Daesang Corporation and its Subsidiaries

Consolidated Financial Statements

For the year ended December 31, 2022

with independent auditors' report

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Report of Independent Auditors

(English Translation of Independent Auditors' Report Originally Issued in Korean on March 16, 2023)

To the Board of Directors and Stockholders
Daesang Corporation

Opinion

We have audited the accompanying consolidated financial statements of Daesang corporation and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of December 31, 2022, 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 notes, including a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the Republic of Korea. 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.

Other matters

The accompanying consolidated financial statements of the Group as of and for the year ended December 31, 2021, presented herein for comparative purpose, were audited by Ernst & Young Han Young, in accordance with the KSAs, whose audit report dated March 17, 2022, expressed an clean opinion on those consolidated financial statements

Key Audit Matters

The key audit matters are those matters that, in our professional judgment, were 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.

(1) Variable consideration and consideration paid to the customers

A. Reasons why the matter was determined to be a key audit matter:
Revenue in the consolidated financial statements is one of the Group's key financial performance indicators. As revenue is measured based on variable consideration and consideration paid to customers, the significance of amounts such as sales incentives and the complexity of the calculations, a significant

risk of error in recognition of the variable consideration and consideration to be paid to customers, which may result in overstatement of revenue has been identified as a key audit matter.

B. How the key audit matter was addressed in the audit:
- Understand and evaluate revenue recognition accounting policies
- Performed tests on the effectiveness of the design and operation of related internal controls
- Performed trend analyses of the monthly performance of sales incentives for major customers.
- Inspected supply contracts for major customers to identify variable consideration and considerations payable to the customers and assessed the appropriateness of the treatment of the related revenue recognized.
- Assessed the appropriateness of the revenue recognition of sales incentives by obtaining relevant documents and testing transactions for a sample selected.
- Evaluated the completeness of the revenue deduction through inspection of general ledger accounts to assess whether the consideration to be paid to the customer amounts were recorded in the selling expense accounts

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations.

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

Auditor's Responsibilities for the Audit of the 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 auditing standards generally accepted in the Republic of Korea will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used in the preparation of the consolidated financial statements and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the 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.

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 partner in charge of the audit resulting in this independent auditor's report is Dongkun, Seo.

BDO Sunghyun LLC

Seoul, Korea

March 16, 2023

This report is effective as of March 16, 2023, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Daesang Corporation and its Subsidiaries

Consolidated Financial Statements

For the years ended December 31, 2022 and 2021

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

Jung-bae Lim
CEO

Daesang Corporation

Daesang Corporation and its Subsidiaries
Consolidated Statements of Financial Position
As of December 31, 2022 and 2021

(in Korean won)	**Notes**	**2022-12-31**	**2021-12-31**
Assets			
Current assets:			
Cash and cash equivalents	5,6	558,982,649,590	586,321,630,823
Short-term financial instruments	5,6,18	26,821,383,045	21,183,143,502
Trade receivables and other receivables	5,7,29,31	374,460,615,319	346,240,574,513
Inventories	8	706,516,280,331	515,073,453,011
Current income tax assets	26	2,250,795,303	3,369,140,597
Other current financial assets	5,10	11,809,805,266	9,277,627,683
Other current assets	10	35,090,410,464	36,331,133,090
Assets held for sale	33	5,072,781,671	5,635,446,235
		1,721,004,720,989	1,523,432,149,454
Non-current assets:			
Long-term financial instruments	5,6	184,808,945	214,055,152
Financial assets at fair value through profit or loss	5,9	24,571,165,938	4,231,696,318
Financial assets at fair value through other comprehensive income	5,9,18	14,505,705,258	13,096,469,300
Investments in associates and joint ventures	11	68,176,943,407	46,784,206,339
Property, plant and equipment, net	12,18	1,063,612,921,928	992,792,535,787
Intangible assets, net	13	119,209,271,902	111,773,701,302
Investment property, net	14	30,086,184,661	31,887,621,391
Right-of-use assets, net	32	69,027,970,450	63,894,577,033
Deferred income tax assets	26	14,098,731,839	29,565,493,136
Other non-current financial assets	5,10	41,023,113,198	34,523,912,046
Other non-current assets	10	24,694,909,853	18,333,688,410
		1,469,191,727,379	1,347,097,956,214
Total assets		**3,190,196,448,368**	**2,870,530,105,668**

Daesang Corporation and its Subsidiaries
Consolidated Statements of Financial Position, Continued
As of December 31, 2022 and 2021

(in Korean won)	Notes	2022-12-31	2021-12-31
Liabilities			
Current liabilities:			
Trade payables and other payables	3,5,15,18,29	336,663,627,047	369,607,417,684
Short-term borrowings	3,5,16,18	469,896,611,946	328,822,335,526
Current portion of long-term borrowings	3,5,16,18	11,906,194,684	13,610,174,549
Current portion of debentures	3,5,17	79,994,272,276	129,989,421,323
Current provisions	19	8,300,918,813	7,219,096,761
Income tax liabilities	26	111,818,536	28,084,768,153
Other current financial liabilities	3,5,10,32	52,921,879,646	45,278,237,721
Other current liabilities	10,31	37,444,063,675	31,186,285,839
		997,239,386,623	953,797,737,556
Non-current liabilities:			
Trade payables and other payables	3,5,15	95,212,584	89,041,197
Borrowings	3,5,16,18	179,229,499,647	53,058,569,090
Debentures	3,5,17	528,825,447,517	409,039,595,672
Non-current provisions	19	1,824,307,130	1,510,588,512
Defined benefit obligations, net	20	108,711,226,463	153,897,460,910
Deferred income tax liabilities	26	650,663,079	-
Other non-current financial liabilities	3,5,10,32	49,370,636,729	50,073,924,506
Other non-current liabilities	10	1,623,567,212	1,840,651,388
		870,330,560,361	669,509,831,275
Total liabilities		**1,867,569,946,984**	**1,623,307,568,831**
Equity			
Equity attributable to owners of parent			
Capital stock	1,22	36,018,248,000	36,018,248,000
Paid-in Capital in excess of par		73,467,953,000	73,467,953,000
Retained earnings	22	1,026,593,748,504	947,397,755,003
Other components of equity	22	167,232,912,087	170,016,376,017
		1,303,312,861,591	1,226,900,332,020
Non-controlling Interests	30	19,313,639,793	20,322,204,817
Total equity		**1,322,626,501,384**	**1,247,222,536,837**
Total liabilities and stockholders' equity		**3,190,196,448,368**	**2,870,530,105,668**

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

Daesang Corporation and its Subsidiaries
Consolidated Statements of Comprehensive Income
For The Years ended December 31, 2022 and 2021

(in Korean won)	Notes	2022	2021
Revenues	4,29,31	4,084,090,277,577	3,469,992,522,829
Cost of sales	23,29	3,113,752,793,399	2,586,789,345,575
Gross profit		**970,337,484,178**	**883,203,177,254**
Selling, general and administrative expenses	23,24	830,338,493,357	729,957,982,127
Provision of expected credit loss allowance		399,355,898	299,099,277
Operating profit	4	**139,998,990,821**	**153,245,195,127**
Other non-operating income	25	56,730,646,176	101,892,296,583
Reversal of other expected credit loss allowance		3,047,771,219	-
Other non-operating expenses	25	50,379,312,927	50,671,043,319
Provision of other expected credit loss allowance		10,803,300	4,248,971,069
Finance income	25	43,146,113,880	9,425,404,585
Interest income of the effective interest method		290,793,573	259,027,888
Finance expenses	25	81,178,958,329	41,577,135,424
Share of profit of equity-accounted investees	11,25	2,615,393,498	12,021,260,743
Net income before income taxes		**110,932,873,119**	**184,335,978,295**
Income tax expense	26	28,713,978,190	39,386,386,442
Net income		**82,218,894,929**	**144,949,591,853**
Net income for the years attributable to:			
Equity holders of the parent company		83,068,781,218	144,134,814,104
Non-controlling interests	30	(849,886,289)	814,777,749
Other comprehensive income (loss):			
Items that may be reclassified subsequently to profit or loss:			
Changes in equity accounts from valuation of investments accounted under equity method	11	(1,865,974,938)	2,761,531,955
Gain (loss) on overseas operations translation		(1,573,898,927)	22,340,587,376
Items that will not be reclassified subsequently to profit or loss:			
Gain (loss) on valuation of financial assets at FVOCI	9	396,403,741	(196,845,854)
Changes in retained earnings from valuation of equity method	11	57,911,175	163,156,991
Remeasurements of the defined benefit obligations	20	24,998,929,197	881,171,934
Total comprehensive income		**104,232,265,177**	**170,899,194,255**
Total comprehensive income for the years attributable to:			
Equity holders of the parent company		105,240,830,201	168,589,483,691
Non-controlling interests	30	(1,008,565,024)	2,309,710,564
Earnings per share on equity in parent	27		
Basic earnings per share (common share)		**2,306**	**4,001**
Basic earnings per share (preferred share)		**2,316**	**4,011**

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

Daesang Corporation and its Subsidiaries
Consolidated Statements of Changes in Equity
For The Years ended December 31, 2022 and 2021

(in Korean won)	Notes	Equity Attributable to Owners of Parent: Issued capital	Capital in excess of par value	Retained earnings	Other components of equity	Sub total	Non-Controlling Interests	Total
Balance as of January 1, 2021		**36,018,248,000**	**73,467,953,000**	**827,541,394,674**	**146,509,728,485**	**1,083,537,324,159**	**18,012,494,253**	**1,101,549,818,412**
Net income		-	-	144,134,814,104	-	144,134,814,104	814,777,749	144,949,591,853
Other comprehensive income(loss):								
Gain (loss) on valuation of financial assets at FVOCI		-	-	-	(196,845,854)	(196,845,854)	-	(196,845,854)
Changes in retained earnings and equity from valuation of investments accounted under equity method	11	-	-	163,156,991	2,761,531,955	2,924,688,946	-	2,924,688,946
Gain (loss) on translation of overseas operations		-	-	-	20,941,961,431	20,941,961,431	1,398,625,945	22,340,587,376
Remeasurement of net defined benefit obligations		-	-	784,865,064	-	784,865,064	96,306,870	881,171,934
Total comprehensive income for the year		**-**	**-**	**145,082,836,159**	**23,506,647,532**	**168,589,483,691**	**2,309,710,564**	**170,899,194,255**
Annual dividends	22	**-**	**-**	**(25,226,475,830)**	**-**	**(25,226,475,830)**	**-**	**(25,226,475,830)**
Balance as of December 31, 2021		**36,018,248,000**	**73,467,953,000**	**947,397,755,003**	**170,016,376,017**	**1,226,900,332,020**	**20,322,204,817**	**1,247,222,536,837**
Balance as of January 1, 2022		**36,018,248,000**	**73,467,953,000**	**947,397,755,003**	**170,016,376,017**	**1,226,900,332,020**	**20,322,204,817**	**1,247,222,536,837**
Net income		-	-	83,068,781,218	-	83,068,781,218	(849,886,289)	82,218,894,929
Other comprehensive income(loss):								
Gain (loss) on valuation of financial assets at FVOCI		-	-	-	396,403,741	396,403,741	-	396,403,741
Changes in retained earnings and equity from valuation of investments accounted under equity method	11	-	-	57,911,175	(1,865,974,938)	(1,808,063,763)	-	(1,808,063,763)
Gain (loss) on translation of overseas operations		-	-	-	(1,313,892,733)	(1,313,892,733)	(260,006,194)	(1,573,898,927)
Remeasurement of net defined benefit obligations		-	-	24,897,601,738	-	24,897,601,738	101,327,459	24,998,929,197
Total comprehensive income for the year		**-**	**-**	**108,024,294,131**	**(2,783,463,930)**	**105,240,830,201**	**(1,008,565,024)**	**104,232,265,177**
Annual dividends	22	**-**	**-**	**(28,828,300,630)**	**-**	**(28,828,300,630)**	**-**	**(28,828,300,630)**
Balance as of December 31, 2022		**36,018,248,000**	**73,467,953,000**	**1,026,593,748,504**	**167,232,912,087**	**1,303,312,861,591**	**19,313,639,793**	**1,322,626,501,384**

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

Daesang Corporation and its Subsidiaries
Consolidated Statements of Cash Flows
For The Years ended December 31, 2022 and 2021

(in Korean won)	Note	2022	2021
Cash flows provided by operating activities		**(90,934,880,148)**	**58,662,398,322**
Cash generated from operations	28	(23,349,318,418)	101,664,945,415
Interest income received		9,697,625,878	3,042,328,472
Interest paid		(30,576,362,164)	(15,234,722,327)
Dividends received		96,355,044	4,735,984,561
Income tax paid		(46,803,180,488)	(35,546,137,799)
Cash flows from investing activities			
Increase in short-term financial instruments		(51,100,750,040)	(5,300,794,074)
Decrease in short-term financial instruments		45,000,000,000	3,250,000,000
Increase in long-term financial instruments		(146,098,800)	(195,555,152)
Decrease in long-term financial instruments		175,345,007	-
Increase in FVPL		(19,500,000,000)	(2,000,400,000)
Decrease in FVPL		-	5,501,731,203
Increase in FVOCI		(800,002,838)	(6,696,782,000)
Increase in investments in associates and joint ventures		(20,585,407,333)	(3,300,000,000)
Decrease in investments in associates and joint ventures		-	6,838,000,000
Increase in property, plant and equipment		(174,356,604,418)	(160,115,526,161)
Decrease in property, plant and equipment		1,226,837,690	7,874,408,523
Increase in intangible assets		(5,075,454,394)	(4,817,504,292)
Decrease in intangible assets		-	1,913,531,964
Increase in investment property		-	(305,129)
Decrease in investment property		658,400,000	3,198,885,001
Increase in other financial assets		(28,449,542,683)	(21,869,812,537)
Decrease in other financial assets		21,874,198,163	8,975,307,447
Cash inflow from sale of assets-held-for-sale		-	145,407,260,720
Cash flow from business combination		2,284,761,901	(8,304,747,051)
Net cash used in investing activities		**(228,794,317,745)**	**(29,642,301,538)**
Cash flows from financing activities			
Increase in short-term borrowings		976,946,927,626	677,450,865,451
Decrease in short-term borrowings		(799,027,425,494)	(623,098,666,406)
Decrease in current portion of long-term borrowings		(15,096,182,619)	(14,351,083,330)
Decrease in current portion of debentures		(130,000,000,000)	(100,000,000,000)
Increase in long-term borrowings		126,259,651,510	9,619,080,000
Decrease in long-term borrowings		(365,472,000)	-
Issuance of debentures		199,253,940,000	149,318,981,294
Increase in other financial liabilities		4,844,813	40,289,649
Decrease in other financial liabilities		(26,051,944,977)	(27,136,912,564)
Dividends paid		(28,828,300,630)	(25,226,475,830)
Net cash provided by (used in) financing activities		**303,096,038,229**	**46,616,078,264**
Net increase in cash and cash equivalents		**(16,633,159,664)**	**75,636,175,048**
Foreign currency effect on cash and cash equivalents		(10,705,821,569)	4,146,112,672
Cash and cash equivalents at beginning of year		586,321,630,823	506,539,343,103
Cash and cash equivalents at end of year		**558,982,649,590**	**586,321,630,823**

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

1. General Information

These consolidated financial statements have been prepared in accordance with Korean International Financial Reporting Standards (“Korean IFRS”) 1110, Consolidated Financial Statements. Daesang Corporation, as the controlling company, consolidates its 19 subsidiaries, including Daesang F&B Co., Ltd. The Company also applies the equity method of accounting for its associates and joint ventures, including PT Daesang Agung Indonesia and Daesang Ricor Co.

Daesang Corporation (the Company”) was incorporated on 1956 and listed on the Korea Stock Exchange (KOSPI) in April 1970. The Company’s main business is to manufacture seasonings and food additives. The Company has been through several capital increases and reductions since its establishment, and as of December 31, 2022, the Company’s paid-in capital was 36,018 million Korean Won (34,648 million Korean Won in common shares and 13,700 million Korean Won in preferred shares).

As of December 31, 2022, major shareholders are as follows:

Stockholders	Number of shares	Percentage of ownership (%)
Daesang Holdings Co., Ltd.	13,608,456	39.28%
National Pension Service	4,309,743	12.44%
Daesang Cultural Foundation	1,324,957	3.82%
Others	15,404,869	44.46%
	34,648,025	100.00%

1.2 Consolidated Subsidiaries

(1) The consolidated subsidiaries as of December 31, 2022 and 2021 are as follows:

Subsidiaries	Ownership		Location	Reporting date	Industry
	December 31, 2022	December 31, 2022			
Daesang F&B Co., Ltd.	100.00	100.00	Korea	December 31, 2022	Food manufacture
Sinan Solar Salt Co., Ltd	90.00	90.00	Korea	December 31, 2022	Food manufacture
Daesang Food Plus Co., Ltd. (*1)	100.00	100.00	Korea	December 31, 2022	Food manufacture
PT Daesnag Ingredients Indonesia (*2)	89.98	89.98	Indonesia	December 31, 2022	Food manufacture
PT Daesang Food Indonesia (*3)	97.02	97.02	Indonesia	December 31, 2022	Food manufacture
Daesang Vietnam Co., Ltd. (*4)	93.11	93.11	Vietnam	December 31, 2022	Food manufacture
Daesang (H.K.) Ltd.	100.00	100.00	China	December 31, 2022	Trade
Daesang (Beijing) Food Co., Ltd	100.00	100.00	China	December 31, 2022	Food manufacture
Tianjin Defeng Foods Co., Ltd.	100.00	100.00	China	December 31, 2022	Food manufacture
Daesang Japan Inc.	100.00	100.00	Japan	December 31, 2022	Trade
Daesang America Inc.	95.00	95.00	USA	December 31, 2022	Trade
Daesang Europe. B.V.	100.00	100.00	Netherland	December 31, 2022	Trade
DU Food Co., Ltd.	92.50	92.50	Korea	December 31, 2022	Food manufacture
Daesang Duc Viet JSC. (*5)	100.00	100.00	Vietnam	December 31, 2022	Food manufacture
Daesang Philippines Corporation	100.00	100.00	Philippine	December 31, 2022	Trade
Daesang (Lianyungang) Food Co., Ltd	100.00	100.00	China	December 31, 2022	Food manufacture
DSF DE, Inc.	100.00	100.00	USA	December 31, 2022	Holding company
Daesang Foods USA Inc.	100.00	100.00	USA	December 31, 2022	Food manufacture
Daesang Deliheim Co., Ltd (*6)	100.00	100.00	Korea	December 31, 2022	Food manufacture
Hongbo Energy Co., Ltd (*7)(*8)	-	-	Korea	December 31, 2022	Waste treatment

(*1) During the previous year, the entity’s name was changed from Jeongpung Co., Ltd. To Daesang Food Plus Co., Ltd.
(*2) During the previous year, the entity’s name was changed from PT MIWON INDONESIA To PT Daesang Ingredients Indonesia.
(*3) During the previous year, the entity’s name was changed from PT ANEKA BOGA NUSANTRA To PT Daesang Food Indonesia.
(*4) During the current year, the entity’s name was changed from MIWON VIETNAM CO., LTD To Daesang Vietnam Co., Ltd.
(*5) During the current year, the entity’s name was changed from DUC VIET FOOD JOINT STOCK COMPANY To Daesang Duc Viet JSC.
(*6) During the previous year, the entity established as a subsidiary.
(*7) During the current year, the entity was included from subsidiary due to acquisition of shares.
(*8) During the current year, the entity was excluded from subsidiary due to disposal of shares.

1. General Information (Continued)

(2) Summary of financial data of consolidated subsidiaries are as follows:

(in millions of Korean won)	**As of December 31, 2022**			**For the year ended December 31, 2022**		
Subsidiaries	Assets	Liabilities	Equity	Sales	Net income	Total comprehensive income
Daesang F&B Co., Ltd.	73,014	30,605	42,409	144,469	1,221	1,602
Sinan Solar Salt Co., Ltd	6,806	1,643	5,163	8,722	193	446
Daesang Food Plus Co., Ltd.	87,369	33,955	53,414	65,342	(1,544)	(1,067)
PT Daesang Ingredients Indonesia	245,537	98,238	147,299	369,468	(10,397)	(13,237)
PT Daesang Food Indonesia	25,697	16,406	9,291	65,724	(46)	(221)
Daesang Vietnam Co., Ltd.	99,519	47,239	52,280	170,592	2,856	4,258
Daesang (H.K.) Ltd.	8,088	3,365	4,723	49,175	318	597
Daesang (Beijing) Food Co., Ltd	11,501	16,486	(4,985)	61,148	(2,396)	(2,179)
Tianjin Defeng Foods Co., Ltd	5,693	292	5,401	4,568	5	(138)
Daesang Japan Inc.	49,914	45,900	4,014	110,645	(813)	(1,177)
Daesang America Inc.	46,965	45,170	1,795	141,480	(826)	(642)
Daesang Europe. B.V.	68,219	65,732	2,487	169,392	455	466
DU Food Co., Ltd.	3,353	2,099	1,254	9,168	82	84
Daesang Duc Viet JSC.	26,118	10,117	16,001	52,053	1,447	1,845
Daesang Philippines Corporation	25,053	6,770	18,283	24,319	242	(427)
Daesang (Lianyungang) Food Co., Ltd	26,347	7,700	18,647	15,438	(105)	(598)
DSF DE, Inc.	17,019	-	17,019	-	(1)	3
Daesang Foods USA Inc.	25,127	11,307	13,820	1,563	(2,827)	(1,702)
Daesang Deliheim Co., Ltd	28,730	8,817	19,913	40,129	(2,186)	(2,024)
Hongbo Energy Co., Ltd	-	-	-	2,076	(740)	(740)
Total	880,069	451,841	428,228	1,505,471	(15,062)	(14,851)

1. General Information (Continued)

(in millions of Korean won)	**As of December 31, 2021**			**For the year ended December 31, 2021**		
Subsidiaries	Assets	Liabilities	Equity	Sales	Net income	Total comprehensive income
Daesang F&B Co., Ltd.	70,293	29,486	40,807	113,690	6,649	6,649
Sinan Solar Salt Co., Ltd	7,764	3,047	4,717	8,085	(221)	(298)
Daesang Food Plus Co., Ltd.	84,894	30,413	54,481	51,195	252	254
PT Daesang Ingredients Indonesia	225,062	64,526	160,536	276,989	4,340	16,079
PT Daesang Food Indonesia	15,803	6,291	9,512	48,817	1,058	1,711
Miwon Vietnam Co., Ltd.	93,864	45,842	48,022	128,908	4,312	8,678
Daesang (H.K.) Ltd.	9,669	5,543	4,126	38,889	160	491
Daesang (Beijing) Food Co., Ltd	10,533	13,339	(2,806)	52,368	(4,562)	(4,653)
Tianjin Defeng Foods Co., Ltd	5,721	182	5,539	4,061	(65)	513
Daesang Japan Inc.	36,136	30,945	5,191	95,285	727	615
Daesang America Inc.	35,798	33,361	2,437	118,850	187	378
Daesang Europe. B.V.	51,806	49,786	2,020	110,269	331	333
DU Food Co., Ltd.	2,713	1,542	1,171	6,591	(32)	(87)
DUC Viet Food Joint Stock Company	18,341	4,184	14,157	37,679	1,043	2,343
Daesang Philippines Corporation	8,040	7,135	905	21,022	(122)	(97)
Daesang (Lianyungang) Food Co., Ltd	28,275	9,030	19,245	10,788	159	2,143
DSF DE, Inc.	17,016	-	17,016	-	(1)	3
Daesang Foods USA Inc.	21,655	6,133	15,522	-	(1,206)	130
Daesang Deliheim Co., Ltd	26,138	4,200	21,938	5,822	(505)	(690)
Total	769,521	344,986	424,536	1,129,308	12,504	34,495

(3) Changes in consolidation scope during the current year are as follows:

Subsidiaries	**Change**	**Description**
Hongbo Energy Co., Ltd	Included	Acquisition
Hongbo Energy Co., Ltd	Excluded	Disposal

2. Basis of Preparation and Summary of Significant Accounting Policies

The principal accounting policies used to prepare the consolidated financial statements are set out below. Unless stated otherwise, these accounting policies have been applied consistently to the consolidated financial statements for the current period and the comparative period.

2-1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Korean International Financial Reporting Standards ("K-IFRS"), as prescribed in the Act on External Audit of Stock Companies, Etc. in the Republic of Korea.

The consolidated financial statements have been prepared under the historical cost basis, except as otherwise noted in the accounting policies below. The consolidated financial statements are presented in Korean won and are stated in millions of won unless otherwise noted.

2-2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") as of December 31, 2022, and 2021. 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
- 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
- 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 and 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.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment is recognized at fair value.

2. Basis of Preparation and Summary of Significant Accounting Policies, Continued

2-3 Business Combination and Goodwill

The Company applies the acquisition method to account for business combinations. The consideration transferred is measured at the fair values of the assets transferred, and identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. The Company recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis in the event of liquidation at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

In case of a business combination effected in stages, the acquirer remeasured its previously held interest in the acquired asset to its fair value at the acquisition date, and any resulting difference between the fair value and the carrying amount is reflected in profit or loss for the current period.

Any contingent consideration payable is measured at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration classified as assets or liabilities are recognized in profit or loss or other comprehensive income in accordance with Korean IFRS 1109.
If the contingent consideration is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss. If contingent consideration does not fall within the scope of application of Korean IFRS 1109, it is measured in accordance with the appropriate Korean IFRS.

The excess of consideration transferred, of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. When the fair value of net assets acquired exceeds the sum of consideration transferred, the Group reviews whether it has accurately identified all assets acquired and liabilities assumed and reviews the procedure used to measure the amount recognized at the acquisition date.
If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in the profit or loss as a bargain purchase.

After initial recognition, goodwill is carried at cost less accumulated impairment losses.
For impairment testing purposes, goodwill acquired in a business combination is allocated from the acquisition date to each cash-generating unit or group of cash-generating units that are expected to benefit from the synergies resulting from the business combination. This is done regardless of whether other assets or liabilities of the acquiree are allocated to the cash-generating unit or group of cash-generating units to be allocated.

When an operation within a cash-generating unit to which goodwill is allocated is disposed of, the goodwill related to the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal, based on the relative value of the portion retained and the portion disposed of within the cash-generating unit. are measuring.

2-4 Investments in Associates and Joint Ventures

Associates are all entities over which the Group has significant influence but does not have control. Significant influence is the ability to participate in decisions regarding the financial and operating policies of an investee, but not the control or joint control of those policies.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. 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.

2-4 Investments in Associates and Joint Ventures, Continued

Associates and joint ventures are accounted for using the equity method. Under the equity method, on initial recognition, the Group recognizes investments in associates and joint ventures cost. Subsequently, the Group adjusts the carrying amount of the investments in associates and joint ventures to recognize the Group's share of the change in the net assets. The goodwill related to an associate or joint venture is included in the carrying amount of the investment and is not amortized or tested for impairment separately.

The Group's share of profit or loss from operations of associates and joint ventures is directly reflected in the consolidated statement of income, and changes in other comprehensive income are presented as part of other comprehensive income of the Group. If there is a change that is directly reflected in the equity of an associate or joint venture, the corresponding share of the Group is reflected in the statement of changes in equity. Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group’s interest in the associates and joint ventures.

Profit from associates and joint ventures is presented in the consolidated statement of comprehensive income as a proportion of the Group's interest after deducting income tax and non-controlling interests in associates and joint ventures.

The reporting period of associates and joint ventures is the same as that of the Group, and financial statements are adjusted if necessary to apply the same accounting policies as the Group.

After applying the equity method, the Group determines whether it is necessary to recognize additional impairment losses for investments in associates and joint ventures. At the end of each reporting period, the Group determines whether there is objective evidence that investments in associates and joint ventures are impaired. Equity method gains and losses from associates and joint ventures are recognized in the consolidated statement of comprehensive income.

When the Group loses significant influence over an associate or joint control over a joint venture, the remaining interest in the former associates or joint ventures, if any, are measured at fair value and significant influence are lost. and the difference between the carrying amount of the investment in associates and joint ventures at the time of loss of joint control, the fair value of the remaining interest and the proceeds from disposal are reflected in profit or loss.

2-5 Classification of Current or Non-current

The Group classifies assets and liabilities as current and non-current on the statement of financial position.
Assets are classified as current assets when:
-Expected to be realized within the normal operating cycle or intended to be sold or consumed within the normal operating cycle.
-Primarily held for short-term trading.
-Expected to be realized within 12 months after the end of reporting period.
-Cash or cash equivalents, with a restriction period not exceeding 12 months after the end of reporting period for use for exchange or debt repayment purposes.
All other assets are classified as non-current assets.

Liabilities are classified as current assets when:
-Expected to be settled within the normal operating cycle.
-Primarily held for short-term trading.
-Expected to be settled within 12 months after the reporting period.
-No unlimited right to defer settlement of a liability for more than 12 months after the end of reporting period.
All other liabilities are classified as non-current liabilities.

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

2. Basis of Preparation and Summary of Significant Accounting Policies, Continued

2-6 Foreign currencies

(1) Foreign currency transactions and balances

The Group's financial statements are presented in Korean won, which is also the Group's functional currency.
Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

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

The transaction date for determining the exchange rate to be applied for the initial recognition of related assets, expenses and income is the date on which the Group first recognizes the non-current assets or non-current liabilities by paying or receiving advance consideration. If advance payment or advance receipt is made multiple times, the Group determines the transaction date for each advance payment or advance receipt.

(2) 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 income statements are translated at average exchange rates. The exchange differences arising on translation for consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2-7 Cash and cash equivalents

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

2-8 Dividend

Dividend is recognized as a liability when approved by the Control Company's shareholders and the Control Company no longer has discretion. Distributions to shareholders require approval by the shareholders' meeting.
The corresponding amount is reflected directly in equity.

2-9 Financial instruments

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.

(1) Financial assets

1) Initial recognition and measurement

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

2-9 Financial Instruments, Continued

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 fair value through profit or loss, 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 fair value through OCI, 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 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 marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

2) Subsequent measurement

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

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

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Group. 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 (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

2-9 Financial Instruments, Continued

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statement of 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.

The Group's debt instruments at fair value through OCI include investments in quoted debt instruments included under other non-current financial assets.

Financial assets designated at fair value through OCI (equity instruments)

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. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss 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.

The Group elected to classify irrevocably its non-listed equity investments under this category.

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. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. 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 statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

3) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

2-9 Financial Instruments, Continued

- 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 its 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.

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.

4) Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:
- Disclosures for significant assumptions
- Debt instruments at fair value through OCI
- Trade receivables, including contract assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(2) Financial liabilities

1) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, 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 and payables, net of directly attributable transaction costs.

The Group’s financial liabilities include trade payables, other payables, borrowings, including overdraft, and derivative liabilities.

2-9 Financial Instruments, Continued

2) 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 of 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 the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in KIFRS 1109 are satisfied. The Group has not designated any financial liability as of fair value through profit or loss.

Loans and borrowings
After initial recognition, interest-bearing loans and 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 amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

3) 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 the statement of profit or loss.

(3) Offsetting

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.

2-10 Fair Value Measurement

The Group measures financial instruments, such as, derivatives, and non-financial assets such as investment properties, at fair value at each balance sheet date. Fair value related disclosures for financial instruments and non-financial assets 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 5)
- Non-marketable securities (Note 5)
- Financial instruments (including those carried at amortized cost) (Note 5)

2-10 Fair Value Measurement, Continued

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:

- 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 to 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 financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level 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 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.

2-11 Inventories

Inventories are valued at the lower of cost and net realizable value. Meanwhile, initial cost of inventories includes purchase cost, transfer cost and other costs incurred in bringing each product to its present location and conditions. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

The cost of inventories is based on the method below.

	Costing method
Finished goods/Commodity goods	Gross average method
Raw materials/Supplies/Goods in process	Moving average method or gross average method
Goods in transit/Finished mall	Individual method

2-12 Property, Plant and Equipment

Construction in progress is stated at cost, net of accumulated impairment losses, and 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 plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Refer to significant accounting judgments, estimates and assumptions and provisions for further information about the recorded decommissioning provision.

Property, plant and equipment transferred from customers are initially measured at fair value at the date on which control is obtained.

The Group depreciates on a straight-line method over the following estimated useful lives:

	Estimated useful lives
Buildings	15 ~ 60 years
Structures	4 ~ 50 years
Machinery	2 ~ 15 years
Vehicles	4 ~ 10 years
Others	2 ~ 8 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The residual values, useful lives, and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. In particular, the Group considers the impact of health, safety and environmental legislation when reviewing residual value and useful life estimates.

2-13 Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed in the period in which they are incurred.

2-14 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. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant.

2-15 Investment Property

Property held to earn rentals or for capital appreciation or both is classified as investment property. Investment property is measured initially at its cost. Transaction costs are included in the initial measurement. Subsequently, investment property is carried at depreciated cost less any accumulated impairment losses. Investment property, other than land, is depreciate on a straight-line method basis over its estimated useful life (32 to 60 years).

An item of investment property and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The consideration to be included in profit or loss arising from the disposal of an investment property is calculated in accordance with the requirements of K-IFRS 1115 on the calculation of the transaction price.

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 their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period 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 are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify 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 statement of comprehensive income as the expense category that is consistent with the function of the intangible assets.

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 de-recognition 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 statement of comprehensive income when the asset is derecognized.

The Group assesses where climate-related issues could have a material impact, such as the introduction of legislation to regulate estimated amounts of emissions that could increase manufacturing costs. These issues related to climate change are included as key assumptions if they have a material impact on the measurement of the recoverable amount. These assumptions are included in the forecast of cash flows when valuing silver in use.

(1) Research and development expenses

Research and development expenses are recognized in the statement of comprehensive income as incurred. However, developments costs related to individual projects are recognized as intangible assets only when ⅰ) the Group can demonstrate the technical feasibility of completing the asset for use or sale, ⅱ) the Group has the intention and ability to complete the intangible asset for use or sale, ⅲ) sufficient resources are available to do so, ⅳ) the Group can demonstrate how the intangible asset will generate future economic benefits, and ⅴ) the expenditure on the intangible asset incurred in the development phase can be measured reliably.

2-16 Intangible Assets, Continued

Development costs recognized as assets are stated at cost, less accumulated amortization and accumulated impairment losses, using the cost model, and are amortized over the estimated period of economic benefits from when the development is completed and available for use. The Group tests development costs recognized as assets for impairment annually during the development period.

(2) Membership rights

Membership rights are regarded as intangible assets with an indefinite useful life and not amortized because there is no foreseeable limit to the period over which the assets are expected to be utilized.

(3) Other intangible assets

Licenses, trademark, and software for internal use are initially recognized at their historical cost and amortized on a straight-line method over their estimated useful lives of 3~10 years. Easement rights are regarded as intangible assets with an indefinite useful life and not amortized because there is no foreseeable limit to the period over which the assets are expected to be utilized. If any indication exists, the Group estimates the asset's recoverable amount. The carrying amount of other intangible assets is evaluated and, if it exceeds its recoverable amount, the carrying amount of the other intangible assets is reduced to its recoverable amount.

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 assets or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The 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 recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognized in the statement of comprehensive income in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date 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 assets 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 the statement of comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

2-17 Impairment of Non-financial Assets, Continued

Intangible assets with indefinite useful lives are tested for impairment annually on an individual asset or the CGU level.

The Group continuously monitor the latest government legislation on climate-related issues. As of now, no legislation has been passed that would affect the Group. The Group will adjust our sensitivity to changes in key assumptions used in our value in use if such changes are necessary.

2-18 Financial Guarantee Contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the original or modified terms of a debt instrument. Financial guarantee contracts provided by the Group are initially measured at fair value on the date the guarantee was given.
Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the following amounts below and recognized as 'other financial liabilities':
- the amount determined in accordance with Korean IFRS 1037 Provisions, Contingent liabilities, and Contingent assets
- the amount initially recognized less the cumulative amount of income recognized in accordance with Korean IFRS 1115 Revenue from Contracts with Customers

2-19 Employee Benefits

(1) Short-term employee benefits

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

(2) Pension benefits

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 the current service cost and the net defined benefit obligation under 'cost of sales' and 'selling and administrative expenses', in the statement of comprehensive income.

(3) Other long-term employee benefits

The Group provides other long-term employee benefits to their employee. The entitlement to these benefits is usually conditional on the employee working more than ten years. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. The Group recognizes past service cost, net interest on other long-term employee benefits and re-measurements as profit or loss for the year. These benefits are calculated annually by independent qualified actuaries.
The Group maintains a separate in-house employee welfare fund for the purpose of providing long-term employee benefits.

2-20 Provisions and Contingent Liabilities

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 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 a provision is presented in the statement of comprehensive income net of any reimbursement.

Where the effect of the time value of money is material, provisions are determined at the present value of the expected future cash flows. Provisions are measured at present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation. The risk reflected in this rate do not reflect the risk considered in estimating future cash flow.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed. Where provisions are measured at present value, the carrying amount is increased over the time and the increase is recognized in borrowing costs.

The Group discloses a contingent liability if there is a possible obligation from past events in which the existence may only be identified through the occurrence of uncertain future events; or there is a present obligation that the possibility on the outflow of economic resources is uncertain; or the amount of economic resources required to settle the present obligation cannot be reasonably estimated.

- Provision for restoration

Where the Group, as a tenant, is required to restore its leased assets to their original state at the end of the lease-term, the Group recognizes the present value of the estimated cost of restoration as a provision for restoration. Provisions are measured at present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the obligation.
Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimates.

- Emission Rights

The Group received emission rights free of charge from the government under a domestic Greenhouse Gas Emission trading scheme. The Group must submit an equal quantity of emission rights in response to actual emissions. The emissions allocated free of charge are accounted for using the net debt approach. Accordingly, when actual emissions exceed the amount of emission rights received and held, a provision is recorded.
The rights purchased additionally from third parties are measured at acquisition cost.

2-21 Revenue Recognition

The Group recognize revenue when the inflow of economic benefits is highly probable and can be reliably measured, regardless of the timing of receipt.
The Group believes that the Group is acting as a principal for all sales contracts as the Group is primarily responsible for all revenue contracts, have pricing rights, and is exposed to inventory and credit risks.
In addition, the Group recognizes revenue only when the following recognition criteria are met.

(1) Sale of products

Revenue from sale of products is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery of the products.

(2) Interest income

Interest earned on financial assets measured at amortized cost and on financial assets at fair value through profit or loss is recognized using the effective interest method.

2-21 Revenue Recognition, Continued

The effective interest rate is the rate at which the present value of expected future cash outflows and inflows over the expected life of the financial asset, or a shorter period if appropriate, matches the net carrying amount of the financial asset or financial liability. Interest income is recognized on consolidated statement of comprehensive income.

(3) Dividend income

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

(4) Other revenue

Other revenue is recognized when the process of earning revenue is complete, the amount of revenue can be reliably measured, and it is highly probable that economic benefits will flow to the Group.

2-22 Income Taxes

(1) Current income tax

Current income tax assets and liabilities for the current period 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 the consolidated statement of comprehensive income. 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.

(2) 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; or 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
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when 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 any unused tax losses. Deferred tax assets are recognized 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 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
- 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.

2-22 Income Taxes, Continued

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.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2-23 Revenue from Contracts with Customers

The Group is in the business of food manufacturing and ingredient. 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. The Group conclude that the Group are the principal, except for agency services, because the Group control each good or service as defined in the contract with the customer before providing it to the customer.

(1) 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.

- Right of return

Some contracts give customers the right to return goods within a certain period. As a method of estimating the value of goods that will not be returned, The Group uses an expected value that is expected to be a better estimate of the consideration the Group will be entitled to receive. A gross contract liability (refund liability) for the expected returns to customers is recognized as adjustment to revenue.

(2) Assets and liabilities from a right of return

- Right to recover

The Group has a right of recover the product from the customers. The right of recovery is measured at the existing carrying amount of the inventory, less the estimated cost to recover the product and any potential reduction in the value of the returned product. The Group updates the measurement of the asset to reflect changes in the expected volume of returns and the anticipation of further diminution in value for products that will be returned.

- Refund liability

A refund liability is an obligation to return some, or all the consideration received or to be received from a customer. The refund liability is measured as the amount you expect to eventually must refund to customers. The Group update estimate of the refund liability and the resulting change in transaction price at the end of each reporting period.

2-23 Revenue from Contracts with Customers, Continued

(3) Significant financing component

The Group uses the practical expedient in the KIFRS 1115, the Group do not reflect the impact of a significant financing component in the promised consideration if, at the inception of the contract, the Group expect the period between the transfer of the promised goods or services to the customer and the time the customer pays for them to be less than one year.

2-24 Leases

The Group assesses at contract inception 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.

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

(1) 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 shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land 1 ~ 50 years
- Buildings and structures 1 ~ 50 years
- Vehicles and others 2 ~ 15 years

If ownership of the leased asset transfers 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 asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section Impairment of non-financial assets.

(2) 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.

The Group’s lease liabilities are included in other financial liabilities.

2-24 Leases, Continued

(3) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of buildings, vehicles and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

(4) As a lessor

The Group classifies leases that do not transfer substantially all of the risks and rewards of ownership of the underlying asset as operating leases. Lease income from operating leases is recognized in income on a straight-line basis over the lease term. Initial direct cost incurred by the lessor in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as an expense over the lease term on the same basis as the lease income. Contingent rent is recognized as revenue when the rent is received.

2-25 Assets Held-for-Sale

Non-current assets (or disposal groups) are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and the sale is considered highly probable. The assets are measured at the lower of their carrying amount and the fair value less costs to sell. In order to be classified as held for sale, the assets or disposal groups must be available for immediate sale in their present condition and their sale must be highly probable. The conditions required to complete the sale must show that it is unlikely that the sale will be materially modified or withdrawn, and the sale is expected to be completed within one year of classification as held for sale.
Property, plant and equipment and intangible assets classified as held for sale are not depreciated.

2-26 New and Amended Standards and Interpretations

The Group has applied the following standards for the first time for the annual reporting period commencing January 1, 2022. And earlier application is permitted but the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

(1) Amendments to Korean IFRS 1116, Lease

The amendments to Korean IFRS 1116 introduced a practical expedient that provided relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19. The amendment extends the practical expedient to apply to reduction in lease payments originally due on or before June 30, 2022. The amendment does not have a significant impact on the consolidated financial statements.

(2) Amendments to Korean IFRS 1103, Business Combinations

The amendments update Korean IFRS 1103 so that it refers to the amended conceptual framework for financial reporting for assets and liabilities recognized upon business combination, along with adding requirement that for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 to identify the liabilities it has assumed in a business combination. The amendments also add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination. The amendment does not have a significant impact on the consolidated financial statements.

(3) Amendments to Korean IFRS 1016, Property, Plant and Equipment

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendment does not have a significant impact on the consolidated financial statements.

2-26 New and Amended Standards and Interpretations, Continued

(4) Amendments to Korean IFRS 1037, Provisions, Contingent Liabilities and Contingent Assets

The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract, and that costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The amendment does not have a significant impact on the consolidated financial statements.

(5) Annual improvements to Korean IFRS 2018-2020

Annual improvements of Korean IFRS 2018-2020 Cycle should be applied for annual periods beginning on or after January 1, 2022. The amendment does not have a significant impact on the consolidated financial statements.
- Korean IFRS 1101 First time Adoption of Korean International Financial Reporting Standards – Subsidiaries that are first-time adopters
- Korean IFRS 1109 Financial Instruments – Fees related to the 10% test for derecognition of financial liabilities
- Korean IFRS 1116 Leases – Lease incentives
- Korean IFRS 1041 Agriculture – Measuring fair value

2-27 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the Group's 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 about risks and uncertainties to which the Group are exposed include capital management, financial risk management objectives and policies, and sensitivity analysis (Note 3).

(1) Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

1) Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group includes extension periods as part of the lease term for leases of equipment and machinery with short noncancelable terms (e.g., three to five years). If replacement assets are not readily available, there will be a significant negative impact on production, so the Group generally exercises the option to extend the lease. The Group does not include extensions to leases of equipment and machinery with long noncancelable terms (e.g., 10 to 15 years) as part of the lease term because it is not certain that the Group will exercise our option to extend. The Group generally leases fleet vehicles for five years or less and do not exercise extension options, so the extension option for fleet vehicle leases is not included as part of the lease term. Furthermore, the term to which the termination option applies is the period during which it is exercised.

2-27 Significant Accounting Judgements, Estimates and Assumptions, Continued

2) Classification of real estimate leases – As a lessor

The Group entered into commercial real estate lease agreements for its investment property portfolio. The Group assesses the risks and risks of owning commercial properties based on an assessment of the terms of the agreement, such as the lease term that does not represent a significant portion of the commercial property's economic useful life and the present value of lease payments that does not represent a majority of the commercial property's fair value. It retains most of its compensation and has decided to account for these contracts as operating leases.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment 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 financial statements were 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.

1) Income taxes

The Group recognizes assets and liabilities for anticipated tax audit issues based on the best estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded. Such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

2) Fair Value of Financial Instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period.

3) Provisions

The Group recognizes provision for refund liability based on their historical data.

4) Net Defined Benefit Obligations

The cost of the defined benefit pension plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

5) Impairment of assets

The Group is reviewing impairment in accordance with the accounting policy in Note 2. The recoverable amount is determined based on the fair value and value in use calculations of the assets. These recoverable amounts are based on estimates.

6) Impairment of goodwill

The recoverable amounts of cash-generating units have been determined based on fair value less costs of disposal or value in use calculations. These calculations require estimates.

2-27 Significant Accounting Judgements, Estimates and Assumptions, Continued

7) Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- Identification of performance obligations in contracts that combine the sale of goods with delivery services
The Group determined that sales of goods and transportation services are distinct under the contract. Accordingly, the Group allocates transaction prices to the sale of goods and the transportation services on a relative stand-alone selling price basis.

- Determining method to estimate variable consideration and assessing the constraint
Certain contracts for the sale of products include a right of return that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group has determined that expected value is an appropriate method for estimating variable consideration for the sale of products with a right of return given to many similar types of customers. As a method of estimating variable consideration for the sale of products under volume rebate terms, it was judged appropriate to use a combination of the expected value and the most probable amount method.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

- Determining whether customer loyalty points provide important rights to customers
The Group operates a customer loyalty point program. The Group evaluated whether customer loyalty points provide important rights to customers. In this case, it is accounted for as a separate performance obligation.

8) Provision for expected credit losses of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group’s historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of customer’s actual default in the future. The information about the ECLs on the Group’s trade receivables and contract assets is disclosed in Note 7.

2-27 Significant Accounting Judgements, Estimates and Assumptions, Continued

9) Estimation of variable consideration for returns

The Group estimate variable consideration in the transaction price of the sale of products with a right of return.

The Group have developed a statistical method for predicting returns. This method calculates the expected return rate from historical return data for each product. This ratio is used to determine the expected amount of variable consideration. Significant changes in experience, such as historical return patterns, will affect our estimate of expected return rates. As of December 31, 2022, provision for returns for expected returns is 8,301 million Korean won (end of previous year: 7,219 million Korean won).

10) Leases- Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The Group should measure incremental borrowing rates using observable input variables (such as market interest rates) where possible and prepare specific company-specific estimates (such as the individual credit ratings of subsidiaries).

2-28 New and Amended Standards not yet Adopted by the Group

The amended accounting standards issued that are not mandatory for the annual reporting periods commencing on January 1, 2022, and has not been early adopted by the Group are as follows:

1) Amendments to Korean IFRS 1001, Presentation of Financial Statements

The amendments clarify that the classification of liabilities as current or non-current is based on the rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, and elucidate that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. The Group are reviewing the impact of this amendments on the consolidated financial statements.

2) Amendments to Korean IFRS 1001, Presentation of Financial Statements

The amendments require companies to define and disclose their 'material' accounting policy information instead of its 'significant' accounting policies. The amendments explain how an entity can identify material accounting policy information. The amendments to K-IFRS 1001 are effective for annual periods beginning on or after January 1, 2023, with earlier application permitted and are applied prospectively. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

3) Amendments to Korean IFRS 1008, Accounting Policies, Changes in Accounting Estimates and Errors

The amendments clarify the definition of a change in accounting estimates and specify how to distinguish from a change in accounting policies. The amendments are effective for annual periods beginning on or after January 1, 2023, to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

2-28 New and Amended Standards not yet Adopted by the Group, Continued

4) Amendments to Korean IFRS 1012, Income Taxes

The amendments add to the initial recognition exemption that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

5) Amendments to Korean IFRS 1117, Insurance Contracts

The amendments replace Korean IFRS 1104, 'Insurance Contracts'. Estimate all cash flows from insurance contracts, measure insurance liabilities using a discount rate that reflects assumptions and risks at the time of reporting and recognize revenue on an accrual basis by reflecting services (insurance protection) provided to policyholders for each fiscal year. do. In addition, investment elements (cancellation/maturity refunds) paid to policyholders regardless of insurance events are excluded from insurance revenue, and insurance profit and loss and investment profit and loss are displayed separately so that information users can identify the source of profit and loss. This standard is applied from the first fiscal year starting on or after January 1, 2023, and early application is permitted for companies that have applied Korean IFRS 1109, 'Financial Instruments'. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

6) Amendments to Korean IFRS 1001, Presentation of Financial Statements

The amendments require disclosure of valuation gains or losses of the financial liabilities, if all or part of the financial instrument with exercise price that is adjusted depending on the issuer' s share price change is classified as financial liability.
The amendments are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

2-29 Approval of the consolidated financial statements

These consolidated financial statements were approved by the Board of Directors on March 9, 2023 and may be modified and approved at the Annual General Shareholders' Meetings.

3. Purpose and Policy of Financial Risk Management

The Group is exposed to market risk, credit risk and liquidity risk due to various activities (market risk is further divided into foreign exchange risk, interest rate risk and market value fluctuation risk for equity securities). To manage these risk factors, the Group operates a risk management policy that closely monitors and responds to each risk factor.

The Group's financial assets subject to financial risk management consist of cash and cash equivalents, short-term financial instruments, financial assets measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income, trade receivables and other receivables. Financial liabilities consist of trade payables, other payables, borrowings, and debentures.

3-1 Market risk

(1) Foreign exchange risk

The Group is committed to foreign exchange risk management with the goal of realizing management stability through predictable management and soundness of financial structure by minimizing risk due to exchange rate fluctuations in foreign currency-denominated assets and liabilities. Since the Group has more cash flows from foreign currency expenditures from material imports and repayment of foreign currency borrowings (usance) than foreign currency collections from exports, foreign exchange losses due to exchange rate rises are the main target of exchange risk.

As of December 31, 2022 and 2021, the carrying amounts of monetary assets and liabilities denominated in foreign currencies other than the functional currency are as follows:

(In millions of Korean won)	**December 31, 2022**		**December 31, 2021**	
Classification	Assets	Liabilities	Assets	Liabilities
USD	245,065	381,625	181,306	344,470
EUR	36,178	2,427	42,422	641
JPY	10,976	687	9,130	296
Others	10,444	2,285	11,133	2,115
Total	302,663	387,024	243,991	347,522

Internally, the Group regularly measures foreign exchange risk for exchange rate fluctuations. As of December 31, 2022 and 2021, when the currency rate of the functional currency for each foreign currency changes by 5%, the impact of the exchange rate change on profit before tax is as follows.

(In millions of Korean won)	**December 31, 2022**		**December 31, 2021**	
Classification	Increase	Decrease	Increase	Decrease
USD	(6,828)	6,828	(8,158)	8,158
EUR	1,688	(1,688)	2,089	(2,089)
JPY	514	(514)	442	(442)
Others	408	(408)	451	(451)
Total	(4,218)	4,218	(5,176)	5,176

The above sensitivity analysis has been conducted on monetary assets and liabilities denominated in foreign currencies other than the functional currency as of December 31, 2022 and 2021

3. Purpose and Policy of Financial Risk Management, Continued

(2) Interest rate risk

The Group is exposed to interest rate fluctuation risks, such as the risk of value fluctuations of financial statement items (financial assets and liabilities) due to price fluctuations and the risk of fluctuations in interest income (expenses) from investments and borrowings. The Group's interest rate fluctuation risk arises from issuance of interest-paying liabilities such as bonds and investments in interest-receiving assets. However, the Group operates most of its surplus funds with fixed-rate financial instruments, and the carrying amount of floating rate borrowings is KRW 290,801 million (End of previous year: KRW 113,289 million), if all other variables are the same and the interest rate changes by 100 basis points as of December 31, 2022 and 2021, the effect of interest expense on floating rate borrowings on profit before tax is as follows.

(In millions of Korean won)

Classification	2022		2021	
	Increase	Decrease	Increase	Decrease
Interest Expenses	(2,908)	2,908	(1,133)	1,133

3-2 Credit risk

Credit risk arises during the normal course of transactions and investing activities where clients or other parties fail to discharge an obligation. To manage these credit risks, The Group sets the client's and the counterparty's credit limits on a periodic basis based on the client's and counterparty's financial conditions, default histories and other important factors.

Credit risk can arise from transactions with financial institutions, such as cash equivalents, deposits, and derivative instruments. To minimize such risk, the Group transacts only with financial institutions which have high creditworthiness.

Excluding the payment guarantee details in Note 21, the Group estimates that its maximum exposure to credit risk is the carrying amount of its financial assets, net of impairment losses.

3-3 Liquidity risk

The Group manages liquidity risk through periodic forecasting and adjustment of fund balance to maintain appropriate liquidity.

The Group manages receivables by reducing inventory turnover days and preventing receivables from insolvency to ensure smooth fund operation and has bank overdraft agreements with financial institutions. The Group has invested KRW 585,804 million (End of previous year: KRW 607,505 million) in cash and cash equivalents and short-term financial instruments and financial assets at fair value through profit or loss that can be withdrawn immediately. For financial liabilities, liquidity classification is as follows according to the remaining maturity from the end of the reporting period to the contract maturity date.

December 31, 2022

(In millions of Korean won)

Classification	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 3 years**	**Between 3 and 4 years**	**Between 4 and 5 years**	**Over 5 years**	**Total**
Trade and other payables	336,664	-	46	18	25	6	336,759
Borrowings (including debentures)	589,555	146,859	203,387	90,315	79,800	161,450	1,271,366
Financial guarantee contracts (*1)	18,688	-	-	-	-	-	18,688
Other financial liabilities (*2)	28,452	3	-	91	-	-	28,546
Total	973,359	146,862	203,433	90,424	79,825	161,456	1,655,359

3. Purpose and Policy of Financial Risk Management, Continued

December 31, 2021

(In millions of Korean won)

Classification	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years	Total
Trade and other payables	369,607	-	46	18	25	-	369,696
Borrowings (including debentures)	472,597	91,391	131,859	83,115	87,027	70,000	935,989
Financial guarantee contracts (*1)	20,489	-	-	-	-	-	20,489
Other financial liabilities (*2)	25,102	3	-	-	91	-	25,196
Total	887,795	91,394	131,905	83,133	87,143	70,000	1,351,370

(*1) The above financial guaranteed contracts are for others and are the maximum amount of guarantee that can be requested as of December 31, 2022 and 2021 (see note 21).
(*2) Among other financial liabilities, the lease liability was KRW 73,178 million (End of previous year: KRW 69,756 million), which was excluded from the above amount (see note 32).

3-4 Capital risk management

The purpose of the Group's capital risk management is to maintain a sound capital structure. The Group uses the debt ratio as a capital management indicator. This ratio is calculated by dividing Total liabilities by Total equity, and Total liabilities and Total equity are calculated as disclosed amounts in the consolidated financial statements.

As of December 31, 2022 and 2021, The Group's debt ratio is as follows.

(In millions of Korean won, %)

Classification	December 31, 2022	December 31, 2021
Total liabilities	1,867,570	1,623,308
Total equity	1,322,627	1,247,223
Debt ratio (%)	141.20	130.15

4. Operating Segments Information

4-1 Classification of operating segments

The Group divides its business into food and material divisions in consideration of the characteristics of products and manufacturing processes. The Group's main customers are food and beverage manufacturers and food and beverage consumers.

4-2 Information by operating segments as of and for the years ended December 31, 2022 and 2021 are as follows:

December 31, 2022

(In millions of Korean won)

Classification	Food	Ingredients	Adjustments	Total
1. Revenues	3,270,017	1,525,088	(711,015)	4,084,090
2. Operating profit	77,963	51,948	10,088	139,999
3. Total assets	2,483,318	1,207,376	(500,498)	3,190,196
4. Total liabilities	1,279,055	742,994	(154,479)	1,867,570

December 31, 2021

(in millions of Korean won)

Classification	Food	Ingredients	Adjustments	Total
1. Revenues	2,741,846	1,262,735	(534,588)	3,469,993
2. Operating profit	94,262	55,359	3,624	153,245
3. Total assets	2,114,233	1,226,702	(470,405)	2,870,530
4. Total liabilities	1,084,080	679,024	(139,796)	1,623,308

4-3 Regional information

The regional segment information as of and for the years ended December 31, 2022 and 2021 are as follows:

(In millions of Korean won)	2022							
Classification	Korea	Asia	America	Europe	Oceania	Africa	Adjustments	Total
Net revenue(*1)	2,685,852	986,200	185,498	199,136	21,122	6,282	-	4,084,090
Non-current assets(*2)	1,068,277	193,101	32,931	1,595	-	-	10,726	1,306,630

(In millions of Korean won)	2021							
Classification	Korea	Asia	America	Europe	Oceania	Africa	Adjustments	Total
Net revenue(*1)	2,301,850	866,616	152,321	123,457	14,609	11,140	-	3,469,993
Non-current assets(*2)	1,036,899	187,761	23,458	744	-	-	4,344	1,253,206

(*1) Revenues are attributed to the country based on the location of the customer.
(*2) Financial instruments, deferred tax assets, investments in associates and joint ventures, and others are excluded from non-current assets.

4-4 Major external customers

For the years ended December 31, 2022 and 2021, There are no major external customers that account for more than 10% of the Group's revenues.

5. Financial Instruments by Category and Fair Value

For the years ended December 31, 2022 and 2021, there are no significant changes in the business environment and economic environment that affected the fair value of financial assets and liabilities.

5-1 The carrying amount and fair value of financial instruments by category as of December 31, 2022 and 2021 are as follows.

(1) Financial assets

December 31, 2022

(In millions of Korean won)

Financial assets	Financial assets measured at amortized cost	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Carrying amount	Fair value
Current portion					
Cash and cash equivalents	558,983	-	-	558,983	558,983
Shor-term financial instruments	26,821	-	-	26,821	26,821
Trade receivables and other receivables	374,461	-	-	374,461	374,461
Other current financial assets	11,810	-	-	11,810	11,810
Sub total	972,075	-	-	972,075	972,075
Non-current portion					
Long-term financial instruments	185	-	-	185	185
Financial assets at fair value through profit or loss	-	24,571	-	24,571	24,571
Financial assets at fair value through other comprehensive income	-	-	14,506	14,506	14,506
Other non-current financial assets	41,023	-	-	41,023	41,023
Sub total	41,208	24,571	14,506	80,285	80,285
Total	1,013,283	24,571	14,506	1,052,360	1,052,360

December 31, 2021

(In millions of Korean won)

Financial assets	Financial assets measured at amortized cost	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Carrying amount	Fair value
Current portion					
Cash and cash equivalents	586,322	-	-	586,322	586,322
Shor-term financial instruments	21,183	-	-	21,183	21,183
Trade receivables and other receivables	346,241	-	-	346,241	346,241
Other current financial assets	9,278	-	-	9,278	9,278
Sub total	963,024	-	-	963,024	963,024
Non-current portion					
Long-term financial instruments	214	-	-	214	214
Financial assets at fair value through profit or loss	-	4,232	-	4,232	4,232
Financial assets at fair value through other comprehensive income	-	-	13,096	13,096	13,096
Other non-current financial assets	34,524	-	-	34,524	34,524
Sub total	34,738	4,232	13,096	52,066	52,066
Total	997,762	4,232	13,096	1,015,090	1,015,090

5. Financial Instruments by Category and Fair Value, Continued

(2) Financial liabilities

December 31, 2022

(In millions of Korean won)

Financial liabilities	Financial liabilities measured at amortized cost	Other financial liabilities	Carrying amount	Fair value
Current portion				
Trade payables and other payables	336,664	-	336,664	336,664
Short-term borrowings	460,923	8,974	469,897	469,897
Current portion of long-term borrowings	11,906	-	11,906	11,906
Current portion of debentures	79,994	-	79,994	79,994
Other current financial liabilities	52,887	35	52,922	52,922
Sub total	942,374	9,009	951,383	951,383
Non-current portion				
Trade payables and other payables	95	-	95	95
Borrowings (*1)	179,229	-	179,229	160,900
Debentures (*1)	528,825	-	528,825	495,233
Other non-current financial liabilities	49,371	-	49,371	49,371
Sub total	757,520	-	757,520	705,599
Total	1,699,894	9,009	1,708,903	1,656,982

December 31, 2021

(In millions of Korean won)

Financial liabilities	Financial liabilities measured at amortized cost	Other financial liabilities	Carrying amount	Fair value
Current portion				
Trade payables and other payables	369,607	-	369,607	369,607
Short-term borrowings	310,984	17,838	328,822	328,822
Current portion of long-term borrowings	13,610	-	13,610	13,610
Current portion of debentures	129,989	-	129,989	129,989
Other current financial liabilities	44,973	305	45,278	45,278
Sub total	869,163	18,143	887,306	887,306
Non-current portion				
Trade payables and other payables	89	-	89	89
Debentures (*1)	53,059	-	53,059	54,476
Borrowings (*1)	409,040	-	409,040	406,401
Other non-current financial liabilities	50,074	-	50,074	50,074
Sub total	512,262	-	512,262	511,040
Total	1,381,425	18,143	1,399,568	1,398,346

(*1) The fair value of debentures and borrowings is calculated by discounting the estimated future cash flows with a discount rate that considers market interest rates and credit risk. As of December 31, 2022, the Group applies a discount rate of 0.72 ~ 6.41% to borrowings (End of previous year: 0.33 ~ 4.0%), and a discount rate of 5.16% to debentures (End of previous year: 2.37%).

5-2 Fair value hierarchy classifications

Financial instruments measured at fair value are classified according to the fair value hierarchy, and the levels defined are as follows.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3)

5. Financial Instruments by Category and Fair Value, Continued

As of December 31, 2022 and 2021, the measured fair values according to the above classifications are as follows.

(In millions of Korean won)

Classification	Level 1	Level 2	Level 3	Total
December 31, 2022				
Financial assets				
- Financial assets at fair value through profit or loss	-	-	24,571	24,571
- Financial assets at fair value through other comprehensive income	-	-	14,506	14,506
December 31, 2021				
Financial assets				
- Financial assets at fair value through profit or loss	-	-	4,232	4,232
- Financial assets at fair value through other comprehensive income	-	-	13,096	13,096

There is no significant transfer between level 1 and level 2 of the fair value hierarchy for the years ended December 31, 2022 and 2021

In calculating the fair value measurement, the Group considered the impact of potential climate-related issues, including legislation that may affect the fair value measurement of assets and liabilities in the financial statements. Risks related to climate-related issues are included as key assumptions where they have a material impact on the measurement of recoverable amount. These assumptions are included in the cash flow estimates in the value in use assessment.

Currently, the impact of climate-related issues is not material to the Group's financial statements.

Changes in Level 3 financial instruments for the years ended December 31, 2022 and 2021 are as follows:

(In millions of Korean won)

Classification	Level 3 financial instruments	
	2022	**2021**
Balance as of January 1	17,328	12,826
Acquisitions	20,300	8,697
Disposals and recoveries	-	(1)
Amount recognized in profit or loss	839	(3,934)
Amount recognized in other comprehensive income (loss)	609	(260)
Balance as of December 31	39,077	17,328
The total gain or loss recognized in profit or loss for assets held at the December 31	839	(3,934)

5. Financial Instruments by Category and Fair Value, Continued

5-3 Valuation technique and the inputs

The following table presents the valuation technique and the inputs used for recurring fair value measurements categorized within Level 3 as of December 31, 2022 and 2021.

December 31, 2022

(In millions of Korean won)

Classification	Fair value	Level	Valuation technique	Level 3 inputs	Input range
Financial assets at fair value through profit or loss, other comprehensive income					
Broadcasting and telecommunications	3,245	3	Present value technique	Long-term sales growth rate	1.62%~2.68%
				Cost of sales ratio	66.81%~74.80%
				Discount rate	14.27%
Finance	4,883	3	Present value technique	Long-term sales growth rate	2.83%~4.03%
				Cost of sales ratio	23.68%~24.33%
				Discount rate	8.57%
Research and development	7,781	3	Present value technique	Long-term sales growth rate	27.37%~27.37%
				Cost of sales ratio	64.33%~76.07%
				Discount rate	14.02%
Investment	22,532	3	Binomial model	Discount rate	10.72%~17.70%
Others	636	3	Net asset value technique	-	-
Total	39,077				

December 31, 2021

(In millions of Korean won)

Classification	Fair value	Level	Valuation technique	Level 3 inputs	Input range
Financial assets at fair value through profit or loss, other comprehensive income					
Broadcasting and telecommunications	3,225	3	Present value technique	Long-term sales growth rate	(8.04)%~2.93%
				Cost of sales ratio	66.99%~72.80%
				Discount rate	16.66%
Finance	2,500	3	Present value technique	Long-term sales growth rate	3.51%~4.06%
				Operating profit ratio	75.16%~75.75%
				Discount rate	13.81%
Investment	2,193	3	Present value technique	Long-term sales growth rate	1.71%~15.97%
				Operating profit ratio	55.62%~63.05%
				Discount rate	8.12%
Research and development	8,697	3	Cost method	-	-
Others	713	3	Net asset value technique	-	-
Total	17,328				

5-3-1 Valuation process of fair value measurement classified as level 3

For financial instruments classified as Level 3, the Group evaluates the amount calculated using a reasonable valuation model and appropriate estimates based on the professional judgment of an independent external valuation firm as fair value.

5. Financial Instruments by Category and Fair Value, Continued

5-3-2 Sensitivity analysis for recurring fair value measurements categorized within Level 3

Sensitivity analysis of financial instruments is performed to measure favorable and unfavorable changes in the fair value of financial instruments which are affected by the unobservable parameters, using a statistical technique. When the fair value is affected by more than two input parameters, the amounts represent the most favorable or unfavorable.

The results of the sensitivity analysis for the effect on capital due to changes in input variables for each instrument which are categorized within Level 3 and subject to sensitivity analysis are as follows.

(In millions of Korean won)	**December 31, 2022**		**December 31, 2021**	
Classification	Favorable changes (*2)	Unfavorable changes (*3)	Favorable changes (*2)	Unfavorable changes (*3)
Financial assets (*1)	3,319	(895)	3,544	(1,997)

(*1) For equity securities, changes in fair value are calculated by increasing or decreasing the correlation between the permanent growth rate and the discount rate, which are significant unobservable inputs.
(*2) This refers to the fair value changes resulting from a 1.0% increase in permanent growth rate and a 1.0% decrease in discount rate.
(*3) This refers to the fair value changes resulting from a 1.0% decrease in permanent growth rate and a 1.0% increase in discount rate.

5-4 As of December 31, 2022 and 2021, the details of the Group's income and loss of financial instruments by category are as follows.

December 31, 2022

(In millions of Korean won)

Classification	Financial assets measured at amortized cost	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial liabilities measured at amortized cost	Total
Interest income	10,392	-	-	-	10,392
Dividend income	-	-	96	-	96
Foreign exchange gain	42,830	-	-	2,420	45,250
Foreign currency translation gain	828	-	-	17,092	17,920
Gain (loss) on valuation/disposal (FVPL)	-	839	-	-	839
Gain (loss) on valuation (FVOCI)	-	-	396	-	396
Reversal(provision) of expected credit loss allowance	(399)	-	-	-	(399)
Reversal(provision) of other expected credit loss allowance	3,037	-	-	-	3,037
Interest expenses	-	-	-	(30,622)	(30,622)
Foreign exchange loss	(21,475)	-	-	(35,900)	(57,375)
Foreign currency translation loss	(17,342)	-	-	(1,543)	(18,885)
Total	17,871	839	492	(48,553)	(29,351)

5. Financial Instruments by Category and Fair Value, Continued

December 31, 2021

(In millions of Korean won)

Classification	Financial assets measured at amortized cost	Financial assets(liabilities) measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial liabilities measured at amortized cost	Total
Interest income	3,413	-	-	-	3,413
Dividend income	-	-	83	-	83
Foreign exchange gain	14,837	-	-	1,830	16,667
Foreign currency translation gain	5,730	-	-	146	5,876
Gain (loss) on valuation/disposal (FVPL)	-	(3,364)	-	-	(3,364)
Gain (loss) on valuation (FVOCI)	-	-	(197)	-	(197)
Reversal(provision) of expected credit loss allowance	(299)	-	-	-	(299)
Reversal(provision) of other expected credit loss allowance	(4,249)	-	-	-	(4,249)
Interest expenses	-	-	-	(17,562)	(17,562)
Foreign exchange loss	(7,810)	-	-	(18,505)	(26,315)
Foreign currency translation loss	(530)	-	-	(2,174)	(2,704)
Total	11,092	(3,364)	(114)	(36,265)	(28,651)

5-5 Offsetting of financial instruments

Details of recognized financial assets and financial liabilities subject to enforceable master offsetting arrangements and similar agreements are as follows:

5-5-1 Financial assets

December 31, 2022

(In millions of Korean won)

Classification	Gross amounts of recognized assets	Gross amounts of recognized liabilities	Net amounts of financial assets presented in the financial statements	Related amounts not offset in the financial statements	Net amount
Trade receivables	11,565	7,162	4,403	-	4,403
Other receivables	1,540	1,453	87	-	87

December 31, 2021

(In millions of Korean won)

Classification	Gross amounts of recognized assets	Gross amounts of recognized liabilities	Net amounts of financial assets presented in the financial statements	Related amounts not offset in the financial statements	Net amount
Trade receivables	6,390	3,802	2,588	-	2,588
Other receivables	447	442	5	-	5

5. Financial Instruments by Category and Fair Value, Continued

5-5-2 Financial liabilities

December 31, 2022

(In millions of Korean won)

Classification	Gross amounts of recognized liabilities	Gross amounts of recognized assets	Net amounts of financial liabilities presented in the financial statements	Related amounts not offset in the financial statements	Net amount
Trade payables	40,698	8,616	32,082	-	32,082
Other payables	130	1	129	-	129

December 31, 2021
(In millions of Korean won)

Classification	Gross amounts of recognized liabilities	Gross amounts of recognized assets	Net amounts of financial liabilities presented in the financial statements	Related amounts not offset in the financial statements	Net amount
Trade payables	27,742	4,237	23,505	-	23,505
Other payables	484	8	476	-	476

6. Cash and Cash Equivalents and Short and Long-term Financial Instruments

6-1 Cash and cash equivalents and short and long-term financial instruments as of December 31, 2022 and 2021 are as follows.

(In millions of Korean won)

Classification	Description	December 31, 2022	December 31, 2021
Cash and cash equivalents	Cash	262	313
	Cash equivalents	558,721	586,009
	Sub-total	558,983	586,322
Short-term financial instruments	Time deposits	26,821	21,183
Long-term financial instruments	Time deposits and others	185	214

6-2 Restricted deposits as of December 31, 2022 and 2021 consist of the following:

(In millions of Korean won)

Classification	December 31, 2022	December 31, 2021	Restrictions
Short-term financial instruments	3,000	-	Pledged asset
Long-term financial instruments	20	20	Guarantee deposits for checking account

7. Trade Receivables and Other Receivables

7-1 Trade receivable and other receivables as of December 31, 2022 and 2021 are as follows:

December 31, 2022

(In millions of Korean won)

Classification	Current portion	Non-current portion
Trade receivables	367,347	-
Expected credit loss allowance	(8,790)	-
Other receivables	17,168	-
Expected credit loss allowance	(1,264)	-
Total	374,461	-

7. Trade Receivables and Other Receivables, Continued

December 31, 2021
(In millions of Korean won)

Classification	Current portion	Non-current portion
Trade receivables	334,942	-
Expected credit loss allowance	(8,350)	-
Other receivables	21,800	36,205
Expected credit loss allowance	(2,151)	(36,205)
Total	346,241	-

7-2 Aging breakdown of trade receivables and other receivables as of December 31, 2022 and 2021 is as follows.

December 31, 2022
(In millions of Korean won)

Classification	Total	Trade receivables	Other receivables
Receivables not past due			
Not past due	266,551	258,433	8,118
Sub total	266,551	258,433	8,118
Past due but not impaired receivables (*1)			
Less than 3 months	93,262	90,903	2,359
Over 3 months and less than 6 months	6,718	4,585	2,133
Over 6 months and less than 9 months	4,369	4,369	-
Over 9 months and less than 12 months	954	25	929
Over 12 months	2,607	242	2,365
Sub total	107,910	100,124	7,786
Impaired receivables (*2)			
Impaired receivables	10,054	8,790	1,264
Total	384,515	367,347	17,168

December 31, 2021
(In millions of Korean won)

Classification	Total	Trade receivables	Other receivables
Receivables not past due			
Not past due	280,628	272,895	7,733
Sub total	280,628	272,895	7,733
Past due but not impaired receivables (*1)			
Less than 3 months	54,841	52,963	1,878
Over 3 months and less than 6 months	2,210	590	1,620
Over 6 months and less than 9 months	41	41	-
Over 9 months and less than 12 months	3,032	117	2,915
Over 12 months	5,748	226	5,522
Sub total	65,872	53,937	11,935
Impaired receivables (*2)			
Impaired receivables	46,447	8,110	38,337
Total	392,947	334,942	58,005

(*1) Past due but unimpaired receivables are related to multiple customers who have no recent bankruptcy records or have provided as collateral for trade receivables.
(*2) As of December 31, 2022, expected credit loss allowance established in relation to impaired receivables is KRW 10,054 million (End of previous year: KRW 46,706 million).

7. Trade Receivable and Other Receivables, Continued

7-3 Changes in expected credit loss allowance for trade receivables and other receivables for the years ended December 31, 2022 and 2021, are as follows.

(In millions of Korean won)

Classification	2022	2021
Balance as of January 1	46,706	42,506
Provision(reversal) of expected credit loss allowance	399	299
Provision(reversal) of other expected credit loss allowance	(3,066)	3,791
Write-off and other	(34,059)	(122)
Exchange rate fluctuation	74	232
Balance as of December 31	10,054	46,706

7-4 As of December 31, 2022 and 2021, details of trade receivables transferred but not eliminated as a whole from the financial statements are as follows (see Note 16).

(In millions of Korean won)

Classification	December 31, 2022	December 31, 2021
Carrying amount of the discounted trade receivables	8,974	17,838
Carrying amount of the related borrowings	8,974	17,838

8. Inventories

Inventories as of December 31, 2022 and 2021 are as follows:

(In millions of Korean won)	December 31, 2022			December 31, 2021		
Classification	Acquisition cost	Valuation allowance	Carrying amount	Acquisition cost	Valuation allowance	Carrying amount
Merchandise	91,232	(1,106)	90,126	65,445	(556)	64,889
Finished goods	157,335	(6,143)	151,192	106,016	(1,012)	105,004
Work in-process	71,479	(550)	70,929	54,837	(408)	54,429
Raw materials	262,047	(965)	261,082	162,436	(492)	161,944
Supplies	12,846	-	12,846	11,911	-	11,911
Goods-in-transit	120,102	-	120,102	116,497	-	116,497
Return goods	239	-	239	399	-	399
Total	715,280	(8,764)	706,516	517,541	(2,468)	515,073

Loss on valuation of inventories for the year ended December 31, 2022 is KRW 6,313 million (End of previous year: KRW 703 million of reversal of losses on valuation of inventories), and the loss (reversal) was added to (or subtracted from) the cost of sales.

9. Financial Assets at Fair Value through Profit or Loss, Other Comprehensive Income

9-1 Financial assets at fair value through profit or loss as of December 31, 2022 and 2021 are as follows:

(In millions of Korean won)

Classification	December 31, 2022	December 31, 2021
Equity instruments		
Unlisted equity securities	5,032	4,193
Other equity investments	19,500	-
Sub total	24,532	4,193
Debt instruments		
Union investment	39	39
Sub total	39	39
Total	24,571	4,232

9. Financial Assets at Fair Value through Profit or Loss, Other Comprehensive Income, Continued

9-1-1 Equity instruments

(In millions of Korean won)	December 31, 2022				December 31, 2021			
Classification	Number of shares	% Owned	Cost	Book value	Number of shares	% Owned	Cost	Book value
Unlisted equity securities:								
Kumho Buslines Co., Ltd. (Ordinary shares) (*1)	50,000	2.43	5,000	3,032	50,000	2.43	5,000	2,193
Space F Corp (Preference shares)	3,334	5.24	2,000	2,000	3,334	5.24	2,000	2,000
Cypress Tree Investment	1,950,000	16.63	19,500	19,500	-	-	-	-
Total			26,500	24,532			7,000	4,193

(*1) The Group evaluates the amount calculated using a reasonable valuation model and appropriate estimates based on the professional judgment of an independent external valuation firm as fair value (see Note 5).

9-2 Financial assets measured at fair value through other comprehensive income as of December 31, 2022 and 2021 are as follows:

(In millions of Korean won) Classification	December 31, 2022	December 31, 2021
Equity instruments		
Unlisted equity securities	14,506	13,096

9-2-1 Equity instruments

(In millions of Korean won)	December 31, 2022				December 31, 2021
Classification	Number of shares owned	Percentage of ownership (%)	Acquisition cost	Carrying amount	Carrying amount
Korea Housing & Urban Guarantee (*1)(*2)	409,499	0.07	7,816	4,883	2,500
Shinki Chemical IND. Co., Ltd	23,000	19.17	239	71	71
Jeonju Munhwa Broadcasting Corp (*1)	24,470	15.29	1,548	1,688	1,688
Jeonju Television Co., Ltd. (*1)	168,000	3.00	840	1,557	1,537
The Korea Economic Daily Co., Ltd.	5,944	0.03	81	81	81
International Convention Center Jeju (*1)	100,000	0.25	500	425	427
Sserio Co., Ltd.	15,000	15.00	75	-	75
Jinan Village Agricultural Co., Ltd.	2,000	2.21	20	20	20
Xcell Therapeutics Inc (*1)	210,526	2.41	2,000	284	2,000
Biocoz Global Pte. Ltd.	100,000	3.10	4,697	4,697	4,697
Bippeco Inc.	98,998	10.39	800	800	-
Others	-	-	1,885	-	-
Total			20,501	14,506	13,096

(*1) The Group evaluates the amount calculated using a reasonable valuation model and appropriate estimates based on the professional judgment of an independent external valuation firm as fair value (see Note 5).
(*2) As of December 31, 2022 and 2021, pledges have been established as collateral for borrowings (see Note 18).

10. Other Assets and Other Liabilities

10-1 Other financial assets and Other financial liabilities as of December 31, 2022 and 2021 are as follows:

(In millions of Korean won)	December 31, 2022		December 31, 2021	
Classification	Current portion	Non-current portion	Current portion	Non-current portion
Other financial asset				
Accrued income	851	-	234	-
Financial lease receivables	-	-	104	-
Loan asset	10,907	5,683	8,876	1,029
Expected credit loss allowance	(14)	-	(14)	-
Present value discount	-	(311)	-	-
Guarantee deposits	66	36,572	78	34,646
Expected credit loss allowance	-	(250)	-	(246)
Present value discount	-	(671)	-	(905)
Total	11,810	41,023	9,278	34,524
Other financial liabilities				
Accrued expenses	26,157	-	22,563	-
Deposits for letter of guarantees	2,291	99	2,639	94
Present value discount	-	(6)	(16)	(8)
Lease liability	24,440	49,278	19,773	49,983
Others	34	-	319	5
Total	52,922	49,371	45,278	50,074

10-2 Changes in expected credit loss allowance for other financial assets for the years ended December 31, 2022 and 2021 are as follows.

(In millions of Korean won)

Classification	2022	2021
Balance as of January 1	260	317
Provision	4	11
Reversal	-	(69)
Exchange rate fluctuation	-	1
Balance as of December 31	264	260

10-3 Other current (non-current) assets and other current (non-current) liabilities as of December 31, 2022 and 2021 are as follows:

(In millions of Korean won)	December 31, 2022		December 31, 2021	
Classification	Current portion	Non-current portion	Current portion	Non-current portion
Other assets				
Advance payments	23,607	10,083	22,057	12,305
Accumulated impairment losses	(622)	(639)	(599)	(639)
Prepaid expenses	8,632	744	12,171	810
Input value added taxes	3,236	-	2,653	-
Others	237	14,507	49	5,858
Total	35,090	24,695	36,331	18,334
Other liabilities				
Contract liabilities	17,749	-	12,606	-
Advance receipt of income	2,832	522	1,205	710
Deposits received	10,905	-	10,502	-
Output value added taxes	4,917	-	6,801	-
Others	1,041	1,102	72	1,131
Total	37,444	1,624	31,186	1,841

11. Investments in Associates and Joint Ventures

11-1 Details of investments in associates and joint ventures as of December 31, 2022 and 2021 are as follows

(In millions of Korean won)

2022						
Associates	location	Major operating activities	share ratio (%)	Acquisition cost	Net asset value	Book value
PT Daesang Agung Indonesia (*1)	Indonesia	Food wholesale	49.00	14,998	17,141	24,388
Sunchangjangryu Agricultural Corporation	Domestic	Food manufacturing	22.88	1,402	756	1,030
UTC Greenbio Investment	Domestic	Investment	45.00	3,024	4,881	4,881
UN Green Synergy Investment	Domestic	Investment	23.91	4,818	4,560	4,560
Xiamen Zhenchan Foods Co., Ltd	China	Food trade	20.00	663	130	542
Shandong Aonong Food Co., Ltd. (*2)	China	Food manufacturing	25.00	3,287	2,957	3,059
Ecovance Co., Ltd. (*2,3)	Domestic	Ingredients manufacturing	14.10	17,300	16,928	16,928
Sub total				45,492	47,353	55,388

Joint ventures	location	Major operating activities	share ratio (%)	Acquisition cost	Net asset value	Book value
Daesang Ricor Corporation	Philippines	Food manufacturing	50.00	4,995	8,767	8,759
DMC Co., Ltd.	Domestic	Food manufacturing	50.00	2,100	4,030	4,030
Sub total				7,095	12,797	12,789
Total				52,587	60,150	68,177

(In millions of Korean won)

2021						
Associates	location	Major operating activities	share ratio (%)	Acquisition cost	Net asset value	Book value
PT Daesang Agung Indonesia (*1)	Indonesia	Food wholesale	49.00	14,998	16,026	23,680
Sunchangjangryu Agricultural Corporation	Domestic	Ffood manufacturing	22.88	1,402	396	671
UTC Greenbio Investment	Domestic	Investment	45.00	3,024	5,546	5,546
UN Green Synergy Investment	Domestic	Investment	23.91	4,818	4,846	4,846
Xiamen Zhenchan Foods Co., Ltd	China	Food trade	20.00	663	181	592
Sub total				24,905	26,995	35,335

Joint ventures	location	Major operating activities	share ratio (%)	Acquisitio n cost	Net asset value	Book value
Daesang Ricor Corporation	Philippines	Food manufacturing	50.00	4,995	7,550	7,550
DMC Co., Ltd.	Domestic	Food manufacturing	50.00	2,100	3,899	3,899
Sub total				7,095	11,449	11,449
Total				32,000	38,444	46,784

(*1) During the previous year, the company name was changed from PT JICO AGUNG to PT Daesang Agung Indonesia.
(*2) As a result of investing during the current period, it was added to associates.
(*3) As of December 31, 2022, the Company's ownership is less than 20%, but it is classified as an associate because it is judged that the Company has significant influence by participating in major decision-making bodies.

As of the end of the reporting period, the Company's ownership share ratio and voting share ratio are the same.

11. Investments in Associates and Joint Ventures, Continued

11-2 Details of changes in investments in associates and joint ventures for the years ended December 31, 2022 and 2021, are as follows

(In millions of Korean won):

Associates	2022 Beginning Balance	Acquisition (disposal)	Valuation of equity method: Portion of net income (loss)	Valuation of equity method: Changes in equity and retained earnings	Ending balance
PT Daesang Agung Indonesia	23,680	-	1,386	(678)	24,388
Sunchangjangryu Agricultural Corporation	671	-	359	-	1,030
UTC Greenbio Investment	5,546	-	(76)	(589)	4,881
UN Green Synergy Investment	4,846	-	(138)	(148)	4,560
Xiamen Zhenchan Foods Co., Ltd	592	-	(48)	(2)	542
Shandong Aonong Food Co., Ltd.	-	3,285	(69)	(157)	3,059
Ecovance Co., Ltd.	-	17,300	(372)	-	16,928
Sub total	35,335	20,585	1,042	(1,574)	55,388

(In millions of Korean won):

Joint ventures	2022 Beginning Balance	Acquisition (disposal)	Valuation of equity method: Portion of net income (loss)	Valuation of equity method: Changes in equity and retained earnings	Ending balance
Daesang Ricor Corporation	7,550	-	1,442	(233)	8,759
DMC Co., Ltd.	3,899	-	131	-	4,030
Sub total	11,449	-	1,573	(233)	12,789
Associates and joint ventures total	46,784	20,585	2,615	(1,807)	68,177

(In millions of Korean won):

Associates	2021 Beginning Balance	Acquisition (disposal)	Valuation of equity method: Portion of net income (loss)	Valuation of equity method: Changes in equity and retained earnings	Dividend	Ending balance
PT Daesang Agung Indonesia	18,869	-	3,073	1,738	-	23,680
Sunchangjangryu Agricultural Corporation	717	-	(46)	-	-	671
UTC Greenbio Investment	6,822	(6,156)	7,393	961	(3,474)	5,546
UN Green Synergy Investment	2,020	2,618	208	-	-	4,846
Xiamen Zhenchan Foods Co., Ltd	643	-	(73)	22	-	592
Sub total	29,071	(3,538)	10,555	2,721	(3,474)	35,335

(In millions of Korean won):

Associates	2021 Beginning Balance	Acquisition (disposal)	Valuation of equity method: Portion of net income (loss)	Valuation of equity method: Changes in equity and retained earnings	Dividend	Ending balance
Daesang Ricor Corporation	7,345	-	1,181	203	(1,179)	7,550
DMC Co., Ltd.	3,614	-	285	-	-	3,899
Sub total	10,959	-	1,466	203	(1,179)	11,449
Associates and joint ventures total	40,030	(3,538)	12,021	2,924	(4,653)	46,784

11. Investments in Associates and Joint Ventures, Continued

11-3 Major financial information of Associates and Joint ventures as of the December 31, 2022 and 2021 are as follows:

(In millions of Korean won):	Name	December 31, 2022			2022	
		Asset	Liabilities	equity	Sales	Net income (loss)
Associates	PT Daesang Agung Indonesia	64,579	29,597	34,982	179,809	3,255
	Sunchangjangryu Agricultural Corporation	5,127	1,823	3,304	3,868	1,399
	UTC Greenbio Investment	10,992	145	10,847	72	(126)
	UN Green Synergy Investment	19,226	157	19,069	1	(576)
	Xiamen Zhenchan Foods Co., Ltd	1,040	389	651	2,062	(241)
	Shandong Aonong Food Co., Ltd.	16,085	4,257	11,828	30,568	(278)
	Ecovance Co., Ltd.	122,362	2,298	120,064	-	(2,636)
Joint ventures	Daesang Ricor Corporation	29,676	12,142	17,534	38,727	2,899
	DMC Co., Ltd.	10,656	2,597	8,059	23,103	262

(In millions of Korean won):	Name	December 31, 2021			2021	
		Asset	Liabilities	equity	Sales	Net income (loss)
Associates	PT Daesang Agung Indonesia	51,127	18,420	32,707	148,604	6,710
	Sunchangjangryu Agricultural Corporation	3,780	2,047	1,733	5,573	(121)
	UTC Greenbio Investment	12,472	148	12,324	19,289	16,429
	UN Green Synergy Investment	20,264	-	20,264	1,468	868
	Xiamen Zhenchan Foods Co., Ltd	1,227	324	903	1,912	(367)
Joint ventures	Daesang Ricor Corporation	27,696	12,595	15,101	26,983	2,363
	DMC Co., Ltd.	11,164	3,367	7,797	17,655	569

11. Investments in Associates and Joint Ventures, Continued

11-4 Details of adjustments to carrying amounts of investments in associates and joint ventures are as follows.

		2022					
(In millions of Korean won):	Name	Equity	Share ratio (%)	Company portion of net assets	Good will	Valuation difference impairment loss	Book value
Associates	PT Daesang Agung Indonesia	34,982	49.00	17,141	4,647	2,600	24,388
	Agricultural Corporation Sunchangjang	3,304	22.88	756	275	(1)	1,030
	UTC Greenbio Investment	10,847	45.00	4,881	-	-	4,881
	UN Green Synergy Investment	19,069	23.91	4,560	-	-	4,560
	Xiamen Gurong Tran Chuan Food	651	20.00	130	412	-	542
	Shandong Aonong Food Co., Ltd.	11,828	25.00	2,957	102	-	3,059
	Ecovance Co., Ltd.	120,064	14.10	16,928	-	-	16,928
Joint ventures	Daesang Ricor Corp.	17,534	50.00	8,767	-	(8)	8,759
	DMC Co., Ltd.	8,059	50.00	4,030	-	-	4,030
Total		226,338		60,150	5,436	2,591	68,177

		2021					
(In millions of Korean won):	Name	Equity	share ratio (%)	Company portion of net assets	Good will	Valuation difference impairment loss	Book value
Associates	PT Daesang Agung Indonesia	32,707	49.00	16,026	4,774	2,880	23,680
	Agricultural Corporation Sunchangjang	1,733	22.88	396	275	-	671
	UTC Greenbio Investment	12,324	45.00	5,546	-	-	5,546
	UN Green Synergy Investment	20,264	23.91	4,846	-	-	4,846
	Xiamen Gurong Tran Chuan Food	903	20.00	181	411	-	592
Joint ventures	Daesang Ricor Corp.	15,101	50.00	7,550	-	-	7,550
	DMC Co., Ltd.	7,797	50.00	3,899	-	-	3,899
Total		90,829		38,444	5,460	2,880	46,784

12. Property, Plant and Equipment

12-1 Details of property and equipment as of December 31, 2022 and 2021, are as follows

	2022				
(In millions of Korean won):	Land	Facilities	Others	Construction-in-progress	Total
Acquisition cost	286,940	1,861,598	133,057	55,868	2,337,465
Accumulated depreciation	-	(1,150,913)	(99,760)	-	(1,250,673)
Accumulated impairment loss	-	(13,621)	(133)	-	(13,754)
Government subsidy	(400)	(8,675)	(350)	-	(9,425)
Book value	286,540	688,389	32,814	55,868	1,063,613

	2021				
(In millions of Korean won):	Land	Facilities	Others	Construction-in-progress	Total
Acquisition cost	283,933	1,683,653	116,732	92,960	2,177,278
Accumulated depreciation	-	(1,069,945)	(90,437)	-	(1,160,382)
Accumulated impairment loss	-	(13,643)	(133)	-	(13,776)
Government subsidy	(400)	(9,885)	(42)	-	(10,327)
Book value	283,533	590,180	26,120	92,960	992,793

12. Property, Plant and Equipment (Continued)

12-2 Changes in net book value of property, plant and equipment during the years ended December 31, 2022 and 2021 are as follows:

	2022								
(In millions of Korean won):	Beginning Balance	Acquisitions	Disposals	Transfer	Depreciation	Others (*2)	Acquisition of business (*Note. 34)	Transfer of business (*Note. 34)	Ending balance
Land	283,933	7,248	(142)	462	-	73	1,855	(6,489)	286,940
(Government subsidy)	(400)	-	-	-	-	-	-	-	(400)
Facilities	600,065	56,335	(504)	133,939	(91,637)	(968)	14,929	(15,095)	697,064
(Government subsidy)	(9,886)	(45)	-	-	1,258	-	(64)	62	(8,675)
Others	26,163	13,352	(9)	3,638	(9,993)	17	31	(33)	33,166
(Government subsidy)	(42)	(393)	-	-	85	-	-	-	(350)
Construction-in-progress	92,960	108,439	(69)	(145,594)	-	633	37	(538)	55,868
Total	992,793	184,936	(724)	(7,555)	(100,287)	(245)	16,788	(22,093)	1,063,613

(*1) During the current year, KRW 7,330 million was transferred from tangible assets to intangible assets, 586 million won was transferred from investment property to tangible assets, and KRW 811 million was transferred from tangible assets to long-term prepaid expenses.
(*2) Other amounts include the increase or decrease due to exchange rate fluctuations.

	2021							
(In millions of Korean won):	Beginning Balance	Acquisitions	Disposals	Transfer	Depreciation	Others (*2)	Transfer of business (*Note. 34)	Ending balance
Land	286,172	5,517	(3,475)	(4,832)	-	551	-	283,933
(Government subsidy)	(400)	-	-	-	-	-		(400)
Facilities	595,088	60,808	(4,520)	17,735	(82,107)	13,061	-	600,065
(Government subsidy)	(10,791)	(346)	-	-	1,251	-	-	(9,886)
Others	20,574	12,726	(1,406)	2,055	(8,196)	387	23	26,163
(Government subsidy)	(448)	-	281	-	125	-	-	(42)
Construction-in-progress	45,651	69,104	-	(22,586)	-	791	-	92,960
Total	935,846	147,809	(9,120)	(7,628)	(88,927)	14,790	23	992,793

(*1) During the previous year, KRW 1,168 million was transferred from tangible assets to intangible assets, KRW 7,002 million was transferred from tangible assets to investment properties, and KRW 542 million was transferred from long-term prepaid expenses to tangible assets.
(*2) Other amounts include the increase or decrease due to exchange rate fluctuations.

12. Property, Plant and Equipment, Continued

12-3 The accounts that contain depreciation expenses, 2022 and 2021 are as follows:

(In millions of Korean won):	**2022**	**2021**
Cost of sales	87,945	79,052
Selling and Administrative Expenses	10,096	8,511
Other non-operating expenses	2,246	1,364
Total	100,287	88,927

12-4 The capitalized borrowing costs included in fixed assets during 2022 and 2021 are as follows:

(In millions of Korean won):	**2022**	**2021**
qualifying asset	tangible assets	tangible assets
Capitalized borrowing costs	1,174	419
Capitalization rate	1.50%~4.89%	1.5%

13. Intangible Assets

13-1 Details of intangible assets as of December 31, 2022 and 2021, are as follows

	2022					
(in millions of Korean won):	Good will	Industrial property	Software	Club membership	Others	Total
Acquisition cost	122,238	10,670	49,466	8,507	9,280	200,161
Accumulated amortization	-	(9,867)	(37,021)	-	(1,089)	(47,977)
Accumulated impairment loss	(32,526)	-	-	(445)	-	(32,971)
Government subsidy	-	(2)	(2)	-	-	(4)
Book value	89,712	801	12,443	8,062	8,191	119,209

	2021					
(in millions of Korean won):	Good will	Industrial property	Software	Club membership	Others	Total
Acquisition cost	122,033	10,581	45,023	4,655	6,146	188,438
Accumulated amortization	-	(9,531)	(33,106)	-	(1,046)	(43,683)
Accumulated impairment loss	(32,525)	-	-	(446)	-	(32,971)
Government subsidy	-	(3)	(7)	-	-	(10)
Book value	89,508	1,047	11,910	4,209	5,100	111,774

13. Intangible Assets, Continued

13-2 Changes in intangible assets for the years ended June 30, 2022 and 2021, are as follows:

	2022								
(in millions of Korean won):	Beginning Balance	Acquisitions	Disposal	Transfer (*2)	Amortization	Others (*3)	Acquisition of business(*Note. 34)	Transfer of business(*Note. 34)	Ending balance
Goodwill	89,508	-	-	-	-	204	14,822	(14,822)	89,712
Industrial property	1,050	-	-	104	(352)	1	-	-	803
(Government subsidy)	(3)	-	-	-	1	-	-	-	(2)
Software	11,917	130	-	4,515	(4,120)	3	-	-	12,445
(Government subsidy)	(7)	-	-	-	5	-	-	-	(2)
Club membership (*1)	4,209	-	-	3,850	-	3	-	-	8,062
Others	5,100	4,888	(309)	(1,139)	(39)	(311)	4	(3)	8,191
Total	111,774	5,018	(309)	7,330	(4,505)	(100)	14,826	(14,825)	119,209

(*1) Memberships were not amortized by applying an indefinite useful life.
(*2) During the current year, the amount transferred from tangible assets to intangible assets is KRW 7,330 million.
(*3) Other amounts include the increase or decrease due to exchange rate fluctuations.

	2021								
(in millions of Korean won):	Beginning Balance	Acquisitions	Disposal	Transfer (*2)	Amortization	Impairment loss	Others (*3)	Transfer of business(*Note. 34)	Ending balance
Goodwill	87,706	-	-	-	-	(8,077)	846	9,033	89,508
Industrial property	2,214	168	(380)	96	(1,048)	-	-	-	1,050
(Government subsidy)	(4)	-	-	-	1	-	-	-	(3)
Software	12,210	2,386	(359)	1,532	(3,963)	-	61	50	11,917
(Government subsidy)	(11)	-	-	-	4	-	-	-	(7)
Club membership (*1)	3,745	857	(400)	-	-	-	7	-	4,209
Others	4,131	1,149	-	(460)	(48)	-	20	308	5,100
Total	109,991	4,560	(1,139)	1,168	(5,054)	(8,077)	934	9,391	111,774

(*1) Memberships were not amortized by applying an indefinite useful life.
(*2) The amount transferred from tangible assets to intangible assets during the previous year was 1,168 million won.
(*3) Other amounts include the increase or decrease due to exchange rate fluctuations.

13. Intangible Assets (Continued)

13-3 Result of goodwill impairment test

Goodwill is allocated to each cash-generating unit, which is a unit managed by management of the Group, as follows:

	2022	**2021**
Food business	70,007	70,007
Jam business (Note 34)	12,839	12,839
Overseas meat processing business	6,866	6,662
Total	89,712	89,508

The recoverable amount of cash flow generating units was determined based on value in use calculations, and the major assumptions used in value in use calculations are as follows:

	2022		
	Food business	Jam business	Overseas meat processing business
Operating margin	2.61%~2.95%	5.27%~5.43%	4.15%~6.45%
Sales growth rate (*1)	3.40%~4.48%	2.83%~4.03%	6.40%~7.14%
Perpetual growth rate (*2)	1.00%	1.00%	1.00%
Discount rate (*3)	7.34%	9.12%	13.09%

(*1) The annual average sales growth rate was calculated based on the past growth rate to calculate the cash flow forecast for the next five years.
(*2) Figures from industry reports and consistent growth rates projected beyond 5 years were used.
(*3) The discount rate applied to the expected cash flow.

	2021		
	Food business	Jam business	Overseas meat processing business
Operating margin	1.86%~3.20%	10.01%~10.09%	4.00%~5.80%
Sales growth rate (*1)	1.50%~9.47%	3.51%~4.06%	5.38%~7.71%
Perpetual growth rate (*2)	1.00%	1.00%	2.00%
Discount rate (*3)	7.76%	10.84%	12.54%

(*1) The annual average sales growth rate was calculated based on the past growth rate to calculate the cash flow forecast for the next five years.
(*2) Figures from industry reports and consistent growth rates projected beyond 5 years were used.
(*3) The discount rate applied to the expected cash flow.

The Group conducts an impairment test on goodwill every year. As a result of the impairment test, it is determined that the book value of the cash-generating unit will not exceed its recoverable amount.

13-4 The accounts that contain amortization expenses, 2022 and 2021 are as follows:

(In millions of Korean won):	**2022**	**2021**
Cost of sales	317	354
Selling and administrative Expenses	4,174	4,676
Other non-operating expenses	14	24
Total	4,505	5,054

14. Investment Properties

14-1 Details of investment properties as of December 31, 2022 and 2021, are as follows:

	2022			
(In millions of Korean won):	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Net book value
Land	23,069	-	(613)	22,456
Buildings	17,700	(9,944)	(126)	7,630
Total	40,769	(9,944)	(739)	30,086

	2021			
(In millions of Korean won):	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Net book value
Land	23,481	-	(613)	22,868
Buildings	19,352	(10,206)	(126)	9,020
Total	42,833	(10,206)	(739)	31,888

14-2 Changes in net book value of investment properties for the years ended December 31, 2022 and 2021 are as follows:

	2022					
(In millions of Korean won):	Beginning Balance	Disposal	Transfer (*1)	Depreciation	Other (*2)	Ending Balance
Land	22,868	(389)	(411)	-	388	22,456
Buildings	9,020	(762)	(175)	(419)	(34)	7,630
Total	31,888	(1,151)	(586)	(419)	354	30,086

(*1) During the current year, the amount transferred from investment property to tangible assets is KRW 586 million.
(*2) Other amounts include the increase or decrease due to exchange rate fluctuations.

	2021					
(In millions of Korean won):	Beginning Balance	Disposal	Transfer (*1)	Depreciation	Other (*2)	Ending Balance
Land	20,591	(2,555)	4,832	-	-	22,868
Buildings	8,437	(1,210)	2,170	(430)	53	9,020
Total	29,028	(3,765)	7,002	(430)	53	31,888

(*1) During the previous year, the amount transferred from tangible assets to investment real estate was 7,002 million won.
(*2) Other amounts include the increase or decrease due to exchange rate fluctuations.

14. Investment properties, Continued

14-3 Details of rental income and rental expenses recognized in relation to the Group's investment properties for the years ended December 31, 2022 and 2021 are as follows:

(In millions of Korean won):	**2022**	**2021**
Rental income	1,258	1,260
Rental expenses (*)	(864)	(1,147)
Net income	394	113

(*) It consists of investment property depreciation and investment property maintenance expenses.

14-4 As of December 31, 2022, the fair value of investment property is 35,128 million won (2021: 36,965 million won).

15. Trade Payables and Other Payables

Details of trade payables and other payable as of December 31, 2022 and 2021 are as follows:

	2022	
(In millions of Korean won):	Current	Non-current
Trade payables	177,108	-
Other payables	159,556	95
Total	336,664	95

	2021	
(In millions of Korean won):	Current	Non-current
Trade payables	199,447	-
Other payables	170,160	89
Total	369,607	89

16. Borrowings

16-1 Details of short-term borrowings as of December 31, 2022 and 2021 are as follows

(In millions of Korean won):	Lender	Annual interest rate (%)	Amount	
		2022	2022	2021
(1) Borrowings in Korean won:				
General loan	Korea Agro-Fisheries & Food Trade Corporation, etc.	1.00~6.32	93,000	55,041
(2) Borrowings in foreign currencies:				
Usance	Korea Development Bank, etc.	3.25~5.92	249,095	186,910
Export bills (*)	KEB Hana bank	3.25~5.92	8,974	17,838
(3) Debts of overseas subsidiaries				
General loan	Export-Import Bank of Korea, etc.	0.72~6.41	118,828	69,033
Total		-	469,897	328,822

(*) The Group classifies it as borrowings because the Group retains most of the risks and compensations, such as recourse conditions in case of debtor's default in transactions such as discounts on trade receivables.

16. Borrowings, Continued

16-2 Details of long-term borrowings as of December 31, 2022 and 2021 are as follows:

(In millions of Korean won):	Lender	Annual interest rate (%)	Amount	
		2022	2022	2021
Secured loan	NH Bank	2.00	9,600	10,800
Facility loan	Korea Development Bank, etc.	KDB bond (1 years)+1.16, etc.	94,144	28,432
General loan	Korea Eximbank, etc.	1.00~KoreaExim bond (3M)+1.15	47,205	2,576
Overseas subsidiaries	Korea Development Bank, etc.	Libor 3M+1.2~4.55	40,520	25,359
Sub total			191,469	67,167
Recognized amount of government subsidies (*)			(334)	(498)
Borrowings maturing within 1 year (Current portion of long-term borrowings)			(11,906)	(13,610)
Long-term borrowings balance			179,229	53,059

(*) For loans borrowed from government agencies at a lower interest rate than the market rate, the difference between the borrowed amount and the fair value is recognized as government subsidies.

The Group's tangible assets are provided as collateral for the above short- and long-term borrowings (See note 18).

17. Debentures

Details of debentures as of December 31, 2022 and 2021 are as follows:

	Interest rate (%)	Amount	
(In millions of Korean won)	2022	2022	2021
Public Debentures	1.23 ~ 3.19	610,000	540,000
Debentures discount issuance		(1,181)	(971)
Sub total		608,819	539,029
Debentures maturing within one year (Current portion of debentures)		(79,994)	(129,989)
Debentures balance		528,825	409,040

18. Collateral Assets

Details of assets provided as collateral as of the end of the current term are as follows.

	2022				
(in millions of Korean won):	Book value	Amount set up as collateral	Type of borrowing	Related borrowing amount	Collateral holder
			Short-term borrowings	12,000	
Land	127,285		Short-term borrowings (Usance)	25,187	Korea Development Bank
			Long-term borrowings	79,000	
		468,922	Short-term borrowings	17,000	Korea Agro-Fisheries & Food Trade Corporation
Building	167,621				
			Short-term borrowings	4,000	Woori bank
			Long-term borrowings	15,000	Woori bank
			Long-term borrowings	9,600	NH bank
Machinery	34,542		Government subsidies	4,150	Mokpo-City
Shares	4,883	4,883	Current portion of long-term borrowings	515	Korea Housing & Urban Guarantee Corporation
			Long-term borrowings	1,546	Korea Housing & Urban Guarantee Corporation
Short-term Financial Instruments	3,200	3,200	Trade payables	200	Dong-seo Corporation
			Short-term borrowings	3,000	Korea Agro-Fisheries & Food Trade Corporation
Total	337,531	477,005		171,198	

19. Provisions

19-1 Provisions as of December 31, 2022 and 2021 are as follows:

	2022		2021	
(in millions of Korean won)	Current liabilities	Non-current liabilities	Current liabilities	Non-current liabilities
Provision for returns	8,301	-	7,219	-
Provision for restoration	-	1,824	-	1,511

The Company estimates the amount of returnable sales and accounts for the estimated amount of future returns as a provision for returns.

19-2 GHG Emission Rights and Emission Liabilities

There are no GHG emission rights provided as collateral as of the end of the reporting period.

Our estimate of greenhouse gas emissions during the current year is expected to be 463,420 tCO2-eq, which is less than the sum of the free emission allowance granted by the government and the amount brought forward from previous year.

Emission liabilities are recognized only when the allocated emission permits exceed the actual emissions, and there is no emission liability recognized by the Company during the current year.

20. Net Defined Benefit Obligations

20-1 Details of net defined benefit obligations and fair value of plan assets recognized in the consolidated statements of financial position as of December 31, 2022 and 2021 are as follows:

(in millions of Korean won)

	December 31, 2022	December 31, 2021
Present value of defined benefit obligation	261,621	277,755
Fair value of plan assets (*)	(152,910)	(123,858)
Total	108,711	153,897

(*) Fair value of plan assets is the amount including the existing national pension fund of 47 million won in 2022 and 51 million won in 2021.

20-2 Changes in the defined benefit obligations for the years ended December 31, 2022 and 2021 are as follows:

(in millions of Korean won)	2022	2021
Balance at beginning of year	277,755	257,417
Current service cost	32,609	38,304
Interest cost	7,937	6,512
Sub total	40,546	44,816
Benefits paid	(21,597)	(22,073)
Remeasurement:		
Actuarial gains or losses arising from changes in Demographic assumptions	2,035	(55)
Actuarial gains or losses arising from changes in financial assumptions	(48,713)	(11,492)
Experience adjustments	13,600	9,995
Sub total	(33,079)	(1,552)
Net transfer of employees to affiliated companies	(1,209)	(1,556)
Foreign exchange difference and other	(795)	541
Business transfer	-	162
Balance at end of year	261,621	277,755

20-3 Changes in the fair value of plan assets for the years ended December 31, 2022 and 2021 are as follows:

(in millions of Korean won)	2022	2021
Balance at beginning of year	123,858	93,530
Interest income on plan assets	3,656	2,115
Operation and management expenses	(276)	(202)
Sub total	3,380	1,913
Benefits paid	(10,279)	(8,216)
Remeasurement:		
Income (Expense) on plan assets	(1,029)	(422)
Sub total	(1,029)	(422)
Contributions by employer	36,560	36,144
Net transfer of employees to affiliated companies	418	908
Balance at end of year	152,910	123,858

20. Net Defined Benefit Obligations, Continued

The Group reviews the level of accumulation of funds every year and has a policy to compensate for any loss in the fund. Expected contributions to post-employment benefit plans to be paid in 2023 as of December 31, 2022 are 36,560 million won.

20-4 Net defined benefit obligations (assets) costs recognized in profit or loss for the years ended December 31, 2022 and 2021 are as follows:

(in millions of Korean won)	**2022**	**2021**
Current service cost	32,609	38,304
Net interest cost	4,280	4,397
Operation and management expenses	276	202
Total	37,165	42,903

20-5 The principal actuarial assumptions as of December 31, 2022 and 2021 are as follows:

(In percentage)	**December 31, 2022**		**December 31, 2021**	
	Domestic	Overseas	Domestic	Overseas
Discount rate	5.54%~6.25%	7.25%	3.08%~3.90%	7.07%~7.14%
Salary growth rate	5.00%	10.00%	4.00%~5.50%	8.00%~10.00%

20-6 Plan assets as of December 31, 2022 and 2021 consist of the following:

(in millions of Korean won)	**December 31, 2022**		**December 31, 2021**	
	Amount	Ratio	Amount	Ratio
Debt instrument	-	-	17,002	13.73%
Cash and cash equivalents	152,910	100%	106,856	86.27%
Total	152,910	100%	123,858	100.00%

20-7 The sensitivity analysis of the defined benefit obligations as of December 31, 2022 to changes in the weighted principal assumptions is as follows:

(in millions of Korean won)	1% p increase	1% p decrease
Discount rate	(12,507)	22,430
Salary growth rate	19,443	(13,120)

21. Commitments and Contingencies

21-1 Details of borrowing and other facilities limit with financial institution as of December 31, 2022 are as follows:

(In millions of Korean won and a thousand dollars)	**December 31, 2022**
Overdrafts	24,027
General loan agreements, etc.	578,577
Import L/C limit agreements, etc.	20,000
Import L/C limit agreements (foreign currency), etc.	USD 309,000
Foreign exchange limit	USD 3,000
B2B limit agreements, etc.	25,200
Comprehensive limit agreement	9,700
Comprehensive limit agreement (foreign currency)	USD 35,000

21. Commitments and Contingencies, Continued

21-2 As of December 31, 2022, the Group is involved in 5 lawsuits as a plaintiff and 1 lawsuit as a defendant. The aggregate amounts of claims as a plaintiff and a defendant are approximately 2,700 million won, and 116 million won, respectively. As of the end of the current term, the final outcome of these lawsuits cannot be predicted.

21-3 The Group has insured amount of 12,487 million won in 2022 and 6,187 million won in 2021, with Seoul Guarantee Insurance for fulfillment (contract) of guarantee

21-4 As of December 31, 2022, details of payment guarantees provided by the Group to related parties are as follows.

(In millions of Korean won)

	Creditor	Classification	Amount
Heilongjiang Chengfu Food Group Co., Ltd.	Kookmin Bank	Local finance, etc.	18,688

In accordance with the agreement of the financial institution, the Group guarantees 100% of the limit listed above.

21-5 As of December 31, 2022, among the equity securities held by the Group, details of investment agreements for which the remaining agreement amount is significant are as follows.

(In millions of Korean won and a thousand CNY)

Name of Company	Investment agreement	Cumulative amount of investment	Residual contract amount
Ecovance Co., Ltd.	40,000	17,300	22,700
Shandong Aonong Food Co., Ltd.	CNY 42,000	CNY 17,000	CNY 25,000

21-6 Acquisition arrangements for tangible assets

In order to secure a new production base site to foster the food business, the Group decided to acquire land and buildings (located in Inju-myeon, Asan-si, Chungcheongnam-do, on June 30, 2026) in accordance with the board resolution on July 8, 2022. As of December 31, 2022 3,462 million won is recorded as an advance payment as a purchase guarantee in connection with the purchase of this property.

22. Equity

22-1 Capital Stock

(1) As of December 31,2022, the Company's total number of authorized shares is 125,000,000 shares of par value 1,000 won per share. The Company has issued 34,648,025 common shares and 1,370,223 preferred shares as of December 31,2022.

(2) Details of preferred stocks issued according to the Company articles of association are as follows.

	December 31，2022
Number of shares issued	1,370,223 shares
Nature	Participating non-cumulative preferred stock
Issued date	May 29,1992
convertible date	Not convertible to common shares
Matters concerning dividends	1% additional dividend compared to common shares based on par value If dividends are not paid on common stocks, dividends on preferred stocks may not be paid either.
Matters concerning Conversion	-
etc.	-

22-2 Retained Earnings

(1) Details of retained earnings as of December31, 2022 and 2021 are as follows.

(in millions of Korean won)	**December 31，2022**	**December 31，2021**
Legal reserve (*)	19,700	19,700
Unappropriated retained earnings	1,006,894	927,698
Total	1,026,594	947,398

(*) The Korean Commercial Code requires the Control Company to appropriate as legal reserve an amount equal to at least 10% of cash dividends for each accounting period until the reserve equals 50% of stated capital. As of the end of the reporting period, our profit reserves amounted to 50% of the paid-in capital, so there is no obligation to accumulate additional reserves. This profit reserve cannot be allocated in cash, but capital transfer or deficit compensation can be made by a resolution of the general shareholders' meeting.

(2) Details of the dividend calculation as of 2022 and 2021 are as follows.

(Korean won and number of shares)	**2022**	
	Ordinary shares	Preference shares
Number of shares eligible for dividends	34,648,025	1,370,223
Dividend rate	80% (800 won per share)	81% (810 won per share)
Dividend amount	27,718,420,000	1,109,880,630

(Korean won and number of shares)	**2021**	
	Ordinary shares	Preference shares
Number of shares eligible for dividends	34,648,025	1,370,223
Dividend rate	80% (800 won per share)	81% (810 won per share)
Dividend amount	27,718,420,000	1,109,880,630

22. Equity, Continued

A cash dividend of 28,828 million won for the fiscal year ending December 31, 2021 was paid in April 2022.

22-3 Other Components of Equity

Other components of equity as of December 31, 2022 and 2021 are as follows:

(In millions of Korean won)	**December 31, 2022**	**December 31, 2021**
Other capital surplus	221,477	221,477
Other capital adjustment	(33,533)	(33,533)
Loss on valuation of financial assets at FVOCI	(4,622)	(5,018)
Changes in capital from valuation of equity method	(2,409)	(543)
Gain (loss) on overseas business translation	(13,680)	(12,367)
Total	167,233	170,016

23. Expenses by Nature

Expenses by nature for the years ended December 31, 2022 and 2021 were summarized from cost of sales and selling and administrative expenses as follows:

(in millions of Korean won)	**2022**	**2021**
Changes in merchandise, finished goods and work in process	(535,555)	(337,266)
Merchandise purchased	1,222,579	931,428
Raw materials and consumables used	1,732,913	1,371,824
Wages and salaries, and other	474,145	425,236
Depreciation and Amortization	104,881	93,981
Transportation	142,745	121,828
Advertising	39,555	32,469
Other	762,828	677,247
Sum of cost of sales and selling and administrative expenses	3,944,091	3,316,747

24. Selling and Administrative Expenses

Selling and administrative expenses for the years ended December 31, 2022 and 2021 are as follows:

(in millions of Korean won)	**2022**	**2021**
Wages and salaries	256,184	239,172
Post-employment benefit	22,995	26,118
Employee welfare	30,109	28,710
Travel	8,873	5,208
Education and training expenses	2,493	2,083
Communication	2,863	2,387
Power cost	4,900	4,299
Taxes and dues	20,187	18,942
Office expenses	13,875	12,795
Rent	7,142	5,967
Depreciation	30,572	21,912
Repair and maintenance cost	1,953	1,817

24. Selling and Administrative Expenses, Continued

(in millions of Korean won)	2022	2021
Insurance	5,601	4,919
Entertainment	7,016	6,165
Advertising	39,759	32,202
Automobile maintenance	4,199	3,418
Books	449	310
Commissions and service charges	64,880	49,454
Provision of expected credit loss allowance	399	299
Amortization	4,174	4,676
Sample cost	1,140	804
Sales commissions	29,801	26,174
Sales promotion expenses	40,163	37,233
Packaging cost	5,450	4,391
Service cost	41,346	36,760
Research and development expenses	34,665	27,705
Export cost	17,064	18,284
Transportation	126,507	102,568
Other	5,579	5,186
Total	830,338	729,958

25. Other Non-Operating Income and Expenses

Details of other non-operating income and expenses for the years ended December 31, 2022 and 2021 are as follows:

25-1 Other non-operating income

(in millions of Korean won)	2022	2021
Gain on foreign currency transactions	30,101	13,392
Gain on foreign currency translation	1,250	3,792
Gain on disposal of property, plant and equipment	682	1,524
Gain on disposal of intangible assets	-	897
Reversal of other expected credit loss allowance	3,048	-
Miscellaneous income	6,040	4,727
Gain on disposal of assets to be sold	-	74,449
Other	15,610	3,111
Total	56,731	101,892

25. Other Non-Operating Income and Expenses, Continued

25-2 Other non-operating expenses

(In millions of Korean won)	**2022**	**2021**
Loss on foreign currency transactions	19,100	8,456
Loss on foreign currency translation	6,603	482
Donations	5,188	4,063
Other payment fees	4,632	3,791
Provision of other expected credit loss allowance	11	4,249
Loss on impairment of intangible assets	-	8,077
Miscellaneous expenses	11,087	16,279
Other	3,758	5,274
Total	50,379	50,671

25-3 Financial income

(In millions of Korean won)	**2022**	**2021**
Interest income	10,393	3,413
Dividend income	96	83
Gain on foreign currency transactions	15,148	3,275
Gain on foreign currency translation	16,670	2,084
Gain on valuation of FVPL	839	-
Gain on disposal of FVPL	-	570
Total	43,146	9,425

25-4 Financial expenses

(In millions of Korean won)	**2022**	**2021**
Interest expenses	30,622	17,562
Loss on foreign currency transactions	38,275	17,859
Loss on foreign currency translation	12,282	2,222
Loss on valuation of FVPL	-	3,934
Total	81,179	41,577

The Group recognizes foreign exchange differences related to borrowings and cash and cash equivalents as financial income and financial expenses.

25-5 The Group's portion of net income (loss) of investments accounted under equity method for the years ended December 31,2022 and 2021:

(In millions of Korean won)	**2022**	**2021**
Profit on equity method	3,317	12,140
Loss on equity method	(702)	(119)
Total	2,615	12,021

26. Income Tax Expense

26-1 Details of Income tax expense for the years ended December 31, 2022 and 2021 are as follows:

(In millions of Korean won)	**2022**	**2021**
Current taxes		
Current tax on profits for the year	19,881	38,247
Deferred taxes		
Changes in deferred taxes arising from unused tax credits and temporary differences	8,833	1,139
Income tax expense	28,714	39,386

26-2 Details of Income tax recognized in equity for the years ended December 31, 2022 and 2021 are as follows:

(In millions of Korean won)	**2022**	**2021**
Deferred tax recognized in equity		
Remeasurement of net defined benefit liabilities (assets)	(7,489)	(248)
Loss (gain) on valuation of financial assets at fair value through other comprehensive income	(213)	63
Other	127	-
Total	(7,575)	(185)

26-3 The tax on the Group's profit before income tax and Income tax expense for the years ended December 31, 2022 and 2021 are reconciled as follows:

(In millions of Korean won)	**2022**	**2021**
Profit before income tax	110,933	184,336
Income tax using the Company's statutory tax rate	28,713	45,787
Adjustments:		
Effect of non-deductible income/expenses	2,436	1,964
Tax credits	(1,503)	(1,598)
Temporary differences for which no deferred income tax was recognized	(2,373)	1,740
Refund of previous income tax	(45)	(9,165)
Other (Impact of changes in tax rates, etc.)	1,486	658
Income tax expense	28,714	39,386
Effective income tax rate (%)	25.88%	21.37%

26. Income Tax Expense, Continued

26-4 The changes in deferred tax for the years ended December 31, 2022 and 2021 are as follows:

December 31, 2022

(In millions of Korean won)	Beginning balance	Income	Equity	Exchange rate	Ending balance
Allowance for expected credit losses	10,000	(8,950)	-	-	1,050
Property, plant and equipment	(18,307)	1,275	-	(3)	(17,035)
Defined Benefit Liabilities	34,605	(4,135)	(7,489)	(56)	22,925
FVOCI financial assets	1,199	-	(213)	-	986
Other	2,068	2,977	127	350	5,522
Total	29,565	(8,833)	(7,575)	291	13,448

December 31, 2021

(In millions of Korean won)	Beginning balance	Income	Equity	Exchange rate	Ending balance
Allowance for expected credit losses	9,150	849	-	1	10,000
Property, plant and equipment	(24,705)	6,398	-	-	(18,307)
Defined Benefit Liabilities	37,269	(2,652)	(248)	236	34,605
FVOCI financial assets	1,157	(21)	63	-	1,199
Other	7,976	(5,713)	-	(195)	2,068
Total	30,847	(1,139)	(185)	42	29,565

26-5 Deferred income tax assets(liabilities) that were not recognized for temporary differences for December 31,2022 and 2021 are as follows:

The deductible temporary difference not recognized as deferred tax assets in the statement of financial position as of December 31, 2022 is 44,139 million won, including investment stocks in subsidiaries and related companies. As of December 31, 2022, the unused deficits not recognized as deferred tax assets in the statement of financial position are 145,610 million won, and the unused tax credit is 5,249 million won. The maturity of the unused deficit and tax credit is as follows:

(In millions of Korean won)	2023	2024	2025	2026	2027 after	Total
Unused tax losses	17,968	21,277	28,779	30,969	46,617	145,610
Unused tax credits	4,911		9		329	5,249
Total	22,879	21,277	28,788	30,969	46,946	150,859

26-6 The Group assessed that deferred tax assets would be feasible as expected taxable income for future years would exceed the deductible temporary differences.

27. Earnings per Share

27-1 Basic earnings per share

Basic earnings per share were calculated by dividing the net income of ordinary share by the weighted average number of ordinary shares. The first preferred stock has the right to participate in the distribution of our profits, and the order of payment is the same as the common share when paying dividends or distributing residual property, so we also calculated earnings per share for the preferred stock.

Basic earnings per share for the years ended December 31, 2022 and 2021 are calculated as follows:

(a) Ordinary shares

(In millions of Korean won, a number of shares)	**2022**	**2021**
Net income (loss) for ordinary share	79,895	138,638
Weighted-average number of ordinary shares outstanding	34,648,025	34,648,025
Basic earnings per common share *(in Korean won)*	2,306	4,001

(b) Preference shares

(In millions of Korean won, a number of shares)	**2022**	**2021**
Net income (loss) for preferred share	3,173	5,497
Weighted-average number of preferred shares outstanding	1,370,223	1,370,223
Basic earnings per preferred share *(in Korean won)*	2,316	4,011

(c) Calculation details of common shares and preferred shares

(In millions of Korean won, a number of shares)	**2022**	**2021**
Net income	83,069	144,135
Common share dividend (A) (*)	27,718	27,718
Preferred shares dividend (B) (*)	1,110	1,110
Net income available for additional dividends (residual income)	54,240	115,307
- Common share attributable to additional dividend able net income (C)	52,177	110,920
- The attribution of the preferred shares among the net income available for additional dividends (D)	2,063	4,387
Net income attributable to common share(A+C)	79,895	138,638
Net income attributable to the preferred share (B+D)	3,173	5,497

(*) Dividends of common and preferred share for the current term were approved by the board of directors on March 9, 2023 and will be approved at the regular shareholders' meeting on March 24, 2023. Dividends of common and preferred share in the prior term were confirmed for disposal at a regular shareholders' meeting on March 25, 2022.

27-2 The potential common share issued by the Company has no dilution effect, so the net profit per diluted share for the current and prior terms is the same as the underlying net income per share.

28. Statements of Cash Flows

28-1 The cash flows from operating activities for the years ended December 31, 2022 and 2021 are calculated as follows:

(In millions of Korean won)	2022	2021
Net income	82,219	144,950
Adjustments:		
Income tax expense	28,714	39,386
Interest expenses	30,622	17,562
Post-employment benefit	37,165	42,903
Depreciation	100,288	88,927
Depreciation of right-of-use asset	22,143	15,797
Amortization	4,506	5,054
Depreciation of investment real estate	419	430
Provision of expected credit loss allowance	399	299
Reversal of provision of expected credit loss allowance	(3,037)	4,249
Loss on disposal (discard) of property, plant and equipment	179	2,770
Loss on impairment of intangible assets	-	8,077
Loss on disposal of investment real estate	712	1,091
Loss (reversal) on valuation of inventory	6,313	(703)
Loss on disposal (discard) of inventory	14,805	11,430
Loss (Gain) on valuation of FVPL	(839)	3,934
Loss on foreign currency translation	18,885	2,704
Loss on equity method	702	119
Interest income	(10,392)	(3,413)
Dividend income	(96)	(83)
Gain on disposal of property, plant and equipment	(682)	(1,524)
Gain on disposal of intangible assets	-	(897)
Gain on disposal of investment real estate	(220)	(524)
Gain on disposal of inventory	-	453
Profit from business transfer	(5,726)	(140)
Gain on foreign currency translation	(17,920)	(5,876)
Group portion of net income of investments accounted under equity method	(3,317)	(12,140)
Gain on disposal of assets to be sold	-	(74,449)
Other	(105)	(203)
Sub total	223,518	145,233
Changes in net operating capital:		
Decrease (increase) in trade receivables	(39,730)	(66,191)
Increase in other receivables	4,386	(4,422)
Decrease (increase) in inventories	(212,934)	(140,114)
Decrease (increase) in other current assets	8,757	5,848
Decrease (increase) in other non-current assets	(9,501)	(4,955)
Increase (decrease) in trade payables	(21,568)	61,193
Increase (decrease) in other payables	(21,881)	36,492
Increase (decrease) in provisions	1,077	2,348
Increase (decrease) in Other current financial liabilities	5,929	1,688
Increase (decrease) in other current liabilities	5,914	(28,079)

28. Statements of Cash Flows, Continued

(In millions of Korean won)	**2022**	**2021**
Increase (decrease) in long term other payables	6	25
Increase (decrease) in Net Defined Benefit Liabilities	(49,505)	(52,465)
Increase (decrease) in other non- current liabilities	(37)	114
Sub total	(329,087)	(188,518)
Total	(23,349)	101,665

28-2 Significant non-cash investing and financing transactions for the years ended December 31, 2022 and 2021 are as follows:

(In millions of Korean won)	**2022**	**2021**
Transfer of current portion of financial assets measured at fair value through profit or loss	-	6,127
Transfer from the asset under construction account to other fixed assets accounts	145,594	22,586
Replacement of property, plant and equipment	586	7,002
Transfer of current portion of long-term borrowings	16,121	16,690
Transfer of current portion of debentures	79,892	129,815
Increase in outstanding payments when acquiring tangible assets	10,473	12,564

28-3 Changes in liabilities arising from financing activities

December 31, 2022

(In millions of Korean won)	As of January, 1	Cash flows from financing activities	Exchange rate fluctuations	Other (*)	As of December, 31
Short-term borrowings	328,822	177,920	(2,123)	(34,722)	469,897
Current portion of long-term borrowings	13,610	(15,096)	421	12,971	11,906
Borrowings	53,059	125,894	16	260	179,229
Current portion of debentures	129,989	(130,000)	-	80,005	79,994
Debentures	409,040	199,254	-	(79,469)	528,825
Other financial liabilities	95,352	(26,047)	(500)	33,488	102,293
Total	1,029,872	331,925	(2,186)	12,533	1,372,144

December 31, 2021

(In millions of Korean won)	As of January, 1	Cash flows from financing activities	Exchange rate fluctuations	Other (*)	As of December, 31
Short-term borrowings	266,211	54,352	2,931	5,328	328,822
Current portion of long-term borrowings	13,794	(14,351)	1,022	13,145	13,610
Borrowings	58,483	9,619	1,594	(16,637)	53,059
Current portion of debentures	99,994	(100,000)	-	129,995	129,989
Debentures	389,179	149,319	-	(129,458)	409,040
Other financial liabilities	73,089	(27,096)	1,176	48,183	95,352
Total	900,750	71,843	6,723	50,556	1,029,872

(*) It includes interest expense due to liquidity replacement and amortization of current value discount.

29. Related Party Transactions

29-1 As of December 31, 2022, the controlling company of the consolidated company is as follows:

Division	Region	Name of related party
Major shareholder	Korea	Daesang Holdings Co., Ltd.

29-2 As of the end of the reporting period, the details of other related parties with transactions such as sales or balances of receivables and debts with the Daesang Corporation and its subsidiaries are as follows:

Division	**2022**	**2021**
Associates	PT Daesang Agung Indonesia	PT Daesang Agung Indonesia (*1)
	Sunchangjangryu Agricultural Corporation	Sunchangjangryu Agricultural Corporation
	UTC Greenbio Investment	UTC Greenbio Investment
	UN Green Synergy Investment	UN Green Synergy Investment
	Xiamen Zhenchan Foods Co., Ltd	Xiamen Zhenchan Foods Co., Ltd
	Ecovance Co., Ltd. (*2)	-
	Shandong Aonong Food Co., Ltd. (*2)	-
Joint venture	Daesang Ricor Corporation	Daesang Ricor Corporation
	DMC Co., Ltd.	DMC Co., Ltd.
Other related parties	Daesang Information Technology Co., Ltd.)	Daesang Information Technology Co., Ltd.
	Daesang E&C Co.,Ltd.	Daesang E&C Co.,Ltd. (*3)
	-(*4)	Chorocmaeul Co., Ltd.
	PT.Sintang Raya	PT.Sintang Raya
	Daesang Wellife Co., Ltd. (*5)	Daesang Life Science Corporation
	Daesang Cultural Foundation	Daesang Cultural Foundation
	Daesang Networks Co., Ltd.	Daesang Networks Co., Ltd. (*6)
	DSH CA, INC.	DSH CA, INC.
	New York Golf Enterprises Inc.	New York Golf Enterprises Inc.
	Daesang Cellgene Co., Ltd.	Daesang Cellgene Co., Ltd. (*7)
	Daesang Communications Corporation	Daesang Communications Corporation (*7)
	Haesung Provision Co., Ltd.	Haesung Provision Co., Ltd. (*7)
	Hongbo Energy Co., Ltd (*8)	-

(*1) During the previous year, the company name was changed from PT. JICO AGUNG to PT Daesang Agung Indonesia.
(*2) Incorporated as an associate during the previous year.
(*3) During the previous year, Dongseo Construction Co., Ltd. changed its name to Daesang Construction Co., Ltd.
(*4) During the current year, Green Village Co., Ltd. was excluded from the scope of related parties.
(*5) During the current year, the company name was changed from Daesang Life Science Co., Ltd. to Daesang Welllife Co., Ltd.
(*6) During the previous year, DSN Co., Ltd. changed its name to Daesang Networks Co., Ltd.
(*7) Incorporated as a subsidiary of the parent company during the previous year.
(*8) Incorporated as a subsidiary of the parent company during the current year.

29. Related Party Transactions, Continued

29-3 Details of transactions with related parties for the years ended December 31, 2022 and 2021 are as follows:

December 31, 2022

(In millions of Korean won)	Name of company	Sales	Purchase	Acquisition of tangible and intangible assets	Other income	Other costs
Major shareholder	Daesang Holdings Co., Ltd.	30	1	-	5	8,166
Associates	PT Daesang Agung Indonesia	154,544	140	-	1,234	9
	Sunchangjangryu Agricultural Corporation	15	153	-	-	3
	Sub total	154,559	293	-	1,234	12
Joint venture	Daesang Ricor Corporation	519	-	-	225	-
	DMC Co., Ltd.	21,220	-	-	-	-
	Sub total	21,739	-	-	225	-
Other related parties	Daesang Information Technology Co., Ltd.	14	3	2,265	4	16,128
	Daesang E&C Co.,Ltd.	52	-	25,382	71	-
	Daesang Wellife Co., Ltd.	25,962	9,745	-	4,012	5
	Chorocmaeul Co., Ltd.	3,627	543	-	-	89
	Daesang Cultural Foundation	3	-	-	-	151
	New York Golf Enterprises Inc.	10	-	-	-	-
	PT Sintang Raya	-	-	-	10	-
	Daesang Cellgene Co., Ltd.	2	-	-	1	-
	Daesang Networks Co., Ltd.	154	18,955	-	-	92
	Daesang Holdings California Inc.	-	-	-	-	49
	Haesung Provision Co., Ltd.	31	-	-	-	-
	Hongbo Energy Co., Ltd	-	-	-	-	3
	Sub total	29,855	29,246	27,647	4,098	16,517
Total		206,183	29,540	27,647	5,562	24,695

29. Related party transactions, Continued

December 31, 2021

(In millions of Korean won)	Name of company	Sales	Purchase	Acquisition of tangible and intangible assets	Disposal of tangible and intangible assets	Other income	Other costs
Major shareholder	Daesang Holdings Co., Ltd.	4	1	-	-	13	7,010
Associates	PT Daesang Agung Indonesia	115,813	157	-	-	75	-
	Sunchangjangryu Agricultural Corporation	32	389	-	-	-	-
	Sub total	115,845	546	-	-	75	-
Joint venture	Daesang Ricor Corporation	274	-	-	-	178	-
	DMC Co., Ltd.	15,503	-	-	-	-	-
	Sub total	15,777	-	-	-	178	-
Other related parties	Daesang Information Technology Co., Ltd.	-	6	1,747	-	243	15,014
	Sangam Communication	-	-	-	-	-	937
	Daesang E&C Co.,Ltd.	29	-	33,154	-	42	-
	Daesang Life Science Corporation	15,814	5,938	-	140	3,750	-
	Chorocmaeul Co., Ltd.	15,150	1,903	-	-	213	205
	Daesang Cultural Foundation	1	-	-	-	2	408
	Sangam & Associates	-	-	-	-	-	241
	New York Golf Enterprises Inc.	3	-	-	-	-	15
	PT.Sintang Raya	-	-	-	-	13	-
	Daesang Cellgene Co., Ltd.	-	-	-	1,143	-	-
	Daesang Communications Corporation	-	-	-	-	-	14
	Daesang Networks Co., Ltd.	232	17,996	-	-	-	263
	DSH CA, INC.	1	-	240	-	-	17
	Sub total	31,230	25,843	35,141	1,283	4,263	17,114
	Total	162,856	26,390	35,141	1,283	4,529	24,124

29. Related party transactions, Continued

29-4 Details of receivables and debts to related parties as of the end of the reporting period are as follows:

December 31, 2022

(In millions of Korean won)	Name of company	Trade receivables	Loan	Other receivables	Trade payables	Other liabilities
Parent company	Daesang Holdings Co., Ltd.	-	-	5	-	80
Associates	PT Daesang Agung Indonesia	17,186	-	2	20	-
	Sunchangjangryu Agricultural Corporation	1	-	-	21	8
	Sub total	17,187	-	2	41	8
Joint venture	Daesang Ricor Corporation	109	-	176	-	-
	DMC Co., Ltd.	2,518	-	-	-	-
	Sub total	2,627	-	176	-	-
Other related parties	Daesang Information Technology Co., Ltd.	-	-	-	-	1,900
	Daesang Construction Co., Ltd.	-	-	-	-	-
	Daesang Wellife Co., Ltd.	4,015	-	434	-	2,052
	Daesang Cultural Foundation	-	-	-	-	21
	Daesang Networks Co., Ltd.	-	-	-	591	2
	Haesung Provision Co., Ltd.	6	-	-	-	-
	Hongbo Energy Co., Ltd	-	9,019	-	-	-
	Sub total	4,021	9,019	434	591	3,975
Total		23,835	9,019	617	632	4,063

29. Related party transactions (Continued)

December 31, 2021

(In millions of Korean won)	Name of company	Trade receivables	Other receivables	Trade payables	Other liabilities
Parent company	Daesang Holdings Co., Ltd.	-	26	7	27
Associates	PT Daesang Agung Indonesia	10,305	-	-	-
	Sunchangjangryu Agricultural Corporation	-	-	126	-
	Subtotal	10,305	-	126	-
Joint venture	Daesang Ricor Corporation	28	178	-	-
	DMC Co., Ltd.	3,245	-	-	-
	Subtotal	3,273	178	-	-
Other related parties	Daesang Information Technology Co., Ltd.	-	1	-	1,544
	Daesang Construction Co., Ltd.	-	2	-	11,623
	Daesang Life Science Corporation	2,544	374	616	598
	Chorocmaeul Co., Ltd.	1,716	1	535	91
	Daesang Cultural Foundation	-	-	-	16
	Daesang Communications Corporation	-	-	-	16
	Daesang Networks Co., Ltd.	-	7	128	244
	Subtotal	4,260	385	1,279	14,132
Total		17,838	589	1,412	14,159

29-5 Details of financial transactions with related parties for the years ended December 31, 2022 and 2021 are as follows:

December 31, 2022

(In millions of Korean won)	Name of company	Dividend payment	Investment in cash	Loan
Shareholders	Daesang Holdings Co., Ltd. etc.	12,019	-	-
Associates	Ecovance Co., Ltd.	-	17,300	-
Associates	Shandong Aonong Food Co., Ltd.	-	3,285	-
Other related parties	Hongbo Energy Co., Ltd	-	-	9,019
Total		12,019	20,585	9,019

29. Related party transactions, Continued

December 31, 2021

(In millions of Korean won)	Name of company	Dividend payment	Dividend Receipt	Investment in cash	Return of investment
Shareholders	Daesang Holdings Co., Ltd. etc.	10,517	-	-	-
Joint venture	Daesang Ricor Corporation	-	1,179	-	-
Associates	UN Green Synergy Investment	-	-	3,300	682
Associates	UTC Greenbio Investment	-	3,474	-	6,156
	Total	10,517	4,653	3,300	6,838

29-6 Key executives include directors (registered and unregistered), members of the board of directors, financial officers and internal audit officers. Compensation paid or to be paid to key executives for employee services is as follows:

(In millions of Korean won)	**2022**	**2021**
Short-term salary	8,918	10,039
Retirement benefit	1,501	1,690

29-7 As of the end of the reporting period, the Group provided debt guarantees for debts of related parties (see Note 21).

30. Non-controlling Interests Information

30-1 The details of non-controlling interest by each subsidiary for years 2022 and 2021 are summarized as follows:

December 31, 2022

(In millions of Korean won)	Non-controlling interest portion	Cumulative non-controlling interest at beginning of year	Net profit or loss allocated to non-controlling interests	Others	Cumulative non-controlling interest at the end of the period
Sinan Solar Salt Co., Ltd	10.00%	468	19	25	512
PT Daesang Ingredients Indonesia	10.02%	16,059	(1,029)	(285)	14,746
PT Daesang Food Indonesia	2.98%	283	(1)	(5)	277
Daesang Vietnam Co., Ltd.	6.89%	3,307	195	97	3,599
Daesang America Inc.	5.00%	122	(41)	9	90
DU Food Co., Ltd.	7.50%	83	7	-	90
Total		20,322	(850)	(159)	19,314

30. Non-controlling interests information, Continued

December 31, 2021

(In millions of Korean won)	Non-controlling interest portion	Cumulative non-controlling interest at beginning of year	Net profit or loss allocated to non-controlling interests	Others	Cumulative non-controlling interest at the end of the period
Sinan Solar Salt Co., Ltd	10.00%	497	(20)	(8)	469
PT Daesang Ingredients Indonesia	10.02%	14,380	502	1,177	16,059
PT Daesang Food Indonesia	2.98%	232	31	19	282
MIWON VIETNAM CO., LTD.	6.89%	2,709	297	301	3,307
Daesang America Inc.	5.00%	103	9	10	122
DU Food Co., Ltd.	7.50%	91	(4)	(4)	83
Total		18,012	815	1,495	20,322

30-2 Summarized financial information before elimination of intra-group transactions of subsidiaries whose non-controlling interests are significant is as follows:

December 31, 2022

(In millions of Korean won)	Assets	Liabilities	Stockholders' equity	Revenues	Net income	Total comprehensive income
Sinan Solar Salt Co., Ltd	6,806	1,643	5,163	8,722	193	446
PT Daesang Ingredients Indonesia	245,537	98,238	147,299	369,468	(10,397)	(13,237)
PT Daesang Food Indonesia	25,697	16,406	9,291	65,724	(46)	(221)
Daesang Vietnam Co., Ltd.	99,519	47,239	52,281	170,592	2,856	4,258
Daesang America Inc.	46,965	45,170	1,795	141,480	(826)	(642)
DU Food Co., Ltd.	3,353	2,099	1,254	9,168	82	84

December 31, 2021

(In millions of Korean won)	Assets	Liabilities	Stockholders' Equity	Revenues	Net income	Total comprehensive income
Sinan Solar Salt Co., Ltd	7,764	3,047	4,717	8,085	(221)	(298)
PT Daesang Ingredients Indonesia	225,062	64,526	160,536	276,989	4,340	16,079
PT Daesang Food Indonesia	15,803	6,291	9,512	48,817	1,058	1,711
MIWON VIETNAM CO., LTD.	93,864	45,842	48,022	128,908	4,312	8,678
Daesang America Inc.	35,798	33,361	2,437	118,850	187	378
DU Food Co., Ltd.	2,713	1,542	1,171	6,591	(32)	(87)

30. Non-controlling Interests Information, Continued

30-3 Summary cash flow information before elimination of intra-group transactions of subsidiaries in which non-controlling interests are significant is as follows:

December 31, 2022

(In millions of Korean won)	Sinan Solar Salt Co., Ltd	PT Daesang Ingredients Indonesia	PT Daesang Food Indonesia	Daesang Vietnam Co., Ltd.	Daesang America Inc.	DU Food Co., Ltd.
Cash flows provided by operating activities	(95)	(27,909)	(2,673)	1,550	126	356
Cash flows from investing activities	(165)	(7,191)	(3,369)	(1,836)	-	(222)
Cash flows from financing activities	459	36,501	6,180	(1,431)	-	(154)
Net increase in cash and cash equivalents	199	1,401	137	(1,717)	126	(21)
Cash and cash equivalents at beginning of year	9	22,618	69	10,326	1,692	519
Foreign currency effect on cash and cash equivalents	31	1,070	283	6,535	157	146
Cash and cash equivalents at end of year	239	25,090	489	15,144	1,975	645

December 31, 2021

(In millions of Korean won)	Sinan Solar Salt Co., Ltd	PT Daesang Ingredients Indonesia	PT Daesang Food Indonesia	Daesang Vietnam Co., Ltd.	Daesang America Inc.	DU Food Co., Ltd.
Cash flows provided by operating activities	673	9,932	1,089	7,085	3	414
Cash flows from investing activities	(289)	(7,564)	(792)	(1,862)	(111)	(110)
Cash flows from financing activities	(353)	(2,226)	(11)	(243)	-	(157)
Net increase in cash and cash equivalents	31	142	286	4,980	(108)	147
Cash and cash equivalents at beginning of year	9	22,618	69	10,326	1,692	519
Foreign currency effect on cash and cash equivalents	-	1,672	16	1,316	148	-
Cash and cash equivalents at end of year	40	24,432	371	16,622	1,732	666

31. Revenues from contracts with customers and related contract liabilities

31-1 Revenue from contracts with customers

(1) Considering the characteristics of products and manufacturing processes, the Group divides our sales division into food division and material division, and our main customers are food and beverage manufacturers and food and beverage consumers. The revenue recognized by the Group during the reporting period is as follows:

(In millions of Korean won)	**2022**	**2021**
Revenue from contracts with customers	4,084,090	3,469,993

(2) The division of revenue from contracts with our customers is as follows:

December 31, 2022

(In millions of Korean won)	Food	Ingredients	Adjustment	Total
Recognize at a point in time	3,270,017	1,525,088	(711,015)	4,084,090

December 31, 2021

(In millions of Korean won)	Food	Ingredients	Adjustment	Total
Recognize at a point in time	2,741,846	1,262,735	(534,588)	3,469,993

31-2 Assets and liabilities related to contracts with customers

(1) Trade receivables and contract liabilities recognized by the Company are as follows:

(In millions of Korean won)	**2022**	**2021**
Trade receivables	367,347	334,942
Contract liabilities	17,749	12,606

As of December 31, 2022, contractual liabilities include non-refundable customer loyalty points of KRW 753 million (end of previous year: KRW 389 million).

(2) The revenue recognized in relation to contract liabilities is as follows:

(In millions of Korean won)	**2022**	**2021**
Performance obligations satisfied for contract liabilities	9,342	31,007

32. Leases

32-1 The Company as a lessee

(1) General information

The Group enters into lease contracts for various items of land, buildings, vehicles and other facilities used for business. The lease term for land is generally from 1 to 50 years, the lease term for buildings is generally from 1 to 15 years, while the lease term for vehicles and other equipment is generally from 1 to 15 years. Our obligations under the lease agreement are guaranteed by the lessor's rights in the leased asset.

The Group also has leases of certain buildings and machinery with a lease term of 12 months or less, as well as leases of small amounts of equipment. We apply the recognition exemption for 'short-term leases' and 'leases of low-value underlying assets' to these leases.

(2) Right-of-use assets

The changes in the acquisition value and accumulated depreciation for the years ended December 31, 2022 and 2021 are as follows:

December 31, 2022

(In millions of Korean won)	Land	Facilities	Other tangible assets	Total
Acquisition value:				
January 1	17,961	55,726	13,978	87,665
Increase	363	21,907	8,079	30,349
Decrease	(643)	(7,590)	(6,727)	(14,960)
Conversion difference, etc.	180	(250)	(66)	(136)
December 31	17,861	69,793	15,264	102,918
Accumulated depreciation:				
January 1	(5,023)	(11,528)	(7,219)	(23,770)
Decrease	620	4,533	6,868	12,021
Decrease	(1,982)	(14,812)	(5,349)	(22,143)
Conversion difference, etc.	(16)	(29)	47	2
December 31	(6,401)	(21,836)	(5,653)	(33,890)
Carrying amount:				
December 31(*)	11,460	47,957	9,611	69,028

(*) Right-of-use assets related to sale and lease contracts amounted to KRW 4,183 million.

32. Leases, Continued

December 31, 2021 *(In millions of Korean won)*	Land	Facilities	Other tangible assets	Total
Acquisition value:				
January 1	8,257	22,244	12,185	42,686
Increase	9,675	40,131	3,678	53,484
Decrease	(577)	(6,943)	(2,139)	(9,659)
Conversion difference, etc.	606	294	254	1,154
December 31	17,961	55,726	13,978	87,665
Accumulated depreciation:				
January 1	(2,398)	(6,581)	(4,324)	(13,303)
Decrease	594	2,958	2,038	5,590
Depreciation	(3,057)	(7,869)	(4,871)	(15,797)
Conversion difference, etc.	(163)	(36)	(63)	(262)
December 31	(5,024)	(11,528)	(7,220)	(23,772)
Carrying amount:				
December 31(*)	12,938	44,198	6,758	63,895

(*) Right-of-use assets related to sale and lease contracts amounted to KRW 6,363 million.

(3) Lease liabilities

The carrying amount and details of changes in lease liabilities (including other financial liabilities) for the years ended December 31, 2022 and 2021 are as follows:

(In millions of Korean won)	**2022**	**2021**
January 1	69,756	43,172
Increase	30,076	47,662
Decrease	(2,010)	(3,099)
Interest expense	1,815	1,660
Lease payments paid	(25,680)	(20,096)
Conversion difference, etc.	(239)	457
December 31(*)	73,718	69,756

(*) As of December 31, 2022, lease liabilities related to sale and after-lease contracts include KRW 12,413 million (end of previous year: KRW 18,520 million).

The details of the maturity analysis of the lease liabilities recognized by the Company as of the end of the reporting period are as follows:

(In millions of Korean won)	**2022**	**2021**
Current lease liabilities	24,440	19,773
Non-current lease liabilities	49,278	49,983
Total lease liabilities	73,718	69,756
less than 1 years	24,440	19,773
Over 1 years and less than 5 years	43,431	45,990
Over 5 years	5,847	3,993

32. Leases, Continued

(4) Revenues and expenses recognized from lease contracts for the years ended December 31, 2022 and 2021, are as follows:

(In millions of Korean won)	**2022**	**2021**
Other income:		
Lease change benefit	1,082	67
Sublease income	1	7
Other operating expenses such as consumable expenses:		
Short term lease	(6,075)	(5,775)
Small lease	(7,338)	(7,289)
Lease change loss	-	(46)
Depreciation:		
Depreciation of right-of-use assets	(22,143)	(15,797)
Net financial cost:		
Lease debt interest expense	(1,815)	(1,660)

The Group had a total of KRW 25,680 million in cash outflows for leases during the year. In addition, right-of-use assets and lease liabilities increased by KRW 30,349 million and KRW 30,076 million, respectively, during the current year.

32-2 The Company as a lessor

The Group entered into an operating lease agreement for an investment property portfolio consisting of specific office and manufacturing buildings. The terms of these leases range from 1 to 20 years. All leases include a clause that allows the rent to be adjusted upwards on an annual basis based on current market conditions. The lessee must also guarantee the residual value of the property. During the reporting period, rental income recognized by the Group was KRW 1,343 million.

The future minimum rental receivables under irrevocable operating leases at the end of the reporting period are as follows:

(in millions of Korean won)	**2022**	**2021**
Less than 1 years	1,696	1,070
Over 1 years and less than 5 years	122	1,311
Over 5 years	238	216
Total	2,056	2,597

33. Assets Held for Sale

The major assets classified as held for sale as of the end of the reporting periods are as follows:

(In millions of Korean won)	**2022**	**2021**
Tangible assets	6,553	6,553
Accumulated impairment loss	(1,480)	(918)
Total	5,073	5,635

34. Business Transfer

On July 18, 2022, the Control Company acquired Hongbo Energy Co., Ltd. (100% stake, acquisition price of KRW 15,270 million) for the purpose of minimizing environmental risks.

The transfer consideration paid by the Group in relation to business transfer and the value of assets and liabilities transferred on the acquisition date are as follows:

December 31, 2022

(In millions of Korean won)	Amount
I. Transfer fee	
Cash and cash equivalents	15,270
II. Amount of acquisition of identifiable assets and liabilities	
Cash and cash equivalents	13
Trade receivables and other receivables	308
Inventory	44
Tangible assets	16,788
Trade payables and other payables	(1,670)
Short-term borrowings	(529)
Long-term borrowings	(15,790)
Other assets and liabilities acquired	1,284
Subtotal	448
III. Others	
Goodwill	14,822

On December 1, 2022, the Control Company transferred Hongbo Energy Co., Ltd. (100% stake, proceeds from sale of KRW 20,395 million) to secure investment returns and resolve uncertainty in direct investment operation.

The transfer consideration received by the Control Company in relation to business transfer and the value of assets and liabilities transferred to the buyer on the acquisition date are as follows:

December 31, 2022

(In millions of Korean won)	Amount
I. Transfer fee	
Cash and cash equivalents	20,395
II. Amount of acquisition of identifiable assets and liabilities	
Cash and cash equivalents	2,715
Trade receivables and other receivables	756
Inventory	45
Tangible assets	22,093
Trade payables and other payables	(1,008)
Short-term borrowings	(9,348)
Liquid long-term borrowings	(15,487)

34. Business Transfer, Continued

December 31, 2022

(In millions of Korean won)	Amount
Amount of other assets and liabilities acquired	(58)
Subtotal	(292)
III. Others	
Goodwill	14,822
IV. Difference	
Difference	5,864

Daesang F&B Co., Ltd., a subsidiary, took over the coffee distribution business from CNT Planet Co., Ltd. on July 1, 2021 in accordance with the resolution of the board of directors on May 14, 2021 for the purpose of expanding the growth of the coffee and beverage business.

The transfer consideration paid by the Company in relation to business transfer and the value of assets and liabilities transferred on the acquisition date are as follows:

December 31, 2021

(In millions of Korean won)	Amount
I. Transfer fee	
Cash and cash equivalents	9,855
II. Amount of acquisition of identifiable assets and liabilities	
Cash and cash equivalents	1,411
Trade receivables and other receivables	996
Inventory	1,752
Tangible and intangible assets	381
Net defined benefit liability	(162)
Amount of other assets and liabilities acquired	(3,556)
III. Others	
Goodwill	9,033

35. Subsequent Events after the Reporting Period

35-1 As of January 18, 2023, the Group issued KRW 190,000 million in Debentures for the purpose of repaying Group borrowings.

35-2 As of February 15, 2023, the Group has agreed to a payment guarantee of USD 30,000,000 to its subsidiary PT Daesang Ingredients Indonesia for facility loan.

35-3 The Group has decided to contribute an additional USD 30,350,000 to its subsidiary DSF DE, Inc. in accordance with a board resolution dated March 9, 2023, for the purpose of expanding its U.S. market business.