, to Samyang Holdings Corporation. Meanwhile, the Company merged with Samyang Entech Co., Ltd., a subsidiary, on December 1, 2014, and with Samyang Biopharmaceuticals Corporation, a subsidiary, on April 1, 2021, and the Company changed its legal entity to a holding company for the purpose of managing investments, trading, leasing, pharmaceutical business and other related activities.

The Company has capital stock amounting to ₩ 44,342 million through the several capital increases, the split in 2011 and the merger in 2014. As of December 31, 2023, the total number of shares of which the Company is authorized to issue, the number of issued shares and the amount per share for the Company are 30,000,000 shares, 8,868,329 shares and ₩ 5,000, respectively.

1.2 Subsidiaries

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

Name of subsidiary	Domicile	Reporting period	Key business	Percentage of ownership					
				2023			2022		
				Parent Company	Subsidiaries	Non-controlling interests	Parent Company	Subsidiaries	Non-controlling interests
Samyang Corporation	Korea	Dec. 31	Manufacture and sale of sugar and engineering plastics	61.83	-	38.17	61.83	-	38.17
Samyang Data Systems, Inc.	Korea	Dec. 31	Computer service	100.00	-	-	100.00	-	-
Samyang F&B Co., Ltd.	Korea	Dec. 31	Food service	100.00	-	-	100.00	-	-
Samyang Innochem Corporation	Korea	Dec. 31	Manufacture and sale of BPA	100.00	-	-	100.00	-	-
Samyang Packaging Corporation	Korea	Dec. 31	Manufacture and sale of PET bottle	-	59.40	40.60	-	59.40	40.60
Samyang EcoTech Corporation	Korea	Dec. 31	Manufacture and sale of recycled PET chip	-	100.00	-	-	100.00	-
KCI Co., Ltd.	Korea	Dec. 31	Manufacture and sale of raw materials for household goods	-	50.02	49.98	-	50.02	49.98
NC Chem Corporation	Korea	Dec. 31	Manufacture and sale of chemicals	66.57	-	33.43	66.57	-	33.43
Samyang Engineering Plastics (Shanghai) Co., Ltd.	China	Dec. 31	Manufacture and sale of engineering plastics	-	100.00	-	-	100.00	-
Samyang Engineering Plastics (Hungary) Co., Ltd.	Hungary	Dec. 31	Manufacture and sale of engineering plastics	-	100.00	-	-	100.00	-
Samyang Engineering Plastics (Vietnam) Co., Ltd.	Vietnam	Dec. 31	Manufacture and sale of engineering plastics	-	100.00	-	-	100.00	-
Samyang Biopharm USA	USA	Dec. 31	Research	-	100.00	-	-	100.00	-
Samyang Biopharm Hungary	Hungary	Dec. 31	Manufacture and sale of pharmaceuticals	-	100.00	-	-	100.00	-

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

Name of subsidiary	Domicile	Reporting period	Key business	Percentage of ownership					
				2023			2022		
				Parent Company	Subsidiaries	Non-controlling interests	Parent Company	Subsidiaries	Non-controlling interests
Samyang Holdings USA, LLC	USA	Dec. 31	Holding Company	100.00	-	-	100.00	-	-
Samyang Specialty Solutions, LLC ¹	USA	Dec. 31	Holding Company	-	100.00	-	-	-	-
Odyssey Global Parent, LLC ²	USA	Dec. 31	Holding Company	-	100.00	-	-	-	-
Odyssey Global Intermediate LLC ²	USA	Dec. 31	Holding Company	-	100.00	-	-	-	-
Verdant Specialty Solutions Global Holdings Corp ²	USA	Dec. 31	Holding Company	-	100.00	-	-	-	-
Verdant Specialty Solutions US LLC ²	USA	Dec. 31	Manufacture and sale of surfactant	-	100.00	-	-	-	-
Verdant Specialty Solutions GmbH ²	Germany	Dec. 31	Manufacture and sale of surfactant	-	100.00	-	-	-	-
Verdant Specialty Solutions Halifax Limited ²	UK	Dec. 31	Manufacture and sale of surfactant	-	100.00	-	-	-	-
Odyssey Istanbul Kimya Ticaret ve Sanayi Anonim Sirketi ²	Türkiye	Dec. 31	Sale of surfactant	-	100.00	-	-	-	-
Deforest Holdings, LLC ²	USA	Dec. 31	Holding Company	-	100.00	-	-	-	-
Parafflow Energy Solutions LLC ²	USA	Dec. 31	Surfactant R&D	-	100.00	-	-	-	-
Verdant Reactor Holdings, LLC ²	USA	Dec. 31	Holding Company	-	100.00	-	-	-	-
Verdant Reactor Real Estate, LLC ²	USA	Dec. 31	Real estate	-	100.00	-	-	-	-
Baze Chemical, LLC ²	USA	Dec. 31	Manufacture and sale of surfactant	-	100.00	-	-	-	-

¹ For the year ended December 31, 2023, Samyang Specialty Solutions, LLC was established as a subsidiary of Samyang Holdings USA, LLC. Samyang Holdings USA, LLC has 100% ownership ratio in Samyang Specialty Solutions, LLC.

² For the year ended December 31, 2023, Samyang Specialty Solutions, LLC acquired 100% of the shares in Odyssey Global Parent, LLC and its subsidiaries.

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

Summarized financial information of the subsidiaries as of and for each of the two years in the period ended December 31, 2023 is as follows:

(in millions of
Korean won)

Name of subsidiary	2023						
	Assets	Liabilities	Equity	Sales	Profit (loss) for the year	Total comprehensive income (loss)	
Samyang Corporation	₩ 2,527,820	₩ 1,149,936	₩ 1,377,884	₩ 1,998,767	₩ 91,076	₩ 168,982	
Samyang Data Systems, Inc.	29,841	14,080	15,761	77,884	2,668	2,593	
Samyang F&B Co., Ltd.	5,624	24,086	(18,462)	2,592	283	283	
Samyang Innochem Corporation	277,874	161,196	116,678	275,644	(22,639)	(22,605)	
Samyang Packaging Corporation	641,511	267,681	373,830	413,415	24,656	24,566	
KCI Co., Ltd.	119,306	12,879	106,427	109,946	11,000	10,931	
Samyang Engineering Plastics (Shanghai) Co., Ltd.	36,541	21,368	15,173	72,194	2,095	2,016	
Samyang Engineering Plastics (Hungary) Co., Ltd.	32,601	26,097	6,504	48,934	(1,518)	(1,109)	
Samyang Biopharm USA	1,749	828	921	-	(2,291)	(2,208)	
Samyang Engineering Plastics (Vietnam) Co., Ltd.	36,959	19,615	17,344	50,531	2,858	2,638	
Samyang Biopharm Hungary	30,386	20,076	10,310	3,613	(5,593)	(5,026)	
Samyang Holdings USA, LLC	276,291	5,311	270,980	-	(5,705)	(5,397)	
NC Chem Corporation	131,372	56,623	74,749	98,603	4,844	4,844	
Samyang EcoTech Corporation	71,933	2,590	69,343	16,126	829	826	
Samyang Specialty Solutions, LLC	335,553	103,528	232,025	-	(381)	(4,739)	
Odyssey Global Parent, LLC ¹	125,980	35,947	90,033	-	-	-	

The above financial information is based on the separate or standalone financial statements.

¹ The financial information of Odyssey Global Parent, LLC is consolidated financial information and profit and loss information for the year ended December 31, 2023 is not included because the deemed acquisition date is December 31, 2023.

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

(in millions of
Korean won)

Name of subsidiary	2022						
	Assets	Liabilities	Equity	Sales	Profit (loss) for the year	Total comprehensive income (loss)	
Samyang Corporation	₩ 2,278,458	₩ 1,056,955	₩ 1,221,503	₩ 1,998,768	₩ 55,711	₩ 55,524	
Samyang Data Systems, Inc.	24,232	10,063	14,169	79,066	2,326	2,826	
Samyang F&B Co., Ltd.	6,416	25,161	(18,745)	2,013	(394)	(394)	
Samyang Innochem Corporation	344,211	186,029	158,182	385,876	23,371	23,647	
Samyang Packaging Corporation	642,309	281,204	361,105	407,353	12,162	16,085	
KCI Co., Ltd.	123,130	24,944	98,186	109,605	17,816	17,766	
Samyang Engineering Plastics (Shanghai) Co., Ltd.	23,252	8,787	14,465	80,008	1,398	975	
Samyang Engineering Plastics (Hungary) Co., Ltd.	43,395	35,783	7,612	70,377	(4,117)	(4,021)	
Samyang Biopharm USA	3,941	812	3,129	-	(5,610)	(5,053)	
Samyang Engineering Plastics (Vietnam) Co., Ltd.	38,578	23,872	14,706	44,295	740	1,138	
Samyang Biopharm Hungary	25,612	15,901	9,711	73	(3,845)	(3,739)	
Samyang Holdings USA, LLC	33,327	-	33,327	-	(504)	(59)	
NC Chem Corporation	132,704	62,752	69,952	95,316	1,050	1,050	
CT Chemical Corporation ¹	-	-	-	2,818	42	42	
Samyang EcoTech Corporation	68,830	314	68,516	-	(72)	(4)	

The above financial information is based on the separate or standalone financial statements.

¹ On April 1, 2022, CT Chemical Corporation, a subsidiary, was merged into NC Chem Corporation, another subsidiary. CT Chemical Corporation's sales and profit for the year, presented, are the management performance results prior to its merger.

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

Financial information of non-controlling interests as of and for each of the two years in the period ended December 31, 2023 is as follows:

(in millions of Korean won)

	2023			
	Samyang Corporation ¹	NC Chem Corporation	Others	Total
Current assets	₩ 1,209,397	₩ 57,808		
Non-current assets	1,995,604	73,564		
Current liabilities	824,776	41,523		
Non-current liabilities	668,130	15,100		
Equity	1,712,095	74,749		
Equity attributable to non-controlling interests	761,342	25,649	₩ 16,815	₩ 803,806
Sales	2,651,439	98,603		
Profit for the year	121,997	4,844		
Total comprehensive income	199,794	4,844		
Profit for the year attributable to non-controlling interests	15,119	1,620	37,909	54,648
Total comprehensive income attributable to non-controlling interests	15,048	1,620	66,299	82,967
Dividends for non-controlling interests	(10,681)	-	-	(10,681)
Cash flow from operating activities	263,293	15,465		
Cash flow from investing activities	(218,493)	(2,224)		
Cash flow from financing activities	(48,347)	(7,951)		

¹ Consolidated financial information of Samyang Corporation and its subsidiaries.

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

(in millions of Korean won)

	2022			
	Samyang Corporation ¹	NC Chem Corporation	Others	Total
Current assets	₩ 1,105,796	₩ 55,731		
Non-current assets	1,843,853	76,973		
Current liabilities	503,591	42,509		
Non-current liabilities	915,068	20,243		
Equity	1,530,990	69,952		
Equity attributable to non-controlling interests	689,632	24,076	₩ 17,872	₩ 731,580
Sales	2,652,439	95,316		
Profit for the year	82,247	1,050		
Total comprehensive income	85,878	1,050		
Profit for the year attributable to non-controlling interests	13,253	389	21,198	34,840
Total comprehensive income attributable to non-controlling interests	14,858	389	21,936	37,183
Dividends for non-controlling interests	(10,448)	-	-	(10,448)
Cash flow from operating activities	84,939	2,139		
Cash flow from investing activities	(142,192)	(3,631)		
Cash flow from financing activities	116,355	5,945		

¹ Consolidated financial information of Samyang Corporation and its subsidiaries.

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

1.3 Changes in Scope for Consolidation

Subsidiaries newly included in the consolidation for the year ended December 31, 2023:

Name of subsidiary	Reason
Samyang Specialty Solutions, LLC	Established as a subsidiary of Samyang Holdings USA, LLC.
Odyssey Global Parent, LLC	
Odyssey Global Intermediate LLC	
Verdant Specialty Solutions Global Holdings Corp	
Verdant Specialty Solutions US LLC	
Verdant Specialty Solutions GmbH	Acquired 100% of the shares in Odyssey Global Parent, LLC and its subsidiaries by Samyang Specialty Solutions, LLC.
Verdant Specialty Solutions Halifax Limited	
Odyssey Istanbul Kimya Ticaret ve Sanayi Anonim Sirketi	
Deforest Holdings, LLC	
Paraflow Energy Solutions LLC	
Verdant Reactor Holdings, LLC	
Verdant Reactor Real Estate, LLC	
Baze Chemical, LLC	

2. Summary of Significant Accounting Policies

2.1 Basis of Preparation

The Group maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (KIFRS). The accompanying consolidated financial statements have been condensed, restructured and translated into English from the Korean language financial statements. In the event of any differences in interpreting the financial statements or the independent auditor's report thereon, Korean version, which is used for regulatory reporting purposes, shall prevail.

Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Group's financial position, financial performance or cash flows, is not presented in the accompanying consolidated financial statements.

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

The consolidated financial statements of the Group have been prepared in accordance with KIFRS enacted by the Act on External Audit of Stock Companies. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board (IASB) that have been adopted by the Republic of Korea.

The accompanying consolidated financial statements have been prepared on a historical cost basis, except when otherwise indicated. The consolidated financial statements are presented in Korean won (KRW) and all values are rounded to the nearest million, except when otherwise indicated.

2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of December 31, 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

If the Group loses control over a subsidiary, it:

- derecognizes the assets including goodwill and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interests;
- derecognizes the cumulative translation differences recognized in equity;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained;
- recognizes any gains or losses resulting from above accounting treatment in profit or loss; and
- reclassifies the parent's share of subsidiaries previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the acquirer measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are accounted for as expenses when incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of KIFRS 1109 is measured at fair value with the changes in fair value recognized in the consolidated statement of comprehensive income in accordance with KIFRS 1109. Also, contingent consideration classified as an equity is accounted for within equity, not remeasured, when settled. Other contingent consideration that is not within the scope of KIFRS 1109 is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date,

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

2.4 Investments in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss in the consolidated statement of comprehensive income.

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

2.5 Current versus Non-current Classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset is current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.6 Foreign Currency Translation

The Group's consolidated financial statements are presented in Korean won, which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rates of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it), the date of the transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

(b) Translation of foreign operations

On consolidation, the assets and liabilities of foreign operations are translated into Korean won at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at the average exchange rates during the year. The exchange differences arising on translation for consolidation are recognized in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognized in profit or loss.

2.7 Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

2.8 Financial Instruments – Initial Recognition and Subsequent Measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under KIFRS 1115.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories.

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

The Group measures financial assets at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

Financial assets at fair value through OCI (equity instruments)

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under KIFRS 1032 *Financial Instruments: Presentation* and are not held for trading.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as finance income in the consolidated statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in consolidated statement of comprehensive income.

c) Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

d) Impairment of financial assets

The Group assesses expected credit losses on debt instruments measured at amortized cost or at fair value through other comprehensive income on the basis of forward-looking information. The impairment method depends on whether there is a significant increase in credit risk. However, for trade receivables, the Group applies a simplified method for recognizing lifetime expected credit losses from the date of initial recognition of the receivables.

(b) Financial liabilities

a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, less directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, borrowings, and debentures.

b) Subsequent measurement

The measurement of financial liabilities depends on their classification as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by KIFRS 1109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in profit or loss.

Borrowings

After initial recognition, interest-bearing borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR method amortization process.

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR.

c) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.9 Derivative Financial Instruments

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risks and interest rate risks, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment;
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

Fair value hedges

The change in the fair value of a hedging derivative is recognized in the consolidated statement of comprehensive income as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognized in profit or loss.

For fair value hedges relating to items carried at amortized cost, any adjustment to carrying value is amortized through profit or loss over the remaining term of the hedge using the EIR method. EIR amortization may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in profit or loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognized in OCI in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the consolidated statement of comprehensive income. Amounts recognized as OCI are transferred to profit or loss when the hedged transaction affects profit or loss. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

Hedges of a net investment

Hedges of a net investment in a foreign operation are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized as OCI while any gains or losses relating to the ineffective portion are recognized in the consolidated statement of comprehensive income. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the consolidated statement of comprehensive income.

2.10 Fair Value Measurement

The Group measures financial instruments, at fair value at each balance sheet date. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- Quantitative Disclosures of Fair Value Measurement Hierarchy: Note 4
- Investment in Unquoted Equity Shares: Note 4
- Financial Instruments (including those carried at amortized cost): Note 34
- Investment Properties: Note 11

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statement are categorized within the fair value hierarchy, described as follows, based input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.11 Inventories

Inventories are valued at the lower of cost and net realizable value. Purchase costs, transfer costs and costs incurred in bringing each product to its present location and conditions are accounted for initial cost of inventories. Unit costs of inventories are measured by total average method by month, except merchandise-in-transit, whose cost is determined using the specific identification method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.12 Property, plant and equipment

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are expensed in the consolidated statement of comprehensive income as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Useful lives
Buildings	9 – 60 years
Structures	7 - 50
Machinery	2 - 20
Vehicles	2 - 6
Right-of-use assets	1 - 50
Others	2 - 20

The Group reviews the depreciation method, the estimated useful lives and residual values of property, plant and equipment at the end of each annual reporting period.

2.13 Leases

At contract inception, the Group assesses whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

Group as a lessee

The Group applies a single recognition and measurement approach to all leases, except short-term leases, leases of low-value assets and variable leases. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use underlying assets.

The Group determines the lease term as the non-cancellable period of a lease, together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. When the lessee and the lessor each has the right to terminate the lease without permission from the other party, the Group should consider a termination penalty in determining the period for which the contract is enforceable.

(a) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

If ownership of the underlying assets is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the underlying asset.

(b) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

(c) Short-term leases, leases of low-value assets and variable lease payments

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases have a lease term of less than 12 months from the commencement date of the lease and do not contain a purchase option). Recognition exemptions are applied to the leases of low-value assets and variable lease payment. Lease payments on short-term leases, leases of low-value and variable lease payments assets are recognized as expenses on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

2.14 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur.

2.15 Investment Properties

Investment properties are measured initially at cost, including transaction costs. Such cost includes the cost of replacing part of the asset if the recognition criteria are met. All other administration costs are expensed as incurred.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

2.16 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the consolidated statement of comprehensive income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of comprehensive income when the asset is derecognized.

Amortization is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Useful lives
Industrial property rights	3 - 10 years
Development costs	3 - 5
Software	3 - 5
Other intangible assets	3 - 17
Memberships	Indefinite

2.17 Impairment of Non-financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

recoverable amount.

Impairment losses of continuing operations are recognized in the consolidated statement of comprehensive income in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at the end of each reporting period to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit and loss.

Intangible assets with indefinite useful lives are tested for impairment annually, either individually or at the CGU level, as appropriate.

2.18 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Greenhouse gas emission rights and emission liabilities

The Group receives free emission rights as a result of emission trading schemes. The rights are received on an annual basis and, in return, the Group is required to remit rights equal to its actual emissions.

The Group has adopted the net liability approach to the emission rights granted. Where emission rights are purchased from other parties, they are recorded at cost. The Group derecognizes the emission rights from the consolidated statements of financial position at the timing of remittance or disposal.

A provision is recognized only when actual emissions exceed the emission rights granted and still held. The emission costs are recognized as cost of sales. Emission provision is measured by adding the following (a) and (b):

(a) the carrying value of the emission rights to be remitted for this year; and

(b) the best estimate of the expenditure required to settle the present obligation for the actual emissions

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

that exceed the emission rights granted at the end of the reporting period.

2.19 Pensions Benefits and Other Post-Employment Benefits

The Group operates a defined benefit plan and defined contribution plan.

Defined benefit plan

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding net interest and the return on plan assets, are recognized immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes service cost or net interest expense in the net defined benefit obligation under 'cost of sales' or 'selling and administrative expenses' in the consolidated statement of comprehensive income.

Defined contribution plan

For the employees under the defined contribution plan, the Group makes contributions of required funding amount regardless of the operating results of the defined contribution plan, and contributions are expensed in the period they are incurred.

2.20 Treasury Shares

Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognized in capital surplus.

2.21 Revenue from Contracts with Customers

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

(a) Sale of Goods

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

Revenue from sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration.

a) Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Group is required to deduct the incentive provided to the customer from the transaction price unless it is consideration paid in exchange for the distinct goods or services transferred to the Group.

b) Right of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. For goods that are expected to be returned, instead of revenue, the Group recognizes a refund liability (other current liability). A right of return asset (and corresponding adjustment to cost of sales) is also recognized for the right to recover products from a customer (other current asset).

c) Principal versus agent

If the Group sells the product in accordance with the contract with the customer and performs the transportation service, the Group is primarily an 'agent' in such transaction. Revenue from the shipping lane service is recognized as a net amount.

(b) Construction contract

If the outcome of a construction contract can be estimated reliably, contract revenue and contract cost associated with the construction contract are recognized by reference to the stage of completion of the contract activity at the end of the reporting period. The contract revenue consists of the amount agreed upon in the original contract, the amount estimated reliably and probable to result in revenue from a change construction with probable to result in revenue, compensation and incentives. The stage of completion of the contract is assessed by reference to the proportion of the actual contract costs incurred to the costs to complete the contract.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. Contract expenses are recognized as incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognized immediately in profit or loss.

The Group provides IT services to its customers. These services are sold on their own or with their

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

facilities. Currently, the Group accounts for the facilities and services as a combined deliverable of a bundle of sales and recognizes revenue on a percentage of completion.

The IT service facilities and services provided by the Group are recognized as revenue over time since there is no alternative use within the Group and the Group has the enforceable right to payment for performance fulfilled. The IT service facilities and services provided by the Group are created or enhanced by the Group, thereby creating or increasing the value of the assets controlled by the customer, and thus the control of the goods and services is transferred to the customer over time. Therefore, revenue from construction contracts is recognized over time in accordance with the cost-based input method (i.e., proportionate to the cost incurred for the performance of work relative to the expected cost).

2.22 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill;
- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.23 Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. On the other hand, when the grant relates to an asset, it is presented as a deductible account of the related assets and offset with the depreciation expense of the related assets over the useful life of the related assets.

2.24 Earnings per Share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

2.25 Cash Dividends

The Group recognizes a liability to pay a dividend when the distribution is authorized and the distribution

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

is no longer at the discretion of the Group. A distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

2.26 Changes in Accounting Policies and Disclosures

2.26.1 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing January 1, 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(a) KIFRS 1117 Insurance Contracts

KIFRS 1117 *Insurance Contracts* is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. KIFRS 1117 replaces KIFRS 1104 *Insurance Contracts*. KIFRS 1117 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them as well as to certain guarantees and financial instruments with discretionary participation features; a few scope exceptions will apply.

The overall objective of KIFRS 1117 is to provide a comprehensive accounting model for insurance contracts that is more useful and consistent for insurers, covering all relevant accounting aspects. KIFRS 1117 is based on a general model, supplemented by:

- a specific adaptation for contracts with direct participation features (the variable fee approach); and
- a simplified approach mainly for short-duration contracts (the premium allocation approach)

The new standard had no impact on the Group's consolidated financial statements.

(b) Definition of Accounting Estimates - Amendments to KIFRS 1008

The amendments to KIFRS 1008 clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments had no impact on the Group's consolidated financial statements.

(c) Disclosure of Accounting Policies - Amendments to KIFRS 1001

The amendments to KIFRS 1001 provide guidance and examples to help the Group apply materiality judgements to accounting policy disclosures. The amendments aim to help the Group provide accounting policy disclosures that are more useful by replacing the requirement for the Group to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

(d) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to KIFRS 1012

The amendments to KIFRS 1012 *Income Taxes* narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The amendments had no impact on the Group's consolidated financial statements.

(e) International Tax Reform—Pillar Two Model Rules – Amendments to KIFRS 1012

The amendments to KIFRS 1012 have been introduced in response to the OECD's BEPS Pillar Two Model Rules and include:

- a mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two Model Rules; and
- disclosure requirements for affected the Group to help users of the financial statements better understand the Group's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after January 1, 2023, but not for any interim periods ending on or before December 31, 2023.

The Group has applied the mandatory temporary exception to the recognition and disclosure of deferred taxes from the jurisdictional implementation of the Pillar Two Model Rules.

Pillar Two Laws have been enacted or practically enacted in some countries where the Group is operating. The Group is included in the scope of laws that have been enacted or substantially enacted, however the law was enacted near the end of the reporting period. Therefore, as of December 31, 2023, the Group is still evaluating its potential exposure to Pillar Two income taxes. The Group is currently unaware of or unable to reasonably estimate any potential exposure-related information about Pillar Two income taxes.

2.26.2 New standards and interpretations not yet adopted by the Group

The following new accounting standards and interpretations have been published but not yet effective as of December 31, 2023, thus not been early adopted by the Group.

(a) Amendments to KIFRS 1116: Lease Liability in a Sale and Leaseback

The amendments to KIFRS 1116 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of KIFRS 1116. Earlier application is permitted and that fact must be disclosed.

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

(b) Amendments to KIFRS 1001: Classification of Liabilities as Current or Non-current

The amendments to paragraphs 69 to 76 of KIFRS 1001 specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by a right to defer settlement;
- that a right to defer must exist at the end of the reporting period;
- that classification is unaffected by the likelihood that the Group will exercise its deferral right; and
- that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the Group's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

(c) Supplier Finance Arrangements - Amendments to KIFRS 1007 and KIFRS 1107

The amendments to KIFRS 1007 *Statement of Cash Flows* and KIFRS 1107 *Financial Instruments: Disclosures* clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements.

The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after January 1, 2024. Early adoption is permitted but will need to be disclosed.

The amendments are not expected to have a material impact on the Group's consolidated financial statements.

2.27 Business Combination of Entities under a Common Control

The Group applies the book amount method to account for business combinations of entities under a common control. Identifiable assets acquired and liabilities assumed in a business combination are measured at their book amounts on the consolidated financial statements of the Ultimate Parent Company. However, if the consolidated financial statements are not available, the Group applies the carrying amount of assets and liabilities accounted on acquiree's financial statements. In addition, the difference between the sum of consolidated book amounts of the assets and liabilities transferred and accumulated other comprehensive income; and the consideration paid is recognized as reserves.

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

2.28 Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties are summarized in the following note:

	Notes
Capital management	33
Financial risk management and policies	33
Sensitivity analysis and disclosure	33

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statement was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. Goodwill and intangible assets with indefinite useful lives are tested for impairment annually, or when circumstances indicate that the carrying value may be impaired. Other non-financial assets are tested for impairment when circumstances indicate that its carrying amount may not be recoverable. In determining a value in use, management estimates future cash flows to be derived from the asset or CGU and applies the appropriate discount rate to those future cash flows.

2.29 Approval of Issuance of the Financial Statements

The consolidated financial statements for the year ended December 31, 2023 were approved by the Board of Directors on February 6, 2024 and will be submitted to the general shareholders' meeting to be held on March 22, 2024.

3. Operating Segments

The Group has three reportable segments, as described below, whose financial information is regularly reported to the Group's chief operating decision maker, and details are as follows:

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

Segment	Product or services	Customer information
Food	Sugar, cooking oil, flour, and processed foods	Distributors
Chemicals	Engineering plastic, PET flake, resins and BPA, raw materials for cosmetics and household products.	Manufacturers
Others	Biopharmaceutical and leasing	Distributors and manufacturers

Financial performance for each segment for each of the two years in the period ended December 31, 2023 is as follows:

(in millions of Korean won)

	2023					
	Foods	Chemicals	Others	Sub-total	Consolidation adjustments	Total
Sales:	₩ 1,597,922	₩ 1,475,926	₩ 310,298	₩ 3,384,146	₩ (173,293)	₩ 3,210,853
External sales	1,591,674	1,422,281	196,898	3,210,853	-	3,210,853
Inter-segment sales	6,248	53,645	113,400	173,293	(173,293)	-
Depreciation and amortization	36,210	58,504	19,994	114,708	(1,310)	113,398
Interest income	6,326	9,862	13,701	29,889	(208)	29,681
Interest expenses	18,736	17,784	6,068	42,588	(334)	42,254
Profit (loss) for the year ¹	₩ 56,828	₩ 52,455	₩ 180,050	₩ 289,333	₩ (27,944)	261,389
Finance income not allocated to segment						22,627
Gain (loss) on equity method investments						(17,483)
Profit before income tax						₩ 266,533

¹ It represents net profit (loss) before income tax, excluding finance income and cost not allocated to the segment and gain (loss) on equity method investments.

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

(in millions of Korean
won)

	2022					
	Foods	Chemicals	Others	Sub-total	Consolidation adjustments	Total
	₩					
Sales:	₩ 1,493,814	₩ 1,701,503	₩ 291,219	₩ 3,486,536	₩ (169,758)	₩ 3,316,778
External sales	1,489,192	1,643,388	184,198	3,316,778	-	3,316,778
Inter-segment sales	4,622	58,115	107,021	169,758	(169,758)	-
Depreciation and amortization	34,673	61,125	20,716	116,514	(2,482)	114,032
Impairment loss	-	4,003	-	4,003	-	4,003
Interest income	2,099	6,251	5,061	13,411	(112)	13,299
Interest expenses	11,338	13,243	4,048	28,629	(285)	28,344
Profit (loss) for the year ¹	₩ 5,534	₩ 87,077	₩ 52,581	₩ 145,192	₩ (35,837)	109,355
Finance income not allocated to segment						16,517
Gain (loss) on equity method investments						792
Profit before income tax						₩ 126,664

¹ It represents net profit (loss) before income tax, excluding finance income and cost not allocated to the segment and gain (loss) on equity method investments.

Details of geographical sales by each region for each of the two years in the period ended December 31, 2023 are as follows:

(in millions of Korean won)	2023	2022
Korea	₩ 2,565,358	₩ 2,612,072
China	128,152	156,778
Japan	126,908	112,933
Other Asian countries	165,592	192,801
Europe	109,390	114,367
Others	115,453	127,827
	₩ 3,210,853	₩ 3,316,778

The revenue information above is based on customers' locations.

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

Details of non-current assets by each region as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Korea	₩	2,303,826	₩	2,015,802
China		12,237		5,217
Hungary		33,212		29,807
Vietnam		18,558		20,191
USA		45,020		777
UK		3,772		-
Germany		5,920		-
Japan		189		411
	₩	<u>2,422,734</u>	₩	<u>2,072,205</u>

The non-current asset information above is based on the geographical locations of the assets. The non-current assets above consist of property, plant and equipment, intangible assets and investment properties.

4. Fair Value

There are no significant changes in business and economic environment which affect fair value of financial assets and financial liabilities for the year ended December 31, 2023. Financial instruments whose carrying amount is a reasonable approximation of fair value are excluded from the fair value disclosures.

4.1 Fair Value of Financial Instruments by Category

Details of the carrying amount and fair value of financial instruments as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets at FVOCI	₩ 480,891	₩ 480,891	₩ 381,376	₩ 381,376
Financial assets at FVPL	23,355	23,355	23,808	23,808
Derivative financial assets	4,412	4,412	5,153	5,153
	<u>₩ 508,658</u>	<u>₩ 508,658</u>	<u>₩ 410,337</u>	<u>₩ 410,337</u>
Financial liabilities				
Derivative financial liabilities	₩ 2,906	₩ 2,906	₩ 12,591	₩ 12,591

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

4.2 Fair Value Hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. Items that are measured at fair value are categorized by the fair value hierarchy levels, and the defined levels are as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date (Level 1);
- all inputs other than quoted prices included in level 1 that are observable (either directly that is, prices, or indirectly that is, derived from prices) for the asset or liability (Level 2); and
- unobservable inputs for the asset or liability (Level 3).

Fair value hierarchy classifications of the financial instruments that are measured at fair value as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

(in millions of Korean won)	2023						
	Level 1		Level 2		Level 3		Total
Recurring fair value measurements							
Financial assets at FVOCI							
Listed equity instruments	₩	412,728	₩	-	₩	-	₩ 412,728
Unlisted equity instruments		-		850		65,815	66,665
Debt instruments		-		1,498		-	1,498
Financial assets at FVPL							
Beneficiary certificates		-		-		21,008	21,008
Compound financial instruments		-		-		1,844	1,844
Capital contribution		-		-		169	169
Saving insurance		-		334		-	334
Derivatives							
Derivative assets		-		4,412		-	4,412
Derivative liabilities		-		2,906		-	2,906

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

(in millions of Korean won)

	2022			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial assets at FVOCI				
Listed equity instruments	₩ 307,710	₩ -	₩ -	₩ 307,710
Unlisted equity instruments	-	2,260	69,999	72,259
Debt instruments	-	1,407	-	1,407
Financial assets at FVPL				
Beneficiary certificates	-	-	18,164	18,164
Compound financial instruments	-	-	5,244	5,244
Capital contribution	-	-	168	168
Saving insurance	-	232	-	232
Derivatives				
Derivative assets	-	5,153	-	5,153
Derivative liabilities	-	12,591	-	12,591

The Group recognizes transfers between levels of the fair value at the end of the reporting period.

4.3 Valuation Techniques and the Inputs

The valuation techniques used to measure the fair value of Level 2 and the input variables that are directly or indirectly observable are as follows:

(in millions of Korean won)	Valuation techniques	Fair value	Inputs
Debt instruments	Discount cash flows method	₩ 1,498	Market interest rate
Derivative assets	Discount cash flows method	4,412	Discount rate
Derivative liabilities	Discount cash flows method	2,906	Discount rate
Saving insurance and others	Cancellation refund	334	Crediting rate and others
Unlisted equity instruments	Market approach	850	3 rd party transaction price

The valuation techniques used to measure the fair value of Level 3 and the input variables that are significant but not observable are as follows:

(in millions of Korean won)	Valuation techniques	Fair value	Inputs	Effects of input variables on fair value
Unlisted equity instruments	Discount cash flows method	₩ 65,815	Discount rate 6.58% ~ 11.33% Perpetual growth rate 0%	Reduced fair value when discount rate rises Increase in fair value when permanent growth rate increases
Beneficiary certificates	Asset value approach method	21,008	-	-
Compound financial instruments	Asset value approach method	1,844	-	-
Capital contribution	Asset value approach method	169	-	-

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

Changes in the fair value of Level 3 for the year ended December 31, 2023 are as follows:

<i>(in millions of Korean won)</i>	Financial assets at FVOCI		Financial assets at FVPL	
Beginning balance	₩	69,999	₩	23,576
Acquisitions		-		2,546
Valuation		(668)		(3,105)
Disposals		(5,010)		-
Level transfer		1,410		-
Others		84		4
Ending balance	₩	65,815	₩	23,021

If other input variables remain constant for fair values that are currently classified as Level 3 as of December 31, 2023, the impact of a significant but not observable input variable that is reasonably fluctuating at the reporting date is as follows:

<i>(in millions of Korean won)</i>	Inputs	1% decrease	1% increase
Unlisted equity instruments	Discount rate	₩ 9,971	₩ (7,428)

5. Trade and Other Receivables

Details of trade and other receivables as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

	2023			2022		
	Amounts before allowance for doubtful accounts	Allowance for doubtful accounts	Carrying amount	Amounts before allowance for doubtful accounts	Allowance for doubtful accounts	Carrying amount
Current assets:						
Trade receivables	₩ 369,059	₩ (1,877)	₩ 367,182	₩ 342,418	₩ (1,353)	₩ 341,065
Other receivables	12,829	(54)	12,775	17,455	-	17,455
Due from customers for contract work	2,025	-	2,025	2,390	-	2,390
Other loans and receivables	6,648	(42)	6,606	7,829	(42)	7,787
	390,561	(1,973)	388,588	370,092	(1,395)	368,697
Non-current assets:						
Non-current portion of other receivables	2,990	-	2,990	3,788	-	3,788
Long-term loans	32,183	-	32,183	3,020	-	3,020
Guarantee deposits	5,269	-	5,269	3,054	-	3,054
	40,442	-	40,442	9,862	-	9,862
	431,003	(1,973)	429,030	379,954	(1,395)	378,559

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

Changes in allowance for doubtful accounts on trade and other receivables for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Beginning balance	₩	1,395	₩	1,387
Write-offs		(75)		(221)
Impairment loss		149		229
Business combinations		504		-
Ending balance	₩	1,973	₩	1,395

6. Inventories

Details of inventories as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

	2023			2022		
	Acquisition cost	Allowance for valuation loss	Carrying amount	Acquisition cost	Allowance for valuation loss	Carrying amount
Merchandise	₩ 51,007	₩ (1,487)	₩ 49,520	₩ 49,068	₩ (652)	₩ 48,416
Finished goods	159,731	(8,670)	151,061	156,204	(9,111)	147,093
Semi-finished goods	53,162	(5,705)	47,457	57,268	(5,223)	52,045
By-product	1,089	-	1,089	451	-	451
Work-in-process	7,789	-	7,789	10,209	-	10,209
Raw materials	87,973	(1,206)	86,767	121,014	(672)	120,342
Supplementary materials	21,691	(646)	21,045	26,148	(853)	25,295
Supplies	11,354	(298)	11,056	11,204	(202)	11,002
Materials-in-transit	140,734	-	140,734	115,767	-	115,767
	₩ 534,530	₩ (18,012)	₩ 516,518	₩ 547,333	₩ (16,713)	₩ 530,620

Gain and loss on valuation of inventories for each of the two years in the period ended December 31, 2023 is as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Loss on valuation of inventories	₩	1,299	₩	8,061

The Group's inventories have been provided as collateral for the borrowings and commitments, and details are explained in Note 30.

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

7. Other Assets

Details of other assets as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Current		
Prepaid expenses	₩ 4,615	₩ 2,259
Advance payments	7,476	8,015
Accrued income	9,374	5,888
Prepaid value added tax	3,311	2,763
Others	182	530
	<u>24,958</u>	<u>19,455</u>
Non-current		
Long-term prepaid expenses	446	814
Long-term advance payments	490	-
Long-term accrued income	16	27
	<u>952</u>	<u>841</u>
	<u>₩ 25,910</u>	<u>₩ 20,296</u>

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

8. Property, Plant and Equipment

Changes in property, plant and equipment for each of the two years in the period ended December 31, 2023 are as follows:

(in millions of Korean won)

	2023									
	Land	Buildings	Structures	Machinery	Vehicles	Right-of-use assets	Others	Construction-in-progress	Total	
Acquisition cost										
Beginning balance	₩ 562,035	₩ 557,968	₩ 116,419	₩ 1,295,835	₩ 3,666	₩ 35,068	₩ 157,008	₩ 98,039	₩ 2,826,038	
Acquisitions	-	140	21	398	12	11,567	110	158,072	170,320	
Disposals	(610)	(2,094)	(42)	(9,369)	(492)	(6,231)	(2,586)	-	(21,424)	
Increase due to business combinations	2,945	13,124	1,774	33,654	7	4,737	2,585	3,719	62,545	
Foreign currency translation differences	71	955	18	544	-	258	309	(21)	2,134	
Others ¹	(8)	24,872	4,878	109,734	110	322	11,113	(157,945)	(6,924)	
Ending balance	₩ 564,433	₩ 594,965	₩ 123,068	₩ 1,430,796	₩ 3,303	₩ 45,721	₩ 168,539	₩ 101,864	₩ 3,032,689	
Accumulated depreciation										
Beginning balance	₩ -	₩ 170,857	₩ 57,514	₩ 799,321	₩ 2,330	₩ 11,922	₩ 127,989	₩ -	₩ 1,169,933	
Disposals	-	(529)	(23)	(7,443)	(464)	(5,320)	(2,428)	-	(16,207)	
Increase due to business combinations	-	2,661	204	8,255	-	-	2,414	-	13,534	
Depreciation	-	17,217	3,953	61,383	412	5,026	8,945	-	96,936	
Foreign currency translation differences	-	74	35	272	-	148	64	-	593	
Others ¹	-	(449)	-	-	(10)	-	(391)	-	(850)	
Ending balance	₩ -	₩ 189,831	₩ 61,683	₩ 861,788	₩ 2,268	₩ 11,776	₩ 136,593	₩ -	₩ 1,263,939	
Accumulated impairment loss										
Beginning balance	₩ -	₩ 2,860	₩ 7,589	₩ 16,678	₩ -	₩ 461	₩ 93	₩ -	₩ 27,681	
Disposals	-	-	-	(1,749)	-	-	-	-	(1,749)	
Ending balance	₩ -	₩ 2,860	₩ 7,589	₩ 14,929	₩ -	₩ 461	₩ 93	₩ -	₩ 25,932	
Government grants										
Beginning balance	₩ -	₩ 2,760	₩ 298	₩ 7,278	₩ -	₩ -	₩ 2,018	₩ 100	₩ 12,454	
Acquisitions	-	-	-	594	-	-	956	782	2,332	
Depreciation	-	(134)	(15)	(778)	-	-	(535)	-	(1,462)	
Foreign currency translation differences	-	128	-	31	-	-	30	-	189	
Others ¹	-	-	-	(613)	-	-	(51)	(99)	(763)	
Ending balance	₩ -	₩ 2,754	₩ 283	₩ 6,512	₩ -	₩ -	₩ 2,418	₩ 783	₩ 12,750	
Carrying amount										
Beginning balance	₩ 562,035	₩ 381,491	₩ 51,018	₩ 472,558	₩ 1,336	₩ 22,685	₩ 26,908	₩ 97,939	₩ 1,615,970	
Ending balance	₩ 564,433	₩ 399,520	₩ 53,513	₩ 547,567	₩ 1,035	₩ 33,484	₩ 29,435	₩ 101,081	₩ 1,730,068	

¹ Others include ₩ 5,398 million of transfer from construction-in-progress to intangible assets, and ₩ 1,258 million of reclassification of investment properties, ₩ 715 million of tax refund, and ₩ (2,060) million of reclassification of other accounts.

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

(in millions of Korean won)

2022

	Land	Buildings	Structures	Machinery	Vehicles	Right-of-use assets	Others	Construction-in-progress	Total
Acquisition cost									
Beginning balance	₩ 558,133	₩ 504,301	₩ 113,178	₩ 1,156,324	₩ 3,702	₩ 31,431	₩ 147,079	₩ 230,057	₩ 2,744,205
Acquisitions	11	44	-	2,653	15	5,323	528	109,165	117,739
Disposals	(682)	(1,536)	(7,445)	(15,098)	(255)	(1,868)	(1,981)	(929)	(29,794)
Foreign currency translation differences	(6)	(31)	108	47	(1)	225	22	284	648
Others ¹	4,579	55,190	10,578	151,909	205	(43)	11,360	(240,538)	(6,760)
Ending balance	₩ 562,035	₩ 557,968	₩ 116,419	₩ 1,295,835	₩ 3,666	₩ 35,068	₩ 157,008	₩ 98,039	₩ 2,826,038
Accumulated depreciation									
Beginning balance	₩ -	₩ 156,689	₩ 57,098	₩ 749,890	₩ 2,171	₩ 8,769	₩ 119,134	₩ -	₩ 1,093,751
Disposals	-	(1,189)	(3,448)	(13,637)	(255)	(1,561)	(1,886)	-	(21,976)
Depreciation	-	16,143	3,923	63,261	415	4,828	10,732	-	99,302
Foreign currency translation differences	-	(84)	8	(193)	(1)	32	9	-	(229)
Others ¹	-	(702)	(67)	-	-	(146)	-	-	(915)
Ending balance	₩ -	₩ 170,857	₩ 57,514	₩ 799,321	₩ 2,330	₩ 11,922	₩ 127,989	₩ -	₩ 1,169,933
Accumulated impairment loss									
Beginning balance	₩ -	₩ 2,860	₩ 8,708	₩ 14,086	₩ -	₩ 461	₩ 60	₩ 912	₩ 27,087
Impairment loss ²	-	-	-	3,914	-	-	33	-	3,947
Disposals	-	-	(1,119)	(1,322)	-	-	-	(912)	(3,353)
Ending balance	₩ -	₩ 2,860	₩ 7,589	₩ 16,678	₩ -	₩ 461	₩ 93	₩ -	₩ 27,681
Government grants									
Beginning balance	₩ -	₩ -	₩ 7	₩ 5,176	₩ -	₩ -	₩ 1,812	₩ -	₩ 6,995
Acquisitions	-	2,816	299	3,182	-	-	869	100	7,266
Disposals	-	-	-	(8)	-	-	-	-	(8)
Depreciation	-	(45)	(8)	(1,069)	-	-	(661)	-	(1,783)
Foreign currency translation differences	-	(11)	-	(3)	-	-	(2)	-	(16)
Ending balance	₩ -	₩ 2,760	₩ 298	₩ 7,278	₩ -	₩ -	₩ 2,018	₩ 100	₩ 12,454
Carrying amount									
Beginning balance	₩ 558,133	₩ 344,752	₩ 47,365	₩ 387,172	₩ 1,531	₩ 22,201	₩ 26,073	₩ 229,145	₩ 1,616,372
Ending balance	₩ 562,035	₩ 381,491	₩ 51,018	₩ 472,558	₩ 1,336	₩ 22,685	₩ 26,908	₩ 97,939	₩ 1,615,970

¹ Others include ₩ 3,748 million of transfer from construction-in-progress to intangible assets, and ₩ 2,876 million of reclassification of investment properties, and ₩ (779) million of reclassification of other accounts.

² The Group recognized an impairment loss of ₩ 3,947 million on unused assets and the amount is included in other non-operating expenses.

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

As of December 31, 2023, the Group's property, plant and equipment has been provided as collateral for the borrowings and commitments, and details are explained in Note 30.

During the year, the Group has capitalized borrowing costs amounting to ₩ 1,055 million on property, plant and equipment that are qualifying assets. The capitalization rate of borrowings used to determine the amount of borrowing costs to be capitalized is 2.29%~2.98%.

Line items including depreciation in the statements of comprehensive income for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Cost of sales	₩ 81,233	₩ 82,424
Selling and administrative expenses, and others	14,241	15,095
	<u>₩ 95,474</u>	<u>₩ 97,519</u>

9. Leases

Set out below is information for leases when the Group is a lessee.

(a) Amounts recognized in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

<i>(in millions of Korean won)</i>	2023	2022
Right-of-use assets ¹		
Properties	₩ 23,178	₩ 11,407
Vehicles	3,227	3,258
Others	7,079	8,020
	<u>₩ 33,484</u>	<u>₩ 22,685</u>

¹ Included in the line item 'property, plant and equipment' in the statements of financial position.

<i>(in millions of Korean won)</i>	2023	2022
Lease liabilities ¹		
Current	₩ 6,130	₩ 4,819
Non-current	28,206	19,411
	<u>₩ 34,336</u>	<u>₩ 24,230</u>

¹ Included in the line item 'other financial liabilities' in the statements of financial position.

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

(b) Amounts recognized in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

(in millions of Korean won)	2023		2022	
Depreciation of right-of-use assets				
Properties	₩	2,599	₩	2,479
Vehicles		1,451		1,463
Others		976		886
	₩	5,026	₩	4,828
Interest expense relating to lease liabilities (included in finance cost)	₩	1,270	₩	1,172
Expense relating to short-term leases (included in cost of goods sold and selling and administrative expenses)		1,012		1,923
Expense relating to leases of low-value assets that are not short-term leases (included in selling and administrative expenses)		716		755
Expense relating to variable lease payments not included in lease liabilities (included in selling and administrative expenses)		16,740		16,922

The total cash outflow for leases in 2023 was ₩ 25,149 million (2022: ₩ 26,106 million).

10. Intangible Assets

Changes in intangible assets for each of the two years in the period ended December 31, 2023 are as follows:

(in millions of Korean won)

	2023									
	Goodwill		Industrial property rights		Software		Club membership		Intangible assets under development	
	₩		₩		₩		₩		₩	
Beginning balance	237,200		256		40,006		13,329		27	
Acquisitions	-		77		-		144		244	
Increase due to business combinations	244,014		-		136		-		-	
Amortization	-		(97)		(11,660)		-		-	
Foreign currency translation differences	(1,599)		-		33		-		-	
Others ²	-		40		5,629		-		(271)	
Ending balance	₩ 479,615		₩ 276		₩ 34,144		₩ 13,473		₩ -	

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

¹ Others include brand value and customer relationships.

² Others include ₩ 5,398 million of transfers from construction-in-progress to intangible assets.

(in millions of Korean won)

	2022												
	Goodwill		Industrial property rights		Software		Club membership		Others ¹		Intangible assets under development		Total
Beginning balance	₩	237,200	₩	275	₩	9,257	₩	14,251	₩	72,666	₩	27,834	₩ 361,483
Acquisitions		-		107		1,966		97		-		7,635	9,805
Disposals		-		-		-		(1,141)		-		-	(1,141)
Amortization		-		(133)		(10,140)		-		(4,729)		-	(15,002)
Impairment ²		-		-		(56)		-		-		-	(56)
Foreign currency translation differences		-		-		(82)		-		1		-	(81)
Others ³		-		7		39,061		122		(8)		(35,442)	3,740
Ending balance	₩	237,200	₩	256	₩	40,006	₩	13,329	₩	67,930	₩	27	₩ 358,748

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

The discount rate applied is based on the average-weighted average cost of capital of CGU and group of CGU to determine the recoverable amount of CGU and group of CGU.

- The key assumptions used in calculating value in use represent management's expectation on future trends in each CGUs and group of CGUs, which are based on historical data from external and internal sources. As a result of impairment test, the CGU and group of CGU's recoverable amount exceeds its carrying amount.

(in millions of Korean won)

	Samyang Packaging Corporation		KCI Co., Ltd.		NC Chem Corporation	
Perpetual growth rate		0%		0%		1%
Discount rate		9.40%		7.62%		11.30%
Value in use	₩	626,207	₩	253,876	₩	192,469

When the perpetual growth rate and discount rate fluctuate, the value in use is as follows.

(in millions of Korean won)

		Samyang Packaging Corporation		KCI Co., Ltd.		NC Chem Corporation	
Perpetual growth rate	Increase 1%	₩	675,123	₩	285,154	₩	206,003
Discount rate	Increase 1%		565,231		222,711		171,793
	Decrease 1%		701,866		294,541		217,767

The impairment test of NC Chem Corporation revealed that the recoverable amount exceeds the carrying amount by ₩15,896 million. The discount rate that makes the recoverable amount equal to the carrying amount is 12.04% and perpetual growth rate is 1%.

Details of intangible assets with indefinite useful lives allocated to group of CGUs as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)	2023		2022		Details
Food	₩	15,455	₩	15,455	Value of brand names

Key assumptions used in testing intangible assets with indefinite useful lives allocated to group of CGUs for impairment are as follows, and as a result of impairment testing, value in use exceeds the carrying amount.

(in millions of Korean won)

	Food	
Perpetual growth rate		0%
Discount rate		7.0%
Value in use	₩	1,147,184

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

When the perpetual growth rate and discount rate fluctuate, the value in use is as follows.

<i>(in millions of Korean won)</i>		Food	
Perpetual growth rate	Increase 1%	₩	1,263,220
Discount rate	Increase 0.5%		1,066,473
	Decrease 0.5%		1,240,311

Research and development costs recognized as expenses for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Selling and administrative expenses	₩	26,818	₩	26,564

Line items including amortization in the statements of comprehensive income for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Cost of sales	₩	568	₩	184
Selling and administrative expenses and others		15,912		14,818
	₩	16,480	₩	15,002

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

11. Investment Properties

Changes in investment properties for each of the two years in the period ended December 31, 2023 are as follows:

(in millions of Korean won)

	2023			
	Land	Buildings	Right-of-use assets	Total
Beginning balance	₩ 81,324	₩ 11,021	₩ 5,142	₩ 97,487
Depreciation	-	(562)	(882)	(1,444)
Transfer to asset held for sale	(8)	(33)	-	(41)
Others ¹	226	1,032	-	1,258
Ending balance	₩ 81,542	₩ 11,458	₩ 4,260	₩ 97,260

¹ Others include transfer from property, plant and equipment to investment properties.

(in millions of Korean won)

	2022			
	Land	Buildings	Right-of-use assets	Total
Beginning balance	₩ 81,077	₩ 8,946	₩ 6,024	₩ 96,047
Acquisition	-	127	-	127
Disposals	(51)	(1)	-	(52)
Depreciation	-	(629)	(882)	(1,511)
Others ¹	298	2,578	-	2,876
Ending balance	₩ 81,324	₩ 11,021	₩ 5,142	₩ 97,487

¹ Others include transfer from property, plant and equipment to investment properties.

Details of income and expenses associated with investment properties for each of the two years in the period ended December 31, 2023 are as follows:

(in millions of Korean won)

	2023	2022
Rental income	₩ 6,362	₩ 5,857
Operating costs	(3,318)	(3,025)

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

The carrying amount and fair value of investment properties as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>		2023		2022
Carrying amount	₩	97,260	₩	97,487
Fair value ¹		277,578		221,631

¹ Fair value is measured using the official land price and price index.

No impairment loss (reversal) on investment properties was recognized for each of the two years in the period ended December 31, 2023.

12. Interests in Associates and Joint Ventures

Details of investment in joint ventures and investment in associates as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>		2023		2022
Investment in associates	₩	41,821	₩	42,961
Investment in joint ventures		212,502		242,052
	₩	<u>254,323</u>	₩	<u>285,013</u>

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

Details of investments in associates as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

Associates	Location	Main business	Date of financial statements	2023		2022	
				Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)	Carrying amount
Kyungwon Construction Co., Ltd.	Korea	Managing country club	Dec. 31	25.00	₩ 27,538	25.00	₩ 26,345
AKINA, INC.	USA	Medicine research and development	Dec. 31	22.54	759	22.54	726
KCI Japan Co., Ltd.	Japan	Wholesale	Dec. 31	45.00	842	45.00	682
The Perfumery Holdings, LLC	USA	Holding Company	Dec. 31	30.43	8,072	30.43	8,132
Keonchang Chemical Industry Co., Ltd. ¹	Thailand	Wholesale	Dec. 31	49.00	-	49.00	-
Bucheon Sosa PFV Co., Ltd. ^{2,3}	Korea	Development of real estate	Dec. 31	15.00	-	15.00	2,404
Solid Ionics Co., Ltd. ²	Korea	Manufacture of solid electrolyte materials	Dec. 31	18.49	2,549	18.82	2,615
OSC KOREA CO., LTD. ²	Korea	Computer programming service	Dec. 31	18.67	2,061	18.67	2,057
KINFOLK BEAUTY CO., LTD. ^{2,3}	Korea	Distribution and sales of cosmetics	Dec. 31	12.96	-	19.00	-
					<u>₩ 41,821</u>		<u>₩ 42,961</u>

¹ The financial position of Keonchang Chemical Industry Co., Ltd. is not identifiable as the entity has discontinued its operations. Therefore, the investment has been impaired in full and the equity method is no longer applied to the investment.

² Although the Group holds less than 20% of shares in these entities, it is classified as associates as the Group can exercise significant influence due to the right to appoint directors.

³ The Group ceased to apply the equity method on KINFOLK BEAUTY CO., LTD. and Bucheon Sosa PFV CO., because the loss of associate exceeded the investment interest.

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

Details of investments in joint ventures as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

Joint venture	Location	Main business	Date of financial statements	2023		2022	
				Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)	Carrying amount
Huvis Corporation ^{1,2}	Korea	Manufacture and sale of raw materials of polyester, etc.	Dec. 31	25.50	₩ 67,510	25.50	₩ 96,581
Samnam Petrochemical Co., Ltd.	Korea	Manufacture and sale of TPA	Dec. 31	40.00	90,541	40.00	95,734
Samyang Kasei Co., Ltd.	Korea	Manufacture and sale of Poly carbonate	Dec. 31	50.00	33,865	50.00	30,912
Samyang Fine Technology Co., Ltd.	Korea	Manufacture and sale of IER	Dec. 31	50.00	20,586	50.00	18,825
					<u>₩ 212,502</u>		<u>₩ 242,052</u>

¹ The Group's percentage of equity ownership of Huvis Corporation is 26.73% as Huvis Corporation holds 1,589,680 shares of treasury shares.

² For the year ended December 31, 2023, an impairment test was conducted on shares of Huvis Corporation held by the Group. As a result of the impairment test, the value in use exceeded the carrying amount.

In accordance with the relevant joint agreements, the Group has residual interests in the net assets of the entities. Accordingly, the Group has classified its interests in the entities as joint ventures.

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

Changes in investments in associates and joint ventures for each of the two years in the period ended December 31, 2023 are as follows:

(in millions of Korean won)

	2023				
	Beginning balance	Dividend	Gain under equity method investments	Others	Ending balance
Huvis Corporation	₩ 96,581	₩ -	₩ (28,565)	₩ (506)	₩ 67,510
Samnam Petrochemical Co., Ltd.	95,734	(11,520)	6,379	(52)	90,541
Samyang Kasei Co., Ltd.	30,912	(700)	3,591	62	33,865
Samyang Fine Technology Co., Ltd.	18,825	-	1,814	(53)	20,586
Kyungwon Construction Co., Ltd.	26,345	(375)	1,568	-	27,538
AKINA, INC.	726	-	24	9	759
KCI Japan Co., Ltd.	682	(52)	253	(41)	842
The Perfumery Holdings, LLC	8,132	(123)	(81)	144	8,072
Bucheon Sosa PFV Co., Ltd	2,404	-	(2,404)	-	-
Solid Ionics Co., Ltd.	2,615	-	(66)	-	2,549
OSC KOREA CO., LTD	2,057	-	4	-	2,061
	₩ 285,013	₩ (12,770)	₩ (17,483)	₩ (437)	₩ 254,323

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

(in millions of Korean won)

	2022				
	Beginning balance	Dividend	Gain under equity method investments	Others	Ending balance
Huvis Corporation	₩ 119,173	₩ (2,639)	₩ (21,233)	₩ 1,280	₩ 96,581
Samnam Petrochemical Co., Ltd.	86,733	(3,200)	11,908	293	95,734
Samyang Kasei Co., Ltd.	23,201	(1,600)	8,876	435	30,912
Samyang Fine Technology Co., Ltd.	17,233	-	1,377	215	18,825
Kyungwon Construction Co., Ltd.	25,643	(375)	1,077	-	26,345
AKINA, INC.	637	-	59	30	726
KCI Japan Co., Ltd.	698	(56)	102	(62)	682
The Perfumery Holdings, LLC	8,637	-	(563)	58	8,132
Bucheon Sosa PFV Co., Ltd	2,727	-	(323)	-	2,404
Solid Ionics Co., Ltd.	2,891	-	(276)	-	2,615
OSC KOREA CO.,LTD	2,113	-	(56)	-	2,057
KINFOLK BEAUTY CO., LTD.	156	-	(156)	-	-
	<u>₩ 289,842</u>	<u>₩ (7,870)</u>	<u>₩ 792</u>	<u>₩ 2,249</u>	<u>₩ 285,013</u>

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

The following table reconciles the summarized financial information to the carrying amount of the Group's interest in the associate and joint ventures as of December 31, 2023 and 2022:

(in millions of Korean won)

	2023					
	Net value	Share of net assets	Difference in investments	Intercompany transaction	Accumulated amount of unrecognized loss	Carrying amount
Huvis Corporation ¹	₩ 271,385	₩ 72,546	₩ 338	₩ (5,374)	-	₩ 67,510
Samnam Petrochemical Co., Ltd.	226,713	90,685	-	(144)	-	90,541
Samyang Kasei Co., Ltd.	67,079	33,539	-	326	-	33,865
Samyang Fine Technology Co., Ltd.	41,593	20,798	-	(212)	-	20,586
Kyungwon Construction Co., Ltd.	56,869	14,218	13,320	-	-	27,538
AKINA, INC.	2,487	561	198	-	-	759
KCI Japan Co., Ltd.	2,190	986	-	(144)	-	842
The Perfumery Holdings, LLC	24,067	7,317	755	-	-	8,072
Bucheon Sosa PFV Co., Ltd	(7,460)	(1,119)	-	-	1,119	-
Solid Ionics Co., Ltd.	2,189	404	2,145	-	-	2,549
OSC KOREA CO., LTD	2,183	407	1,658	(4)	-	2,061
KINFOLK BEAUTY CO., LTD.	(648)	(84)	-	-	84	-
	<u>₩ 688,647</u>	<u>₩ 240,258</u>	<u>₩ 18,414</u>	<u>₩ (5,552)</u>	<u>1,203</u>	<u>₩ 254,323</u>

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

(in millions of Korean won)

	2022					
	Net value	Share of net assets	Difference in investments	Intercompany transaction	Accumulated amount of unrecognized loss	Carrying amount
Huvis Corporation ¹	₩ 381,268	₩ 101,919	₩ 338	₩ (5,676)	- ₩	96,581
Samnam Petrochemical Co., Ltd.	239,774	95,910	-	(176)	-	95,734
Samyang Kasei Co., Ltd.	65,161	32,580	-	(1,668)	-	30,912
Samyang Fine Technology Co., Ltd.	37,945	18,973	-	(148)	-	18,825
Kyungwon Construction Co., Ltd.	52,097	13,025	13,320	-	-	26,345
AKINA, INC.	2,342	528	198	-	-	726
KCI Japan Co., Ltd.	1,814	816	-	(134)	-	682
The Perfumery Holdings, LLC	24,325	7,377	755	-	-	8,132
Bucheon Sosa PFV Co., Ltd	16,079	2,412	-	(8)	-	2,404
Solid Ionics Co., Ltd.	2,292	432	2,183	-	-	2,615
OSC KOREA CO., LTD	2,160	403	1,658	(4)	-	2,057
KINFOLK BEAUTY CO., LTD.	(908)	(173)	126	-	47	-
	₩ 824,349	₩ 274,202	₩ 18,578	₩ (7,814)	47 ₩	285,013

¹ Net assets of Huvis Corporation are based on its consolidated financial statements and consist only of equity attributable to owners of Huvis Corporation.

Fair value of investment in associates and joint ventures of which are publicly traded as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)	2023	2022
Huvis Corporation	₩ 36,246	₩ 42,976

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

Financial information of associates and joint ventures as of and for each of the two years in the period ended December 31, 2023 are summarized as follows:

(in millions of
Korean won)

		2023														
		Current assets	Non-current assets	Current liabilities	Non-current liabilities	Sales	Profit (loss) for the year	Other comprehensive income	Total comprehensive income (loss)							
Huvis Corporation ¹	₩	301,874	₩	480,848	₩	369,209	₩	142,127	₩	927,679	₩	(107,987)	₩	(1,896)	₩	(109,883)
Samnam Petrochemical Co., Ltd.		362,324		96,317		230,401		1,527		1,141,252		15,869		(131)		15,738
Samyang Kasei Co., Ltd.		80,175		43,441		53,456		3,081		234,217		3,194		124		3,318
Samyang Fine Technology Co., Ltd.		21,693		57,903		24,016		13,987		55,844		3,755		(106)		3,649
Kyungwon Construction Co., Ltd.		17,946		47,927		3,789		5,215		29,537		6,272		-		6,272
AKINA, INC.		2,223		337		73		-		2,886		105		40		145
KCI Japan Co., Ltd.		4,419		294		1,784		739		13,195		582		-		582
The Perfumery Holdings, LLC		20,386		14,584		998		9,905		14,804		661		-		661
Bucheon Sosa PFV Co., Ltd		263,496		3,418		24,374		250,000		-		(23,526)		-		(23,526)
Solid Ionics Co., Ltd.		1,209		1,018		17		21		20		(1,096)		-		(1,096)
OSC KOREA CO.,LTD		1,935		1,468		1,134		86		6,606		22		-		22
KINFOLK BEAUTY CO., LTD.		1,281		40		126		1,844		433		(338)		-		(338)

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

(in millions of
Korean won)

	2022							
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Sales	Profit (loss) for the year	Other comprehensive income (loss)	Total comprehensive income (loss)
Huvis Corporation ¹	₩ 280,186	₩ 513,573	₩ 289,592	₩ 122,896	₩ 1,021,726	₩ (80,579)	₩ 305	₩ (80,274)
Samnam Petrochemical Co., Ltd.	338,469	106,698	204,278	1,115	1,109,938	29,847	734	30,581
Samyang Kasei Co., Ltd.	101,371	41,884	75,245	2,849	323,262	1,468	809	2,277
Samyang Fine Technology Co., Ltd.	20,647	64,385	25,924	21,163	50,355	2,661	429	3,090
Kyungwon Construction Co., Ltd.	11,878	48,536	3,196	5,121	29,166	4,307	-	4,307
AKINA, INC.	2,026	386	70	-	2,210	260	134	394
KCI Japan Co., Ltd.	4,329	217	2,120	612	12,132	264	22	286
The Perfumery Holdings, LLC	23,801	18,244	1,402	16,318	16,665	1,141	194	1,335
Bucheon Sosa PFV Co., Ltd	240	19,700	3,861	-	-	(2,172)	-	(2,172)
Solid Ionics Co., Ltd.	1,412	935	42	13	-	(1,054)	-	(1,054)
OSC KOREA CO., LTD	2,291	1,102	1,113	120	6,038	(530)	-	(530)
KINFOLK BEAUTY CO., LTD.	971	13	49	1,843	95	(1,069)	-	(1,069)

¹ Profit for the year and total comprehensive income of Huvis Corporation are based on its consolidated financial statements and consist only of profit for the year and total comprehensive income attributable to owners of Huvis Corporation.

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

13. Trade and Other Payables

Details of trade and other payables as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Current				
Trade payables	₩	214,657	₩	180,005
Other payables		117,707		97,964
Others		1,929		2,416
		<u>334,293</u>		<u>280,385</u>
Non-Current				
Deposits received		3,307		2,533
Others		5,677		5,957
		<u>8,984</u>		<u>8,490</u>
	₩	<u>343,277</u>	₩	<u>288,875</u>

14. Borrowings and Debentures

Details of short-term borrowings as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>		Annual interest rate (%) as of December 31,				
Lender	Type	2023	2023		2022	
Kookmin Bank and others	Import finance	5.68 ~ 5.92	₩	198,452	₩	192,231
Woori Bank Hongkong Branch	Bridge Loan	TERM SOFR 1M + 1.55		103,152		-
IPFS Corporation	Insurance financing	7.00		479		-
Korea Development Bank and others	Facility loans	5.17 ~ 5.46		7,500		6,500
Korea Development Bank	Facility loans	3M CD + 0.77		50,000		50,000
Shinhan Bank Europe GmbH	General loans	3M Euribor + 1.2		3,852		3,378
Korea Exim bank	General loans	4.15		1,000		-
Woori Bank and others	General loans	4.13 ~ 5.72		20,500		18,800
Raiffeisen Bank	L/C Nego and others	-		-		4,543
Woori Bank and others	L/C Nego and others	-		2,289		1,362
			₩	<u>387,224</u>	₩	<u>276,814</u>

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

Details of long-term borrowings as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

Lender	Type	Maturity date	Annual interest rate (%) as of December 31, 2023	2023	2022
Korea Development Bank	General loans	2027-03-07	3.11	₩ 81,250	₩ 100,000
Shinhan Bank	General loans	-	-	-	35,000
	General loans	2024-05-27	3M Euribor + 0.9	7,133	6,756
Korea Exim bank	General loans	-	-	-	6,000
Kookmin Bank	General loans	2024-03-15	5.84	100	3,300
Woori Bank	General loans	2025-03-15	4.97	1,000	1,333
Woori Bank London Branch	Facility loans	2025-02-07	TERM SOFR 3M + 1.2	32,235	31,683
	Facility loans	2027-09-17	6M Euribor + 1.32	15,978	15,133
Woori Bank	Facility loans	-	-	-	1,000
	Facility loans	2024-01-18	4.88 ~ 5.34	500	2,500
	Facility loans	2024-02-20	5.46	900	-
	Facility loans	2026-12-21	3.82	2,450	1,200
	Facility loans	2027-04-02	4.58 ~ 4.67	2,800	6,750
Korea Development Bank	Facility loans	2028-03-20	4.36 ~ 4.88	3,187	3,937
	Facility loans	2029-03-17	4.96 ~ 5.48	8,750	10,000
	Facility loans	2026-07-26	2.24 ~ 2.37	20,400	20,400
	Facility loans	2024-12-29	Environmental safety investment + 0.62	50,000	50,000
Shinhan Bank Singapore Branch	Facility loans	2027-02-12	TERM SOFR + 0.26	14,784	17,856
Ascentium Capital LLC	IT network equipment financing	2026-10-31	5.53	185	-
				241,652	312,848
Less: current portion				(98,105)	(75,132)
				₩ 143,547	₩ 237,716

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

Details of debentures as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

Lender	Type	Maturity date	Annual interest rate (%) as of December 31, 2023	2023	2022
Samyang Holdings	92 nd public bonds	2024-05-28	1.98	₩ 110,000	₩ 110,000
	93-1 st public bonds	2025-11-28	4.25	50,000	-
	93-2 nd public bonds	2026-11-27	4.30	140,000	-
	3-1 st public bonds	2024-01-18	2.28	150,000	150,000
Samyang Corporation	3-2 nd public bonds	2026-01-18	2.59	100,000	100,000
	4-1 st public bonds	2025-03-03	1.56	80,000	80,000
	4-2 nd public bonds	2027-03-03	1.87	60,000	60,000
	5-1 st public bonds	2027-02-22	3.26	120,000	120,000
Samyang Packaging Corporation	5-2 nd public bonds	2029-02-22	3.53	60,000	60,000
	2 nd public bonds	2024-09-06	2.35	94,000	94,000
Less: discount on debentures issuance				(1,365)	(1,247)
				962,635	772,753
Less: current portion				(353,896)	-
				₩ 608,739	₩ 772,753

15. Other Financial Liabilities

Details of other financial liabilities as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

	2023	2022
Current		
Derivative liabilities	₩ 2,906	₩ 12,591
Lease liabilities	6,130	4,819
Financial guarantee liabilities	106	271
Other current financial liabilities	37,177	-
	46,319	17,681
Non-Current		
Lease liabilities	28,206	19,411
Financial guarantee liabilities	51	224
Other non-current financial liabilities	-	61,277
	28,257	80,912
	₩ 74,576	₩ 98,593

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

16. Other Liabilities

Details of other liabilities as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Current		
Advances received	₩ 21,923	₩ 20,198
Withholdings	4,095	21,666
Value-added tax withholdings	4,524	4,962
Accrued expenses	62,908	43,530
Return provision	1,401	1,856
Unearned revenue	13	-
Due to customers for contract work	663	168
	<u>95,527</u>	<u>92,380</u>
Non-Current		
Advances received	128	204
Unearned revenue	252	272
Accrued expenses	10,685	7,941
Others	71	70
	<u>11,136</u>	<u>8,487</u>
	<u>₩ 106,663</u>	<u>₩ 100,867</u>

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

17. Net Defined Benefit Liabilities (Assets)

Details of net defined benefit liabilities (assets) as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Present value of defined benefit obligation	₩	154,793	₩	141,807
Fair value of plan assets		(167,473)		(162,808)
Net defined benefit liabilities (assets)	₩	(12,680)	₩	(21,001)

Movements in the net defined benefit liabilities (assets) for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in millions of Korean won)</i>	2023					
	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit liabilities (assets)	
Beginning balance	₩	141,807	₩	(162,808)	₩	(21,001)
Recognized in profit or loss as incurred:		21,626		(7,944)		13,682
Current service cost		14,810		-		14,810
Interest cost (income)		6,816		(7,944)		(1,128)
Remeasurements recognized in other comprehensive income:		3,964		(1,475)		2,489
Actuarial loss (gain) arising from		3,964		-		3,964
Demographic assumptions		(857)		-		(857)
Financial assumptions		4,085		-		4,085
Experience adjustments		736		-		736
Return on plan assets excluding interest income		-		(1,475)		(1,475)
Others:		(12,604)		4,754		(7,850)
Benefits paid (received)		(12,943)		12,925		(18)
Contribution by the employer		-		(8,049)		(8,049)
Increase due to business combinations		208		-		208
Others		131		(122)		9
Ending balance	₩	154,793	₩	(167,473)	₩	(12,680)

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

(in millions of Korean won)

	2022					
	Present value of defined benefit obligation		Fair value of plan assets		Net defined benefit liabilities (assets)	
Beginning balance	₩	161,316	₩	(149,849)	₩	11,467
Recognized in profit or loss as incurred:		21,030		(3,990)		17,040
Current service cost		16,751		-		16,751
Interest cost (income)		4,279		(3,990)		289
Remeasurements recognized in other comprehensive income:		(23,534)		1,378		(22,156)
Actuarial loss (gain) arising from		(23,534)		-		(23,534)
Demographic assumptions		-		-		-
Financial assumptions		(26,365)		-		(26,365)
Experience adjustments		2,831		-		2,831
Return on plan assets excluding interest income		-		1,378		1,378
Others:		(17,005)		(10,347)		(27,352)
Benefits paid (received)		(16,886)		15,656		(1,230)
Contribution by the employer		-		(26,200)		(26,200)
Others		(119)		197		78
Ending balance	₩	141,807	₩	(162,808)	₩	(21,001)

Expenses recorded in relation to defined benefit plans for each of the two years in the period ended December 31, 2023 are as follows:

(in millions of Korean won)

	2023	2022
Defined benefit plan	₩ 13,682	₩ 17,040
Current service costs	14,810	16,751
Net interest costs (income)	(1,128)	289
Defined contribution pension plan and others	4,356	4,901
	₩ 18,038	₩ 21,941

Details of plan assets as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

	2023	2022
Financial instruments with guaranteed interest rate	₩ 167,457	₩ 162,741
Others	16	67
	₩ 167,473	₩ 162,808

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

The Group expects to contribute ₩ 8,388 million to its defined benefit plans in 2024.

The principal actuarial assumptions as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Expected rate of increase in salaries	3.0% ~ 4.0%	4.0%
Discount rate	4.56% ~ 5.18%	5.2% ~ 5.4%

The discount rate is the yield at the end of the reporting period on corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. Also, the Group estimated the defined benefit obligation based on demographic variables from Korea Insurance Development Institute.

Reasonably possible changes at the end of the reporting period due to any of the actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

<i>(in millions of Korean won)</i>	2023	
	1% Increase	1% Decrease
Changes in expected rate of increase in salaries	₩ 10,155	₩ (9,095)
Changes in discount rate	(8,807)	10,019

<i>(in millions of Korean won)</i>	2022	
	1% Increase	1% Decrease
Changes in expected rate of increase in salaries	₩ 9,575	₩ (8,595)
Changes in discount rate	(8,165)	9,275

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

The weighted-average duration of the defined benefit obligation is 6.91 years (2022: 6.58 years).

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

18. Share-based Payments

The Group has entered into share-based payment agreement with its executives and employees as follows. The details as of December 31, 2023 are as follows:

Grant date	Grant method	Number of shares granted ¹ (in shares)	Number of exercised shares in 2023 (in shares)	Number of unexercised shares on Dec.31, 2023 (in shares)	Number of exercisable shares on Dec.31, 2023 (in shares)	Granted by corporation	Exercise price (in Korean won)
2021-03-26	Issuance of shares	3,800	-	3,800	3,800	NC Chem Corporation	270,000

¹ Adjustments due to exercise and cancellation of the previously granted share options up to December 31, 2023 are reflected.

The vesting conditions and exercisable period of the share-based payment agreement are as follows:

Grant date	Grant corporation	Vesting condition	Exercisable period
2021-03-26	NC Chem Corporation	Two years of service after the grant date	5 years after vesting

Share-based payments recognized as expenses for each of the two years in the period ended December 31, 2023 amount to ₩ (47) million and ₩ 164 million, respectively. All expenses are related to equity-settled share-based payments.

19. Capital Stock and Capital Surplus

Details of the Group's capital stock as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won except par value
per share and in shares)

	2023			
	Number of shares issued	Number of treasury shares	Par value	Capital stock
Ordinary shares	8,564,271	1,128,726	₩ 5,000	₩ 42,822
Preferred shares	304,058	85	5,000	1,520
	<u>8,868,329</u>	<u>1,128,811</u>		<u>₩ 44,342</u>

(in millions of Korean won except par value
per share and in shares)

	2022			
	Number of shares issued	Number of treasury shares	Par value	Capital stock
Ordinary shares	8,564,271	1,128,726	₩ 5,000	₩ 42,822
Preferred shares	304,058	85	5,000	1,520
	<u>8,868,329</u>	<u>1,128,811</u>		<u>₩ 44,342</u>

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

The Parent Company's preferred shares have no voting rights. The dividends on the Parent Company's preferred shares are paid at the amount of 1% on par value of the shares per annum on top of dividends of ordinary shares.

Details of capital surplus as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Paid-in capital in excess of par value	₩	160,466	₩	160,466
Gain on disposal of treasury shares		77,299		77,299
Other capital surplus		103,751		92,766
	₩	<u>341,516</u>	₩	<u>330,531</u>

20. Accumulated Other Comprehensive Income

Details of accumulated other comprehensive income as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Gain on valuation of financial assets at fair value through other comprehensive income	₩	125,751	₩	74,307
Equity adjustments under equity method		613		796
Foreign currency translation differences of foreign operations		(2,599)		2,423
	₩	<u>123,765</u>	₩	<u>77,526</u>

21. Retained Earnings and Dividends

Details of retained earnings as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Statutory reserves	₩	332,793	₩	332,793
Voluntary reserves		1,035,959		986,459
Unappropriated retained earnings		108,080		31,979
	₩	<u>1,494,832</u>	₩	<u>1,351,231</u>

Dividends proposed but not paid to shareholders prior to the approval on the issuance of the consolidated financial statements for the year ended December 31, 2023 are as follows:

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

(in millions of Korean won)

	2023				
	Number of shares issued (in shares)	Number of treasury shares (in shares)	Number of shares for dividends (in shares)	Dividends per share (In Korean won)	Total
Ordinary shares	8,564,271	(1,128,726)	7,435,545	₩ 3,500	₩ 26,025
Preferred shares	304,058	(85)	303,973	3,550	1,079
	<u>8,868,329</u>	<u>(1,128,811)</u>	<u>7,739,518</u>		<u>₩ 27,104</u>

Details of dividend paid to owners of the Parent Company for the year ended December 31, 2023, are as follows:

(in millions of Korean won)

	2023				
	Number of shares issued (in shares)	Number of treasury shares (in shares)	Number of shares for dividends (in shares)	Dividends per share (In Korean won)	Total
Ordinary shares	8,564,271	(1,128,726)	7,435,545	₩ 3,500	₩ 26,025
Preferred shares	304,058	(85)	303,973	3,550	1,079
	<u>8,868,329</u>	<u>(1,128,811)</u>	<u>7,739,518</u>		<u>₩ 27,104</u>

22. Other Components of Equity

Details of other components of equity as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

	2023	2022
Treasury shares	₩ (9,816)	₩ (9,816)
Others	(1,908)	(1,884)
	<u>₩ (11,724)</u>	<u>₩ (11,700)</u>

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

23. Sales

Details of sales for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Revenue from contracts with customers:		
Sale of goods	₩ 3,136,048	₩ 3,247,319
Provision of services	68,363	63,607
Royalty	-	14
	<u>3,204,411</u>	<u>3,310,940</u>
Revenue from other sources:		
Rental income	6,442	5,838
	<u>₩ 3,210,853</u>	<u>₩ 3,316,778</u>

As of December 31, 2023, contract liabilities (advances received) arising from contracts with customers amount to ₩ 22,051 million (2022: ₩ 20,402 million). Revenue recognized in relation to the contract liabilities carried forward from the previous period amounts to ₩ 20,402 million.

Details of revenue from contracts with customers for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Geographical market:		
Domestic	₩ 2,303,546	₩ 2,247,504
Export	900,865	1,063,436
	<u>₩ 3,204,411</u>	<u>₩ 3,310,940</u>
Timing of revenue recognition:		
Recognition at a point in time	₩ 3,136,048	₩ 3,247,319
Recognition over time	68,363	63,621
	<u>₩ 3,204,411</u>	<u>₩ 3,310,940</u>

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

24. Selling and Administrative Expenses

Details of selling and administrative expenses for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Salaries	₩	109,851	₩	101,015
Retirement benefits		8,903		9,841
Employee welfare		21,262		17,715
Travels		4,475		3,492
Communications		1,449		1,425
Utilities		3,703		3,288
Supplies		2,716		4,297
Taxes and dues		6,755		6,948
Rents		668		339
Commissions		76,623		67,272
Depreciation		14,241		15,095
Repair		1,345		1,747
Vehicle maintenance		2,064		2,271
Insurance		1,500		1,503
Advertising		18,590		13,457
Samples		2,906		2,720
Bad debt		95		229
Transportation		100,906		104,127
Printing		610		569
Education & Training		2,191		2,005
Development		25,478		25,624
Amortization		15,912		14,818
Others		11,645		11,191
	₩	<u>433,888</u>	₩	<u>410,988</u>

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

25. Finance Income and Costs

Details of finance income and costs for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Finance income:				
Interest income	₩	33,229	₩	14,414
Dividend income		27,464		22,448
Gain on valuation of financial assets at fair value through profit or loss		5		1,797
Gain on disposal of financial assets at fair value through profit or loss		-		1
Gain on valuation of derivative instruments		961		4,966
Gain on transaction of derivative instruments		24,186		23,262
	₩	85,845	₩	66,888
Finance costs:				
Interest expenses	₩	47,398	₩	33,768
Loss on valuation of financial assets at fair value through profit or loss		3,106		3
Loss on valuation of derivative instruments		3,366		12,564
Loss on transaction of derivative instruments		15,276		8,549
	₩	69,146	₩	54,884

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

26. Other Non-operating Income and Expenses

Details of other non-operating income and expenses for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Other non-operating income:				
Gain on foreign currency transactions	₩	35,854	₩	34,421
Gain on foreign currency translation		17,194		27,612
Gain on disposal of property, plant and equipment		147,780		308
Gain on disposal of intangible assets		-		262
Gain on disposal of investment properties		-		94
Commissions		-		246
Insurance income		270		7,292
Business transfer gain		14,500		-
Others		12,660		18,803
	₩	<u>228,258</u>	₩	<u>89,038</u>
Other non-operating expenses:				
Loss on foreign currency transactions	₩	41,734	₩	72,691
Loss on foreign currency translation		10,032		15,461
Loss on disposal of property, plant and equipment		678		3,388
Loss on disposal of intangible assets		-		26
Impairment losses on property, plant, and equipment		-		3,947
Impairment losses on intangible assets		-		56
Donations		1,137		794
Other bad debt expense		54		-
Others		2,109		11,132
	₩	<u>55,744</u>	₩	<u>107,495</u>

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

27. Breakdown of Expenses by Nature

Details of expenses by nature for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Changes in inventories	₩ 37,928	₩ (29,728)
Purchase of raw materials and merchandise	1,794,685	2,130,118
Salaries	256,312	244,701
Depreciation and amortization	113,398	114,032
Commissions	108,162	98,029
External processing expenses	73,779	65,885
Others	787,531	668,911
	<u>₩ 3,171,795</u>	<u>₩ 3,291,948</u>

28. Income Tax

Income tax expense for each of the two years in the period ended December 31, 2023 consists of:

<i>(in millions of Korean won)</i>	2023	2022
Current tax	₩ 49,871	₩ 20,315
Adjustments in respect of current tax of prior year	(1,829)	(277)
Relating to origination and reversal of temporary differences	(8,194)	763
Income tax charged directly to equity	-	13
Others	(329)	-
Income tax expense	<u>₩ 39,519</u>	<u>₩ 20,814</u>

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

The tax effect relating to components of other comprehensive income (expenses) for each of the two years in the period ended December 31, 2023 is as follows:

<i>(in millions of Korean won)</i>	2023			2022		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
Items recognized in other comprehensive income:						
Remeasurements of defined benefit liability	₩ (2,487)	₩ 562	₩ (1,925)	₩ 22,156	₩ (5,734)	₩ 16,422
Retained earnings adjustments in equity method	(374)	3	(371)	2,067	(83)	1,984
Equity method capital change	(208)	(29)	(237)	123	12	135
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	104,441	(23,974)	80,467	(27,841)	7,737	(20,104)
Gain (loss) on translation of foreign operations	(5,037)	-	(5,037)	904	4	908
	<u>₩ 96,335</u>	<u>₩ (23,438)</u>	<u>₩ 72,897</u>	<u>₩ (2,591)</u>	<u>₩ 1,936</u>	<u>₩ (655)</u>

The components of other comprehensive income are presented net of tax on the consolidated statement of comprehensive income.

The aggregate current and deferred tax relating to items that are charged or credited directly to equity for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Current tax	₩ -	₩ 13
Disposal of financial assets at fair value through other comprehensive income	-	13
Deferred tax	(37)	(369)
Other capital adjustments	(37)	(369)

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

A reconciliation of effective tax rate for each of the two years in the period ended December 31, 2023 is as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Profit before income tax expense	₩	266,532	₩	126,664
Tax at the statutory income tax rate		57,403		31,296
Adjustments:				
Non-deductible expenses, net		(8,635)		(470)
Tax credits and exemptions		(13,173)		(649)
Adjustments to income tax for prior periods		(1,829)		(277)
Effect on share of profit of subsidiaries		(1,188)		2,075
Effect on share of profit of equity-accounted investees		821		724
Deduction of tax loss carryforwards		(8,878)		-
Others		14,998		(11,885)
		<u>(17,884)</u>		<u>(10,482)</u>
Income tax expense	₩	<u>39,519</u>	₩	<u>20,814</u>
Effective tax rate		14.83%		16.43%

The analysis of deferred tax assets and liabilities as of December 31, 2023 and 2022 is as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Deferred tax assets				
Deferred tax asset to be recovered within 12 months	₩	10,926	₩	12,732
Deferred tax asset to be recovered after more than 12 months		69,788		68,396
		<u>80,714</u>		<u>81,128</u>
Deferred tax liabilities				
Deferred tax liability to be settled within 12 months		(5,239)		(12,529)
Deferred tax liability to be settled after more than 12 months		(245,902)		(223,782)
		<u>(251,141)</u>		<u>(236,311)</u>
Deferred tax liabilities, net	₩	<u>(170,427)</u>	₩	<u>(155,183)</u>

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

Changes in deferred tax assets and liabilities for each of the two years in the period ended December 31, 2023 are as follows:

(in millions of Korean won)

	2023				
	Beginning balance	Profit or loss	Equity	Others	Ending balance
Financial assets at fair value	₩ (28,004)	₩ 224	₩ (23,974)	₩ -	₩ (51,754)
Investments in subsidiaries and equity-accounted investees	(26,617)	12,402	(26)	-	(14,241)
Accrued income	(1,339)	(855)	-	-	(2,194)
Accrued expenses	7,233	2,526	-	-	9,759
Retirement benefit obligations	(4,686)	1,791	562	-	(2,333)
Property, plant and equipment	(20,031)	(448)	-	-	(20,479)
Intangible assets	(40,197)	(445)	-	-	(40,642)
Special deduction	(14,198)	(1,307)	-	-	(15,505)
Land revaluation	(51,655)	224	-	-	(51,431)
Others	24,311	(5,918)	(37)	37	18,393
	₩ (155,183)	₩ 8,194	₩ (23,475)	₩ 37	₩ (170,427)

(in millions of Korean won)

	2022			
	Beginning balance	Profit or loss	Equity	Ending balance
Financial assets at fair value	₩ (35,715)	₩ (26)	₩ 7,737	₩ (28,004)
Investments in subsidiaries and equity-accounted investees	(27,583)	1,617	(651)	(26,617)
Accrued income	(739)	(600)	-	(1,339)
Accrued expenses	9,489	(2,256)	-	7,233
Retirement benefit obligations	2,111	(1,647)	(5,150)	(4,686)
Property, plant and equipment	(18,775)	(1,256)	-	(20,031)
Intangible assets	(37,147)	(3,050)	-	(40,197)
Special deduction	(14,887)	689	-	(14,198)
Land revaluation	(53,881)	2,226	-	(51,655)
Others	21,140	3,540	(369)	24,311
	₩ (155,987)	₩ (763)	₩ 1,567	₩ (155,183)

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

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

<i>(in millions of Korean won)</i>	2023	2022	Remarks
Interests in subsidiaries	₩ (429,644)	₩ (430,970)	Permanent reinvestment plan of undistributed profit
Interests in subsidiaries, joint ventures and associates	262,947	178,624	No plan for disposal
Unused losses ¹	105,835	123,103	Uncertainty of future taxable profit and others
Unused tax credits ¹	5,629	7,570	Uncertainty of future taxable profit and others
Temporary difference	8,024	22,422	Uncertainty of future taxable profit and others

¹ The maturity of unused losses and unused tax credits as follows:

<i>(in millions of Korean won)</i>	Unused losses	Unused tax credits
2023	₩ 278	₩ -
2024	83	-
2025	1,742	54
2026	2,446	17
2027	9,800	13
After 2028	12,061	5,545
No expiry date	79,425	-
	<u>₩ 105,835</u>	<u>₩ 5,629</u>

As of December 31, 2023, the tax effects of temporary difference were calculated using the effective tax rate of the periods when the temporary differences are expected to reverse.

Deferred tax assets and liabilities are offset if the Group has legally enforceable right and intent to offset tax assets and liabilities and such deferred tax assets and liabilities are related to income taxes from the same tax authority.

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

29. Earnings per Share

Basic earnings per share is calculated by dividing profit for the year attributable to owners of the parent by the weighted-average number of shares outstanding during the year. Earnings per share is calculated by considering preferred shares as a class of ordinary shares with a different dividend rate from that of another class of ordinary shares but without prior or senior rights.

Earnings per ordinary share for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Profit attributable to owners of the parent	₩ 172,366	₩ 71,009
Profit attributable to preference shares ¹	6,784	2,804
Profit attributable to ordinary shareholders	165,582	68,205
Weighted-average number of ordinary shares ²	7,435,545	7,435,545
Basic and diluted earnings per share <i>(in Korean won)</i> ³	₩ 22,269	₩ 9,173

¹ These consist of dividends of preference shares and remaining retained earnings that belong to preference shares.

² Details of calculation of weighted-average number of ordinary shares as of December 31, 2023 and 2022 are as follows:

<i>(in shares)</i>	2023	2022
Issued ordinary shares at the beginning of the year	8,564,271	8,564,271
Effect of treasury shares held	(1,128,726)	(1,128,726)
Weighted-average number of ordinary shares at the end of the year	7,435,545	7,435,545

³ Diluted earnings per share are not calculated as there is no potentially dilutive share.

Earnings per preferred share for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Profit attributable to preference shares	₩ 6,784	₩ 2,804
Weighted-average number of preference shares	303,973	303,973
Basic and diluted earnings per preference share <i>(in Korean won)</i>	₩ 22,319	₩ 9,223

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

30. Commitments and Contingencies

The Group's significant commitments with financial institutions as of December 31, 2023 are summarized as follows:

(in millions of Korean won, and in thousands of USD, EUR, JPY, HUF)

Description	Currency	Limit amount
Bank overdraft	KRW	19,000
General loans	KRW	102,100
	EUR	7,700
Facility fund loans	KRW	200,250
	EUR	11,200
	USD	36,375
Import credit	USD	454,500
Overseas trading	KRW	18,000
	USD	30,000
	EUR	22,400
Payment guarantees	USD	96,960
	KRW	45,130
	JPY	200,000
	HUF	1,557,212
Bills bought	USD	1,000
Electronic Tracing Accounts Receivable Mortgage	KRW	115,000
Others	USD	80,000

Financial assets restricted-in use as of December 31, 2023 are as follows:

(in millions of Korean won)

Description	Amount	Description
Other current financial assets	₩ 117,523	Establishing the right of pledge
Other non-current financial assets	26	Deposit for overdraft

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

Details of assets as collateral for the Group's borrowings and commitments as of December 31, 2023 are summarized as follows:

<i>(in millions of Korean won)</i>		Carrying amount	Borrowings		Pledged amount	Secured party
Land, buildings, structures and machinery	₩	251,724	₩	81,250	₩	120,000 KDB
Inventories		25,544		1,000		15,600 Korea Exim Bank
Land, buildings and others		9,149		20,400		36,000 KDB
Land, buildings and others		43,697		33,087		53,643 Woori Bank and KDB
Buildings, structures and machinery		101,592		100,000		120,000 KDB

Pending litigations

As of December 31, 2023, the lawsuit filed against the Group as a defendant consists of 3 claims amounting to ₩ 813 million with regards to compensation for damages, 1 claim amounting to ₩ 118 million with regards to wages. Except for cases for which the Group cannot predict the outcome, the Group has paid the amount due under the lost cases, or recognized the related liabilities. The management believes that the outcome of the lawsuit will not have a material impact on the consolidated financial position of the Group.

Limitation on disposal of joint ventures

The Group committed to obtain the written consent of the other party if it intends to transfer, provide collateral, or otherwise dispose of its shares in joint venture. As an exception, shares may be transferred to the Group's affiliates without the written consent of the other party, but even in this case, the affiliates have committed to succeed the Group's contractual obligations. The above provisions are not intended to limit the disposal of the shares held by the Group, but are intended to maintain the management rights of each joint venture, and the management of the Group has no plans to dispose of the shares held by the Group.

Agreement on performance of public placement debentures

The bond issuance contracts of the Group provide for such terms and conditions that the debt-to-equity ratio has to be kept at 400% or less; a collateral limit within 200% of equity capital; the restriction on disposition of assets of 500 billion won or more of total assets, or 400 billion won or more of total assets, or 50% more of total assets; restriction on changes in corporate governance. The Group has to follow this contract based on their own financial statements respectively. In case of failure to comply with these obligations, the Group's benefit of time may be forfeited.

The Group has right to convert the redeemable convertible preferred shares of PharmCADD Co.,Ltd. held into ordinary share from the day after the issuance date to the day of 10 years and has the right to request for redemption for all or partial amount from the day after 3 years from the day after the payment date. In addition, the Group has the pre-emption right to purchase under the same conditions or participate in the joint sale of shares under the same conditions when the interested party intends to dispose of all or part of the Company's share under an agreement with another investor of PharmCADD

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

Co., Ltd.

The Group has the pre-emption right to purchase under the same conditions or participate in the joint sale of shares under the same conditions when the interested party intends to dispose of all or part of its shares in EMKYULAЕКSEU CO., LTD, under an agreement with the interested party, which is another investor in EMKYULAЕКSEU CO., LTD. Also, when EMKYULAЕКSEU CO., LTD issues equity securities through a capital increase, the Group has the pre-emption right over other third parties to acquire the equity securities according to the share ratio held by the Group as of the day before the date of the resolution to issue the equity securities.

For the year ended December 31, 2023, the Group received ₩ 10,198 million of government grants regarding certain national research and development projects and the relocation of a factory. The Group recognized long-term payables of ₩ 2,777 million which shall be repaid when the research and development projects are deemed successful.

The Group entered into a contract with LMITO Therapeutics to obtain technology information for metabolism-modulating anticancer drug candidate and with Cancure LLC for antibody drug candidate.

The Group has granted a put option right to NEXUS HOLDINGS CO., LTD., Rivendell Investment 2018-2 LLC, the existing shareholders of NC Chem Corporation (The existing shareholders). The existing shareholders have the put option right to request Samyang Holdings Corporation to purchase all of the shares owned by the existing shareholders at the time of exercise of the put option if NC Chem Corporation fails to achieve the agreed business performance goals until the day of 18 months from the day after 30 months from the closing date of the transaction under the share purchase agreement.

In addition, the Group has the call option right to request the existing shareholders to sell all shares equivalent to 20% of the remaining shares to the Group or a designated person by the Group until the day of 18 months from the day after 30 months from the closing date of the transaction.

Limitation on disposal of shares

The Group committed to obtain the written consent of NEXUS HOLDINGS CO., LTD., Rivendell Investment 2018-2 LLC, the existing shareholders of NC Chem Corporation (The existing shareholders) if it intends to transfer, provide collateral, or otherwise dispose of all or part of its shares in NC Chem Corporation (The shares). However, in the case of disposing of all or part of the shares to a related party of Samyang Holdings Corporation, the above shares may be disposed of by obtaining prior written consent from existing shareholders with a prerequisite that submitting a letter of existing shareholders to succeed to the contractual obligations.

The Group has entered into long-term supply agreements with related parties, Samyang Kasei Co., Ltd. and Samyang Fine Technology Co., Ltd.

The Group entered into a contract with Mitsubishi Chemical Corporation (MCC) to obtain technology information related to manufacturing for production of Bisphenol-A (BPA). The Group entered into a sub-license agreement with a related party, Samyang Fine Technology Co., Ltd., based on the agreement of regenerating technology for ion exchange resin.

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

The Group has right to convert the redeemable convertible preferred shares of Staytuned Co., Ltd. held into ordinary share from the day after the issuance date to the day before the end of the maturity date and has the right to request for redemption for all or partial amount from the day after 3 years from the issuance date to the end of the maturity date. In addition, the Group has the pre-emption right to purchase under the same conditions or participate in the joint sale of shares under the same conditions when the interested party intends to dispose of all or part of the Company's share under an agreement with another investor of Staytuned Co., Ltd.

The Group has the pre-emption right to purchase under the same conditions or participate in the joint sale of shares under the same conditions when the interested party intends to dispose of all or part of the Company's share under an agreement with another investor of Solid Ionics Co., Ltd.

Limitation on disposal of shares and convertible bonds

The Group committed to obtain the written consent of the other party if it intends to transfer, provide collateral, or otherwise dispose of its shares and convertible bonds in KINFOLK BEAUTY CO., LTD. The above provisions are not intended to limit the disposal of the shares held by the Company, but are intended to maintain the management rights, and the management of the Company has no plans to dispose of the shares held by the Company.

In November 2018, the Group entered into an agreement to invest \$14 million in KENSINGTON-SV GLOBAL INNOVATIONS LP for up to 4 years. As of December 31, 2023, \$ 13.97 million has been invested, and the amount is included in beneficiary certificates.

The Group has the pre-emption right to purchase under the same conditions or participate in the joint sale of shares under the same conditions when the interested party intends to dispose of all or part of the its shares in OSC KOREA CO., LTD, under an agreement with the interested party, which is another investor in OSC KOREA CO., LTD.

The Group has granted a call option right to SK Geocentric Co., Ltd., a strategic partner of Samyang EcoTech Corporation. The strategic partner has the call option right to request to sell 49% of shares issued by Samyang EcoTech Corporation in the event of transfer of all or part of shares of Samyang EcoTech Corporation held by the Group without any legal restriction, or for any of the following reasons.

- Where Samyang Packaging Corporation is not obligated to own the total number of issued shares (100%) of affiliated companies due to the revision of the Fair Trade Act.
- Where Samyang Packaging Corporation is no longer a sub-subsidiary of the holding company under the Fair Trade Act.
- Where Samyang Packaging Corporation or a company subject to split-off is excluded from Samyang's affiliates (not subject to restrictions on behavior under the Fair Trade Act).

If the strategic partner does not exercise the call option, the Group has a put option right to request the strategic partner or a third party designated by the strategic partner to purchase 49% of the total issued shares of Samyang Ecotech Corporation.

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

Limitation on disposal of shares

The Group committed to obtain the written consent of SK Geocentric Co., Ltd, if it intends to dispose of all or part of its shares in Samyang EcoTech Corporation (The shares). However, in the case of disposing of all of the shares to a related party of Samyang Packaging Corporation, the above shares may be disposed of by obtaining prior written consent with a prerequisite that submitting a letter of commitment to SK Geocentric Co., Ltd that agrees to succeed to the contractual obligations.

In July 2022, the Group entered into an agreement to invest USD 2 million for up to 4 years in KSV Global Fund II, LP. As of December 31, 2023, USD 770,000 has been paid, and the amount is included in beneficiary certificates.

The Group has the pre-emption right to purchase as second priority after Valo Health, LLC under the same conditions or participate in the joint sale of shares under the same conditions when the interested party intends to dispose of all or part of the Company's share under an agreement with another investor of Valo Health, LLC.

Samyang Holdings Corporation and its subsidiaries **Notes to the consolidated financial statements** **December 31, 2023 and 2022**

31. Related Party Transactions

Details of related parties as of December 31, 2023 and 2022 are as follows:

Relationship	2023	2022
Associates	Kyungwon Construction Co., Ltd.	Kyungwon Construction Co., Ltd.
	AKINA, INC.	AKINA, INC.
	KCI Japan Co., Ltd.	KCI Japan Co., Ltd.
	Keonchang Chemical Industry Co., Ltd.	Keonchang Chemical Industry Co., Ltd.
	The Perfumery Holdings, LLC	The Perfumery Holdings, LLC
	Bucheon Sosa PFV Co., Ltd	Bucheon Sosa PFV Co., Ltd
	Staytuned Co., Ltd. ¹	Staytuned Co., Ltd. ¹
	Solid Ionics Co., Ltd.	Solid Ionics Co., Ltd.
	OSC KOREA CO., LTD	OSC KOREA CO., LTD
	KINFOLK BEAUTY CO., LTD.	KINFOLK BEAUTY CO., LTD.
Joint ventures	Huvis Corporation	Huvis Corporation
	Samnam Petrochemical Co., Ltd.	Samnam Petrochemical Co., Ltd.
	Samyang Kasei Co., Ltd.	Samyang Kasei Co., Ltd.
	Samyang Fine Technology Co., Ltd.	Samyang Fine Technology Co., Ltd.
Other related parties	The Perfumery, LLC	The Perfumery, LLC
	Huvis Global Corporation and others	Huvis Global Corporation and others

¹ The Group invested in the redeemable convertible preferred share of Staytuned Co., Ltd. and classified it as financial assets at fair value through profit or loss. Since it has voting rights and the right to appoint directors over the investee, it is classified as an associate as the Group can exercise significant influence.

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

Significant transactions with related parties for each of the two years in the period ended December 31, 2023 are as follows:

(in millions of Korean won)

2023

Type	Name of entity	Sales	Other income	Disposal of fixed asset	Dividend income	Purchase of Goods and raw materials	Acquisition of fixed asset	Other expenses
Associates	Kyungwon Construction Co., Ltd.	₩ 10	₩ -	₩ -	₩ 375	₩ -	₩ -	-
	The Perfumery Holdings, LLC	-	-	-	123	-	-	-
	KCI Japan Co., Ltd.	9,158	-	-	52	-	-	-
	OSC KOREA CO., LTD	415	-	-	-	1,291	-	-
	Bucheon Sosa PFV Co., Ltd	945	-	180,000	-	-	-	-
	Huvis Corporation	2,358	-	-	-	7,889	22	168
Joint ventures	Samnam Petrochemical Co., Ltd.	2,069	10	-	11,520	-	-	-
	Samyang Kasei Co., Ltd.	118,560	8	-	700	128,027	-	-
	Samyang Fine Technology Co., Ltd.	7,606	32	-	-	28,379	-	3
		₩ 141,121	₩ 50	₩ 180,000	₩ 12,770	₩ 165,586	₩ 22	₩ 171

(in millions of Korean won)

2022

Type	Name of entity	Sales	Other income	Dividend income	Purchase of Goods and raw materials	Acquisition of fixed asset	Other expenses
Associates	Kyungwon Construction Co., Ltd.	₩ 9	₩ -	₩ 375	₩ -	₩ -	1
	KCI Japan Co., Ltd.	8,772	-	56	-	-	-
	OSC KOREA CO., LTD	441	-	-	744	-	-
Joint ventures	Huvis Corporation	1,697	36	2,639	7,184	-	210
	Samnam Petrochemical Co., Ltd.	2,190	234	3,200	-	18	1
	Samyang Kasei Co., Ltd.	187,941	201	1,600	190,340	-	-
	Samyang Fine Technology Co., Ltd.	5,910	240	-	25,123	-	4
		₩ 206,960	₩ 711	₩ 7,870	₩ 223,391	₩ 18	₩ 216

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

Fund transactions with related parties for each of the two years in the period ended December 31, 2023 are as follows:

(in millions of Korean won)

Type	Name of entity	2023			
		Loan transactions		Lease payments ¹	
		Loans	Repayments		
Others	Executives	₩ 20	₩ 39	₩	-
Associates	Bucheon Sosa PFV Co., Ltd	300,000	-		-
Joint ventures	Huvis Corporation	-	-		11
		₩ 30,020	₩ 39	₩	11

(in millions of Korean won)

Type	Name of entity	2022			
		Loan transactions		Convertible bond	Lease payments ¹
		Loans	Repayments		
Others	Executives	₩ 375	₩ 39	₩ -	₩ -
Associates	KINFOLK BEAUTY CO., LTD.	-	-	1,500	-
Joint ventures	Huvis Corporation	-	-	-	11
		₩ 375	₩ 39	₩ 1,500	₩ 11

¹ The amount of interest expense relating to lease is included for each of the two years in the period ended December 31, 2023.

Outstanding balances arising with related parties as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

Type	Name of entity	2023			
		Trade receivables	Other receivables	Trade payables	Other payables
Associates	KCI Japan Co., Ltd.	₩ 1,362	₩ -	₩ -	₩ -
	OSC KOREA CO., LTD	39	-	108	-
	KINFOLK BEAUTY CO., LTD.	-	1,844	-	-
	Bucheon Sosa PFV Co., Ltd	-	30,000	-	-
Joint ventures	Huvis Corporation	196	-	362	484
	Samnam Petrochemical Co., Ltd.	290	-	-	293
	Samyang Kasei Co., Ltd.	8,810	-	19,928	21
	Samyang Fine Technology Co., Ltd.	906	5,121	3,110	-
Others	Executives	-	819	-	-
		₩ 11,603	₩ 37,784	₩ 23,508	₩ 798

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

(in millions of Korean won)

Type	Name of entity	2022			
		Trade receivables	Other receivables	Trade payables	Other payables
Associates	KCI Japan Co., Ltd.	₩ 1,899	₩ -	₩ -	₩ -
	OSC KOREA CO., LTD	37	-	101	-
	KINFOLK BEAUTY CO., LTD.	-	1,844	-	-
	Bucheon Sosa PFV Co., Ltd	-	-	-	18,000
Joint ventures	Huvis Corporation	269	3	237	527
	Samnam Petrochemical Co., Ltd.	344	40	-	282
	Samyang Kasei Co., Ltd.	11,176	37	25,949	22
	Samyang Fine Technology Co., Ltd.	896	6,133	2,380	544
Others	Executives	-	838	-	-
		₩ 14,621	₩ 8,895	₩ 28,667	₩ 19,375

Compensations for key management personnel for each of the two years in the period ended December 31, 2023 consists of:

(in millions of Korean won)

	2023	2022
Short-term employee benefits	₩ 23,990	₩ 25,032
Retirement benefits	3,346	3,236
	₩ 27,336	₩ 28,268

Details of guarantees provided to related parties as of December 31, 2023 are as follows:

(in millions of Korean won)

Guarantor	Guarantee recipient	Currency	Collateral and guarantee limit	Withdrawn	Purpose	Guarantee period	Financial institution
Samyang Corporation	Samyang Fine Technology Co., Ltd.	KRW	₩ 27,500	₩ 5,156	Payment guarantee for borrowings	2015.06.25~2025.06.25	Nonghyup Bank

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

32. Statements of Cash Flows

Cash generated from operating activities for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Profit for the year	₩	227,014	₩	105,849
Adjustments for:		64,060		34,805
Income tax expense		39,519		20,814
Interest expense		47,398		33,768
Depreciation		96,918		99,030
Amortization		16,480		15,002
Bad debt expense		95		229
Other bad debt expense		54		-
Retirement benefits		13,682		17,040
Loss on foreign currency translation		10,032		15,461
Loss on valuation of financial assets at fair value through profit or loss		3,106		3
Loss on valuation of derivative instruments		3,366		12,564
Loss on disposal of property, plant and equipment		678		3,388
Loss on disposal of intangible assets		-		26
Impairment loss on property, plant and equipment		-		3,947
Impairment loss on intangible assets		-		56
Interest income		(33,229)		(14,414)
Gain on foreign currency translation		(17,194)		(27,612)
Gain on disposal of property, plant and equipment		(147,780)		(308)
Gain on disposal of investment property		-		(94)
Gain on disposal of intangible assets		-		(262)
Gain on valuation of financial assets at fair value through profit or loss		(5)		(1,797)
Gain on disposal of financial assets at fair value through profit or loss		-		(1)
Gain on valuation of derivative instruments		(961)		(4,966)
Dividend income		(27,464)		(22,448)
Loss (profit) from equity-accounted investees investments		17,483		(792)
Business transfer gain		(14,500)		-
Decrease (increase) in trade receivables		5,043		(11,489)
Increase in other receivables		(2,367)		(10,431)
Decrease (increase) in inventories		37,928		(29,728)
Increase in other current assets		(17)		(1,044)
Decrease (increase) in other non-current assets		(566)		327
Decrease in derivative financial assets		1,119		1,174
Increase (decrease) in trade payables		16,655		(42,289)
Increase in other payables		11,711		9,062
Increase (decrease) in other current liabilities		4,240		(1,623)

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

<i>(in millions of Korean won)</i>	2023	2022
Increase in other non-current liabilities	3,215	475
Increase (decrease) in other long-term payables	878	(108)
Decrease in derivative financial liabilities	(12,467)	(321)
Decrease in deposits received	(459)	(598)
Decrease in current portion of provisions	(456)	(40)
Decrease in non-current provisions	-	(1)
Transfer from retirement benefit obligations	131	139
Payment of retirement benefits	(12,943)	(16,886)
Decrease (increase) in plan assets	4,754	(10,543)
Others	(17)	95
	<u>₩ 291,074</u>	<u>₩ 140,654</u>

Significant non-cash transactions for each of the two years in the period ended December 31, 2023 are as follows:

<i>(in millions of Korean won)</i>	2023	2022
Increase (decrease) in accounts payable related to the acquisition of property, plant and equipment	₩ 8,188	₩ (23,422)
Increase (decrease) in accounts payable related to the acquisition of intangible assets under development	-	(1,477)
Reclassification from construction-in-progress to property, plant and equipment and intangible assets	156,768	240,446
Reclassification from property, plant and equipment to investment properties	1,258	2,876
Reclassification from Intangible assets under development to intangible assets	-	35,442
Purchase of right-of-use assets	11,544	5,315

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

Changes in liabilities arising from financial activities for each of the two years in the period ended December 31, 2023 are as follows:

(in millions of Korean won)

(in millions of Korean won)

	2023													
	As of January 1		Cash flows		Non-cash transaction						As of December 31			
					Business combina- tions		Acquisition of right-of- use assets		Transfer to current portion		Others ¹			
Short-term borrowings	₩	276,814	₩	113,156	₩	479	₩	-	₩	-	₩	(3,225)	₩	387,224
Long-term borrowings		237,716		-		124		-		(96,369)		2,076		143,547
Current portion of long-term borrowings		75,132		(72,500)		61		-		96,369		(957)		98,105
Debentures		772,753		189,364		-		-		(353,864)		486		608,739
Current portion of debentures		-		-		-		-		353,864		32		353,896
Current portion of lease liabilities		4,819		(5,411)		857		(2,177)		8,836		(794)		6,130
Long-term lease liabilities		19,411		-		3,823		14,045		(8,836)		(237)		28,206
Dividends payable		-		(37,784)		-		-		-		37,784		-
	₩	1,386,645	₩	186,825	₩	5,344	₩	11,868	₩	-	₩	35,165	₩	1,625,847

¹ Others include dividends payable and valuation of foreign currency.

(in millions of Korean won)

(in millions of Korean won)	2022											
			Non-cash transaction									
	As of January 1		Cash flows		Acquisition of right-of-use assets		Transfer to current portion		Others ¹		As of December 31	
Short-term borrowings	₩	191,386	₩	96,406	₩	-	₩	-	₩	(10,978)	₩	276,814
Long-term borrowings		165,587		142,254		-		(68,685)		(1,440)		237,716
Current portion of long-term borrowings		126,467		(120,263)		-		68,685		243		75,132
Debentures		592,862		179,426		-		-		465		772,753
Current portion of debentures		199,966		(200,000)		-		-		34		-
Current portion of lease liabilities		4,421		(5,334)		123		8,532		(2,923)		4,819
Long-term lease liabilities		19,920		-		7,862		(8,532)		161		19,411
Dividends payable		-		(33,682)		-		-		33,682		-
	₩	1,300,609	₩	58,807	₩	7,985	₩	-	₩	19,244	₩	1,386,645

¹ Others include dividends payable and valuation of foreign currency.

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

33. Financial Risk Management

The Group's financial instruments are exposed to credit risk, liquidity risk and market risk. This note presents information on the Group's exposure to each of the above risks, the Group's risk management objectives, policies and processes for measuring and managing each risk.

Risk management activities

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including cash and cash equivalents. However, the credit risks from financial institutions are limited because the Group deals with financial institutions with excellent credit ratings.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group determines credit limit of trade receivables. The Group's analysis includes the credit criteria which reflect the Group's internal credit rating indicators and external agency's credit ratings.

The Group sets credit limit of trade receivables for customers who meet the credit criteria based on average payment terms in industry practice and sales. For customers who do not meet the credit criteria, it sets limit of trade receivables based on limit of collaterals provided by the customers and sales. The Group transacts with other customers only when advanced payments are provided.

The Group reviews customer's credit ratings and collaterals provided at each end of reporting period and adjusts credit limits if appropriate.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

(a) Guarantees provided

As stated in Note 31 to the consolidated financial statements, the Group provides payment guarantees to the related parties other than the Group.

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

(b) Impairment of financial assets

The Group recognized an allowance for doubtful accounts of ₩ 1,648 million and ₩ 1,353 million for trade receivables and loans individually assessed in 2023 and 2022, respectively. The Group recognizes an allowance for doubtful accounts for other financial assets collectively to evaluate impairment.

(c) Aging analysis of the trade and other receivables, as of December 31, 2023 is as follows:

<i>(in millions of Korean won)</i>	Within 6 months		6 month-1 year		1-3 years		More than 3 years		Total
Trade receivables	₩	366,587	₩	316	₩	739	₩	1,417	₩ 369,059
Allowance for doubtful accounts		(645)		(82)		(156)		(994)	(1,877)
	₩	365,942	₩	234	₩	583	₩	423	₩ 367,182

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, to the extent reasonably possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group established short-term and mid-to-long term financial management plans to manage liquidity risk, and continued to analyze actual cash outflows to correspond to maturity structure of financial liabilities and financial assets. The Group holds overdraft agreements with several financial institutions to manage the temporary liquidity risk.

The Group monitors its risk of shortage of funds and manages its cash flows using L/Cs, overdrafts and other means.

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

The maturity analysis of contractual maturity of financial liabilities as of December 31, 2023 and 2022 is as follows:

(in millions of Korean won)

	2023				
	Carrying amount	Within 1 year	1-5 years	More than 5 years	Total
Non-derivative financial liabilities:					
Trade and other payables	₩ 343,277	₩ 337,093	₩ 5,892	₩ 1,771	₩ 344,756
Borrowings	628,876	497,015	138,871	8,754	644,640
Debentures	962,635	376,733	587,474	60,530	1,024,737
Other current financial liabilities	37,177	37,177	-	-	37,177
Lease liabilities	34,336	7,563	21,422	14,965	43,950
Financial guarantee liabilities	157	27,500	-	-	27,500
	<u>2,006,458</u>	<u>1,283,081</u>	<u>753,659</u>	<u>86,020</u>	<u>2,122,760</u>
Derivative financial liabilities:					
Other current financial liabilities	2,906	2,906	-	-	2,906
	<u>₩ 2,009,364</u>	<u>₩ 1,285,987</u>	<u>₩ 753,659</u>	<u>₩ 86,020</u>	<u>₩ 2,125,666</u>

(in millions of Korean won)

	2022				
	Carrying amount	Within 1 year	1-5 years	More than 5 years	Total
Non-derivative financial liabilities:					
Trade and other payables	₩ 288,875	₩ 280,394	₩ 7,784	₩ 2,588	₩ 290,766
Borrowings	589,662	369,307	251,899	436	621,642
Debentures	772,753	18,793	749,270	62,650	830,713
Lease liabilities	24,230	6,071	14,229	11,666	31,966
Financial guarantee liabilities	495	32,000	-	-	32,000
Other non-current financial liabilities	61,277	-	61,277	-	61,277
	<u>1,737,292</u>	<u>706,565</u>	<u>1,084,459</u>	<u>77,340</u>	<u>1,868,364</u>
Derivative financial liabilities:					
Other current financial liabilities	12,591	12,591	-	-	12,591
	<u>₩ 1,749,883</u>	<u>₩ 719,156</u>	<u>₩ 1,084,459</u>	<u>₩ 77,340</u>	<u>₩ 1,880,955</u>

The total amounts above are different to their carrying amounts as the above maturity analysis is presented at the nominal value of undiscounted future cash flows.

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

Market risk

Market risk is the risk that changes in market prices will affect the Group's profit or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

(a) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group's entities, primarily Korean won. The currencies that the transactions are denominated are USD, EUR, JPY, etc. The Group uses currency forward contracts to hedge 40% to 70% of its estimated foreign currency exposure in respect of forecasted sales and purchases over the following six months.

Assets and liabilities denominated in currencies other than the Group's functional currencies as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

	2023				2022			
	Assets		Liabilities		Assets		Liabilities	
USD	₩	101,068	₩	386,266	₩	139,492	₩	360,083
EUR		27,622		15,280		27,626		1,955
JPY		20,936		7,152		26,932		6,118
CNY		366		-		657		71
HUF		129		91		148		20
GBP		-		1		-		-
	₩	150,121	₩	408,790	₩	194,855	₩	368,247

The Group's forward exchange contracts to hedge against currency risk as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

	2023				2022			
	Short position		Long position		Short position		Long position	
USD	₩	12,469	₩	191,210	₩	17,016	₩	165,630
EUR		852		-		1,118		-
JPY		8,058		-		9,913		-
	₩	21,379	₩	191,210	₩	28,047	₩	165,630

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

Assuming that foreign currency exchange rates fluctuate by 10% at the end of the reporting period and other variables remain constant, sensitivity analysis of income before taxes to change of foreign currency exchange rates as of December 31, 2023 and 2022 is as follows:

(in millions of Korean won)

	2023		2022	
	10% increase	10% decrease	10% increase	10% decrease
USD	₩ (28,520)	₩ 28,520	₩ (22,059)	₩ 22,059
EUR	1,234	(1,234)	2,567	(2,567)
JPY	1,378	(1,378)	2,081	(2,081)
CNY	37	(37)	59	(59)
HUF	4	(4)	13	(13)
GBP	-	-	-	-
Profit (loss) from exposure	(25,867)	25,867	(17,339)	17,339
Less effect of forward exchange contracts	16,983	(16,983)	13,758	(13,758)
Profit (loss) from exposure, net	₩ (8,884)	₩ 8,884	₩ (3,581)	₩ 3,581

(b) Interest rate risk

The Group is exposed to the interest rate risk related to its borrowings with variable rates. Management monitors the level of interest rate risks regularly and ensures to maintain an optimal balance between borrowings at variable and fixed rates.

Details of the Group's interest-bearing financial liabilities as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

	2023	2022
Liabilities with fixed rates:		
Short-term borrowings	₩ 202,220	₩ 216,393
Current portion of long-term borrowings	28,512	26,450
Current portion of debentures	353,896	-
Long-term borrowings	74,223	99,950
Debentures	608,739	772,753
	<u>1,267,590</u>	<u>1,115,546</u>
Liabilities with variable rates:		
Short-term borrowings	185,004	60,421
Current portion of long-term borrowings	69,593	48,682
Long-term borrowings	69,324	137,766
	<u>₩ 323,921</u>	<u>₩ 246,869</u>

Samyang Holdings Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2023 and 2022

Assuming that interest rates fluctuate by 1% at the end of the reporting period and other variables remain constant, sensitivity analysis of income before taxes to change of interest rates as of December 31, 2023 and 2022 is as follows:

(in millions of Korean won)	2023		2022	
	1% increase	1% decrease	1% increase	1% decrease
Liabilities with variable interest rates	₩ (3,239)	₩ 3,239	₩ (2,469)	₩ 2,469
Effects of interest rate swap	630	(630)	997	(997)
Net exposure gains and losses	₩ (2,609)	₩ 2,609	₩ (1,472)	₩ 1,472

The Group does not account for any fixed rate financial liabilities as financial liabilities at fair value through profit or loss. Accordingly, changes in interest rates at the reporting date would not affect equity, profit or loss.

(c) Market price risk

The Group is exposed to equity price risk, which arises from listed equity securities in financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. Management monitors the risk arising from changes in market prices regularly and approves all equity investment decisions.

As of December 31, 2023, the Group is exposed to the market price risk caused by equity instruments classified as financial assets at fair value through other comprehensive income. As of December 31, 2023, the carrying amount of the financial assets at fair value through other comprehensive income is ₩ 412,728 million, assuming that market price fluctuates by 10% at the end of reporting period and other variables remain constant, the impact of the change on other comprehensive income before taxes amounts to ₩ 41,273 million.

Capital management

The objective of the Group's capital management is to maximize shareholder value through maintaining a sound capital structure. The Group makes necessary improvements to its capital structure through monitoring financial ratios such as debt to equity and net borrowings to equity on a monthly basis in order to achieve an optimal capital structure.

The capital risk ratios the Group monitors as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)	2023	2022
Liabilities (A)	₩ 2,340,124	₩ 2,024,270
Equity (B)	2,796,536	2,523,511
Financial deposits and others (C)	959,028	784,612
Borrowings and debentures (D)	1,591,511	1,362,415
Debt to equity ratio (A/B)	83.68%	80.22%
Net debt to equity ratio ((D-C)/B)	22.62%	22.90%

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

Transfers of financial assets

Financial assets that are transferred but not derecognized as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

	Loans and other receivables	
	2023	2022
Liabilities with recourse only to the transferred assets		
Fair value of assets	₩ 2,289	₩ 5,905
Fair value of related liabilities	(2,289)	(5,905)
Net amount	₩ -	₩ -

34. Financial Instruments by Category

Details of the carrying amount of financial assets as of December 31, 2023 and 2022 are as follows:

(in millions of Korean won)

Category	Account	2023	2022
Financial asset at amortized cost	Cash and cash equivalents ¹	₩ 246,818	₩ 231,375
	Trade and other receivables ²	386,563	366,307
	Other current financial assets ³	712,185	553,211
	Other non-current receivables	40,442	9,862
	Other non-current financial assets	25	26
		<u>1,386,033</u>	<u>1,160,781</u>
Financial assets at fair value through other comprehensive income	Listed equity instruments	412,728	307,710
	Unlisted equity instruments	66,665	72,259
	Debt instruments	1,498	1,407
		<u>480,891</u>	<u>381,376</u>
Financial assets at fair value through profit or loss	Beneficiary certificates and others	23,355	23,808
Derivatives	Other current financial assets ⁴	1,632	5,153
	Other non-current financial assets ⁴	2,780	-
		<u>₩ 1,894,691</u>	<u>₩ 1,571,118</u>

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

¹ Cash and cash equivalents consist of cash on hand and demand deposits which are presented net of unused government grants.

A reconciliation of cash and cash equivalents reported in the consolidated statements of cash flows and financial position for each of the two years in the period ended December 31, 2023 is as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Cash and cash equivalents in the statements of cash flows	₩	247,606	₩	231,766
Government subsidy		(788)		(391)
Cash and cash equivalents in the statements of financial position	₩	246,818	₩	231,375

² The above amount excludes due from customers for contract work.

³ Consist of short-term deposits to financial institutions.

⁴ Consist of derivative instruments which are not accounted for using hedge accounting.

Details of the carrying amount of financial liabilities as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>		2023		2022	
Category	Account				
Financial liabilities at amortized cost	Trade and other payables	₩	334,293	₩	280,385
	Short-term borrowings		387,224		276,814
	Current portion of long-term borrowings		98,105		75,132
	Other non-current payables		8,984		8,490
	Long-term borrowings		143,547		237,716
	Debentures		608,739		772,753
	Current portion of debentures		353,896		-
	Other current financial liabilities ¹		43,413		5,090
	Other non-current financial liabilities ¹		28,257		80,912
			<u>2,006,458</u>		<u>1,737,292</u>
Derivatives	Other current financial liabilities ²		2,906		12,591
		₩	<u>2,009,364</u>	₩	<u>1,749,883</u>

¹ Other financial liabilities consist of lease liabilities, financial guarantee contracts and contract with an obligation to purchase own shares.

² The above other current financial liabilities consist of derivative instruments which are not accounted for hedge accounting.

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

Gains and losses from financial instruments by category for each of the two years in the period ended December 31, 2023 are as follows:

(in millions of Korean won)

		2023					
		Financial assets			Financial liabilities		
		Financial assets measured at amortized cost	Financial assets at fair value	Derivative instruments	Financial liabilities measured at amortized cost	Derivative instruments	Total
Interest income	₩	33,229	₩ -	₩ -	₩ -	₩ -	₩ 33,229
Interest cost		-	-	-	(47,398)	-	(47,398)
Dividend income		-	27,464	-	-	-	27,464
Bad debt expense		(149)	-	-	-	-	(149)
Gain (loss) on foreign currency translation		3,878	-	-	3,284	-	7,162
Net changes in fair value – profit or loss		-	(3,101)	24,345	-	(17,840)	3,404
Net change in fair value – other comprehensive income		-	104,441	-	-	-	104,441
	₩	36,958	₩ 128,804	₩ 24,345	₩ (44,114)	₩ (17,840)	₩ 128,153

(in millions of Korean won)

		2022					
		Financial assets			Financial liabilities		
		Financial assets measured at amortized cost	Financial assets at fair value	Derivative instruments	Financial liabilities measured at amortized cost	Derivative instruments	Total
Interest income	₩	14,414	₩ -	₩ -	₩ -	₩ -	₩ 14,414
Interest cost		-	-	-	(33,768)	-	(33,768)
Dividend income		-	22,448	-	-	-	22,448
Gain on disposal		-	1	-	-	-	1
Bad debt expense		(229)	-	-	-	-	(229)
Gain (loss) on foreign currency translation		(5,276)	-	-	17,427	-	12,151
Net changes in fair value – profit or loss		-	1,794	24,321	-	(17,205)	8,910
Net change in fair value – other comprehensive income		-	(27,895)	-	-	-	(27,895)
	₩	8,909	(3,652)	24,321	(16,341)	(17,205)	(3,968)

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

35. Construction Contracts

Accumulated costs and accumulated profit and loss related to service contracts in progress as of December 31, 2023 and 2022 are as follows:

<i>(in millions of Korean won)</i>	2023		2022	
Accumulated amount of costs incurred	₩	4,140	₩	19,558
Accumulated profit		1,058		1,813
Accumulated loss		-		(2,219)
Accumulated construction revenue		5,198		19,152
Progress billings		(5,259)		(17,850)
	₩	(61)	₩	1,302
Due from customers for contract work		274		1,373
Due to customers for contract work		(335)		(71)
	₩	(61)	₩	1,302

As of December 31, 2023, there are ₩ 378 million of advances received and there are no collections related to construction contracts.

As of December 31, 2023, there is no contract for which the contracted amount is more than 5% of consolidated sales for the year ended December 31, 2022.

36. Business Combination

Samyang Specialty Solutions, LLC, a subsidiary, acquired 100% of the shares in Odyssey Global Parent, LLC. on December 15, 2023, to expand the surfactant business and secure global business capabilities. The deemed acquisition date is December 31, 2023.

<i>(in millions of Korean won)</i>	Amount	
Percentage of ownership (%)		100
Acquisition amount	₩	334,047

Details of the fair value of identifiable assets acquired and liabilities assumed from business combination are as follows:

<i>(in millions of Korean won)</i>	Amount	
Current assets	₩	72,100
Cash and cash equivalents		13,617
Trade and other receivables		32,459

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

Other current financial assets	129
Inventories	22,863
Current tax assets	701
Other current assets	2,331
Non-current assets	53,880
Property, plant and equipment	49,001
Other intangible assets	4,827
Deferred tax assets	37
Other non-current financial assets	5
Total assets	125,980
Current liabilities	31,792
Trade and other payables	20,735
Short-term borrowings	479
Current portion of long-term borrowings	62
Other current financial liabilities	857
Income taxes payable	1,617
Other current liabilities	8,042
Non-current liabilities	4,155
Long-term borrowings	123
Other non-current financial liabilities	3,824
Defined benefit liabilities	208
Total liabilities	35,947
Total net assets	₩ 90,003

Samyang Holdings Corporation and its subsidiaries
Notes to the consolidated financial statements
December 31, 2023 and 2022

Details of purchase consideration and goodwill are as follows:

<i>(in millions of Korean won)</i>		Amount
Purchase consideration	₩	334,047
Cash		334,047
Fair value of acquired assets and liabilities:	₩	90,033
Goodwill ¹	₩	244,014

¹ The Group is going to use an independent external agency to adjust the amount of goodwill by evaluating the fair value of identifiable assets and unrecognized intangible assets.

Details of net cash flows resulting from acquisition of subsidiary are as follows:

<i>(in millions of Korean won)</i>		Amount
Cash held by subsidiary	₩	13,617
Purchase consideration paid in cash		(334,047)
Effects of translating foreign operations		(2,529)
	₩	<u>(322,959)</u>

Audit opinion on internal control over financial reporting

The accompanying independent auditor's report on internal control over financial reporting is attached as a result of auditing the internal control over financial reporting of Samyang Holdings Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group") and the consolidated financial statements of the Group for the year ended December 31, 2023 in accordance with the Article 8 of the *Act on External Audit of Stock Companies*.

Attachments:

1. Independent auditor's report on internal control over financial reporting
2. Management's report on the effectiveness of the internal control over financial reporting (ICFR)

Independent auditor's report on internal control over financial reporting
(English translation of a report originally issued in Korean)**Samyang Holdings Corporation**
The Shareholders and Board of Directors**Opinion on internal control over financial reporting**

We have audited the internal control over financial reporting ("ICFR") of Samyang Holdings Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group") based on the Conceptual Framework for Design and Operation of ICFR established by the Operating Committee of ICFR in Korea (the "ICFR Committee") as of December 31, 2023.

In our opinion, the Group's ICFR has been designed and is operating effectively, in all material respects, as of December 31, 2023 in accordance with the Conceptual Framework for Design and Operation of ICFR.

We also have audited, in accordance with Korean Standards on Auditing ("KSA"), the consolidated statement of financial position as of December 31, 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of material accounting policy information, of the Group, and our report dated March 14, 2024 expressed an unqualified opinion thereon.

Basis for opinion on ICFR

We conducted our audit in accordance with KSA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of ICFR section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of ICFR in the 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.

Other matter

The CEO and ICFR officer of the Group excluded Odyssey Global Parent LLC and its subsidiaries which were acquired during the year ended December 31, 2023 from the assessment of management on ICFR in accordance with the Approaches for Evaluation and Reporting of ICFR. In this regard, the auditor also excluded the same components from the scope of its audit of ICFR.

Responsibility of management and those charged with governance for ICFR

Management is responsible for designing, implementing and maintaining an effective ICFR, and for assessing the effectiveness of the ICFR included in the accompanying Management's report on the effectiveness of the internal control over financial reporting.

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

Auditor's responsibilities for the audit of ICFR

Our responsibility is to express an opinion of the Group's ICFR based on our audit. We conducted our audit in accordance with KSA. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective ICFR was maintained in all material respects.

An audit of the ICFR involves performing procedures to obtain audit evidence as to whether a material weakness exists. The procedures selected depend on the auditor's judgment, including the assessment of the risks that a material weakness exists. An audit also includes testing and evaluating the design and operation of ICFR based on obtaining an understanding of ICFR and the assessed risk.

ICFR definition and inherent limitations

A company and its subsidiaries' ICFR is implemented by those charged with governance, management, and other employees and is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS"). A company and its subsidiaries' ICFR 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 and its subsidiaries; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with KIFRS, and that receipts and expenditures of the company and its subsidiaries are being made only in accordance with authorizations of management and directors of the company and its subsidiaries; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company and its subsidiaries' assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, ICFR may not prevent or detect material misstatements of the consolidated financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that ICFR 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 auditor's report is Heekyun Shin.



March 14, 2024

This audit report is effective as of March 14, 2024, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the Group's ICFR and may result in modifications to this report.

Management's report on the effectiveness of internal control over financial reporting for consolidation purposes

(English translation of a report originally issued in Korean)

**The Shareholders, Board of Directors and Audit Committee
Samyang Holdings Corporation**

We, as Chief Executive Officer ("CEO") and Officer for Internal Control over Financial Reporting ("ICFR Officer") (hereinafter referred to as "we") of Samyang Corporation and its subsidiaries (the "Group"), assessed the effectiveness of the design and operation of the Group's ICFR for consolidation purposes for the year ended December 31, 2023.

The design and operation of ICFR for consolidation purposes is the responsibility of the Group's management, including the CEO and the ICFR Officer.

We assessed whether the Group's ICFR for consolidation purposes has been designed and is operating effectively in order to prevent and detect errors or frauds which may result in a misstatement of the consolidated financial statements to ensure preparation and disclosure of reliable consolidated financial statements.

We used the Conceptual Framework for Design and Operation of ICFR as established by the Operating Committee of ICFR (the "ICFR Committee") as the standard for the design and operation of the Group's ICFR for consolidation purposes. In assessing the design and operation of the ICFR for consolidation purposes, we assessed ICFR for consolidation purposes based on the Management Guideline for Evaluation and Reporting of ICFR as announced by the ICFR Committee.

Based on our assessment, we concluded that the Group's ICFR for consolidation purposes has been designed and is operating effectively as of December 31, 2023, in all material respects, in accordance with the Conceptual Framework for Design and Operation of ICFR.

The Group has decided to exclude Odyssey Global Parent, LLC. (Acquired on December 15, 2023 with total assets currently evaluated at ₩ 126 billion, equivalent to 2.45% of the Group's total assets after the acquisition) from the scope of assessment of the design and operation of the ICFR for consolidation purposes due to practical difficulties of assessment.

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

March 8, 2024

Taeung Eom,
Chief Executive Officer

Taeung Eom

Hyeonmi Kim
Officer for ICFR

Kim Hyeon-mi