

Samsung C&T Corporation and its subsidiaries

Consolidated financial statements
for each of the two years in the period ended
December 31, 2024
with the independent auditor's report

Samsung C&T Corporation
and its subsidiaries

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Audit opinion on internal control over financial reporting

Independent auditor's report on internal control over financial reporting

Report on the Operation Status of the Internal Control over Financial Reporting

Independent auditor's report
(English translation of a report originally issued in Korean)

The Shareholders and Board of Directors
Samsung C&T Corporation

Opinion

We have audited the consolidated financial statements of Samsung C&T Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the two years in the period ended December 31, 2024, and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for each of the two years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS").

We also have audited the Group's internal control over financial reporting ("ICFR") as of December 31, 2024, based on the Conceptual Framework for Design and Operation of ICFR established by the Operating Committee of ICFR in Korea, in accordance with Korean Standards on Auditing ("KSA"), and our report dated February 27, 2025 expressed an unqualified opinion thereon.

Basis for opinion

We conducted our audit in accordance with KSA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

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

Revenue from construction contracts recognized based on the input method

As discussed in Note 2 to the consolidated financial statements of the Group, the Group recognizes revenue arising from fulfilling performance obligations by using the input method, and the revenue from construction contracts recognized using the input method is affected by the total estimated contract cost described in Note 3 to the consolidated financial statements. The total estimated contract cost is estimated based on future estimates, such as estimates on material costs, labor costs, outsourcing costs, and construction period. The total estimated contract cost is subject to the uncertainty of estimation that may change in the future.

Contract assets that were not claimed to the customers out of the revenue from construction contracts recognized by the Group based on the input method are accounted as unclaimed construction in the Group's consolidated financial statements. The recoverability of unclaimed construction is accompanied by significant accounting estimates and judgments by management regarding the disagreement with customers and deterioration of the customers' financial condition.

We determined that significant accounting estimates and judgments by management regarding the uncertainty of estimation of the total contract costs and the recoverability of unclaimed construction may have a significant impact on the Group's consolidated financial statements. In this regard, we identified the recognition of revenue from construction contracts based on the input method as a key audit matter.

The primary audit procedures we performed to address this key audit matter are as follows:

In relation to the estimation of the total contract costs,

- we compared the total cost actually incurred and the total cost estimated for the contracts completed, and if there are any significant differences between such amounts, made inquiries about why the difference has occurred and inspected documents related thereto;
- we inspected the reasons of significant changes in the total estimated contract costs for major contracts, if any;
- we checked whether changes in the total estimated contract costs were made for those contracts modified;
- we checked whether changes in the total estimated contract costs were made due to changes in construction periods;
- we made inquiries about the appropriateness of some significant contracts for which the total contract costs have not changed for a long period and inspected documents related thereto; and
- we tested the design and operation of the internal control over the approval and changes of the estimated total contract costs.

In relation to the recoverability of unclaimed construction,

- we identified contracts with significant unclaimed construction and made inquiries about the reason;
- we made inquiries about financial risks of the customers for those significant contracts and inspected documents related thereto;
- we inspected contractual obligations for contracts with significant unclaimed construction, such as the contractual billing conditions, conditions for paying liquidated damages, and duration of the contract;
- we made inquiries about management's basis of the estimation for the recoverability of unclaimed construction and inspected documents related thereto; and
- we tested the design and operation of the internal control over the identification and impairment of unusual unclaimed construction.

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Jong-Hun Sim.



February 27, 2025

This audit report is effective as of February 27, 2025, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to report.

Samsung C&T Corporation and its subsidiaries

Consolidated financial statements
for each of the two years in the period ended December 31, 2024

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

Sechul Oh, Hailin Jeong, and Jae Eon Lee
Chief Executive Officer
Samsung C&T Corporation

Samsung C&T Corporation and its subsidiaries

Consolidated statements of financial position as of December 31, 2024 and 2023

(in millions of Korean won and thousands of U.S. dollars (Note 3))

	Notes	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Assets					
Current assets					
Cash and cash equivalents	7	₩ 3,622,372	₩ 3,119,516	\$ 2,464,199	\$ 2,122,120
Short-term financial instruments	7	1,397,671	2,058,271	950,797	1,400,184
Financial assets at fair value through profit or loss	7,11,31	110,004	120,333	74,832	81,859
Financial assets at fair value through other comprehensive income	7,11,31	56	-	38	-
Trade and other receivables	7,8	7,325,255	6,409,309	4,983,166	4,360,074
Other current assets	7,8	2,599,723	2,800,043	1,768,519	1,904,791
Inventories	6	5,125,897	4,470,089	3,487,005	3,040,877
Total current assets		20,180,976	18,977,561	13,728,555	12,909,905
Non-current assets					
Financial assets at fair value through profit or loss	7,11,31	568,932	394,285	387,028	268,221
Financial assets at fair value through other comprehensive income	7,11,31	21,873,564	29,091,962	14,879,976	19,790,450
Investments in associates and joint ventures	12	938,208	892,640	638,237	607,238
Property, plant and equipment	13	8,649,911	6,963,765	5,884,293	4,737,255
Investment properties	14	127,532	128,673	86,756	87,533
Biological assets		8,483	7,772	5,771	5,287
Intangible assets	13	6,187,062	6,430,843	4,208,886	4,374,723
Right-of-use assets	13	1,046,224	879,011	711,717	597,967
Deferred tax assets	26	127,044	55,280	86,425	37,605
Other non-current assets	7,8	2,231,496	2,232,915	1,518,024	1,518,990
Net defined benefit asset	16	50,995	72,324	34,691	49,200
Total non-current assets		41,809,451	47,149,468	28,441,803	32,074,468

Samsung C&T Corporation and its subsidiaries
Consolidated statements of financial position, continued
as of December 31, 2024 and 2023

(in millions of Korean won and thousands of U.S. dollars (Note 3))

	Notes	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Total assets		₩ 61,990,427	₩ 66,127,029	\$ 42,170,358	\$ 44,984,373
Liabilities					
Current liabilities					
Trade payables	7	₩ 2,437,674	₩ 2,707,778	\$ 1,658,282	\$ 1,842,026
Short-term borrowings	7,15	822,062	1,376,715	559,226	936,541
Current portion of long-term borrowings	7,15	1,303,745	1,440,776	886,902	980,120
Current tax liabilities		583,106	495,006	396,671	336,739
Other current liabilities	5,7,9,10,17, 18	9,600,673	8,738,797	6,531,070	5,944,760
Total current liabilities		14,747,261	14,759,072	10,032,150	10,040,185
Non-current liabilities					
Debentures and long-term borrowings	7,15	1,741,990	1,635,328	1,185,027	1,112,468
Net defined benefit liability	16	21,795	18,584	14,827	12,642
Deferred tax liabilities	26	6,163,899	8,065,065	4,193,129	5,486,439
Provisions	5,17	373,609	361,479	254,156	245,904
Other non-current liabilities	7,9	1,683,333	1,390,392	1,145,124	945,845
Total non-current liabilities		9,984,626	11,470,848	6,792,263	7,803,298
Total liabilities		₩ 24,731,887	₩ 26,229,920	\$ 16,824,413	\$ 17,843,483

Samsung C&T Corporation and its subsidiaries
Consolidated statements of financial position, continued
as of December 31, 2024 and 2023

(in millions of Korean won and thousands of U.S. dollars (Note 3))

	Notes	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Equity					
Share capital	19	₩ 18,517	₩ 18,722	\$ 12,597	\$ 12,736
Consolidated capital surplus		10,695,458	10,695,726	7,275,822	7,276,004
Other components of equity	19,20	6,340,311	10,861,999	4,313,136	7,389,115
Retained earnings	21	14,014,379	12,661,664	9,533,591	8,613,377
Equity attributable to owners of the Parent Company		31,068,665	34,238,110	21,135,146	23,291,231
Non-controlling interests	1	6,189,875	5,659,000	4,210,799	3,849,660
Total equity		<u>37,258,540</u>	<u>39,897,109</u>	<u>25,345,946</u>	<u>27,140,890</u>
Total liabilities and equity		<u>₩ 61,990,427</u>	<u>₩ 66,127,029</u>	<u>\$ 42,170,358</u>	<u>\$ 44,984,373</u>

The US dollar figures are provided for information purposes only and do not form part of the audited consolidated financial statements. See Note 3 for details.

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

Samsung C&T Corporation and its subsidiaries
Consolidated statements of comprehensive income
for each of the two years in the period ended December 31, 2024

(in millions of Korean won and thousands of U.S. dollars, except earnings per share amounts (Note 3))

	Notes	2024	2023	2024	2023
Net sales	30	₩ 42,103,238	₩ 41,895,681	₩ 30,887,999	₩ 30,735,730
Cost of sales	24	34,995,636	35,328,734	25,673,683	25,918,052
Gross profit		7,107,602	6,566,947	5,214,316	4,817,678
Selling and administrative expenses	22,24	4,124,205	3,696,773	3,025,621	2,712,046
Operating profit	30	2,983,397	2,870,174	2,188,695	2,105,632
Other income	23	1,832,706	1,529,235	1,344,520	1,121,885
Other expenses	23	1,226,260	967,516	899,615	709,794
Financial income	25	343,912	368,151	252,303	270,085
Financial expenses	25	267,654	333,641	196,357	244,767
Share of profit of associates and joint ventures	12	81,166	91,250	59,546	66,943
Share of loss of associates and joint ventures	12	24,801	8,157	18,195	5,984
Profit before income tax		3,722,467	3,549,497	2,730,896	2,604,001
Income tax expense	26	950,455	830,391	697,277	609,196
Profit for the year		₩ 2,772,012	₩ 2,719,106	₩ 2,033,618	₩ 1,994,805

Samsung C&T Corporation and its subsidiaries

Consolidated statements of comprehensive income, continued

for each of the two years in the period ended December 31, 2024

	Notes	2024	2023	2024	2023
<i>(in millions of Korean won and thousands of U.S. dollars, except earnings per share amounts (Note 3))</i>					
Other comprehensive income (loss) for the year, net of tax					
Items that may be subsequently reclassified to profit or loss:					
Share of other comprehensive income of associates and joint ventures		W 50,254	W 15,625	\$ 36,867	\$ 11,463
Gain on foreign exchange translation of overseas operations		286,552	98,265	210,222	72,090
Cash flow hedges		(217)	(1,825)	(159)	(1,339)
Items that will not be reclassified to profit or loss:					
Share of other comprehensive income of associates and joint ventures			40	29	-
Gain (loss) on valuation of financial assets at fair value through other comprehensive income		(5,300,485)	5,580,985	(3,888,570)	4,094,352
Remeasurements of net defined benefit liabilities		(38,681)	(40,179)	(28,377)	(29,476)
Total comprehensive income (loss) for the year		(5,002,537)	5,652,871	(3,669,988)	4,147,089
Profit for the year is attributable to:					
Owners of the Parent Company		W 2,230,258	W 2,218,290	\$ 1,636,174	\$ 1,627,394
Non-controlling interest	1	541,754	500,816	397,444	367,411
Total comprehensive income for the year is attributable to:					
Owners of the Parent Company		W (2,764,072)	W 7,851,762	\$ (2,027,793)	\$ 5,760,251
Non-controlling interest		533,547	520,215	391,424	381,643
Earnings per share:					
Basic earnings per ordinary share	27	W 13,629	W 13,556	\$ 10.00	\$ 9.95
Basic earnings per preferred share	27	13,679	13,606	10.04	9.98

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

Samsung C&T Corporation and its subsidiaries

Consolidated statements of changes in equity

for each of the two years in the period ended December 31, 2024

(in millions of Korean won and thousands of U.S. dollars (Note 3))

Notes	Share capital	Consolidated capital surplus	Consolidated retained earnings	Other components of equity	Non-controlling interests	Total	Share capital	Consolidated capital surplus	Consolidated retained earnings	Other components of equity	Non-controlling interests	Total
Balance as of January 1, 2023	₩ 18,851	₩ 10,620,369	₩ 10,846,579	₩ 5,194,866	₩ 5,283,456	₩ 31,964,121	\$ 12,824	\$ 7,224,741	\$ 7,378,625	\$ 3,533,922	\$ 3,594,188	\$ 21,744,300
Total comprehensive income:												
Profit for the year	-	-	2,218,290	-	500,816	2,719,106	-	-	1,509,041	-	340,691	1,849,732
Changes in the fair value of financial assets at fair value through other comprehensive income	11	-	-	5,580,985	-	5,580,985	-	-	-	3,796,588	-	3,796,588
Reclassification from disposal of financial assets at fair value through other comprehensive income	11	-	(1,660)	1,660	-	-	-	-	(1,129)	1,129	-	-
Share of other comprehensive income (loss) of associates and joint ventures	12	-	-	15,691	(66)	15,625	-	-	-	10,674	(45)	10,629
Gain on foreign exchange translation of overseas operations	18	-	-	75,471	22,794	98,265	-	-	-	51,341	15,506	66,847
Cash flow hedge		-	-	(1,640)	(185)	(1,825)	-	-	-	(1,116)	(126)	(1,241)
Remeasurements of the net defined benefit liabilities		-	-	-	-	-	-	-	-	-	-	-
Transactions with owners:												
Cash dividends		-	-	-	-	-	-	-	-	-	-	-
Cancellation of treasury shares and others		(130)	75,286	-	6,901	82,057	(88)	51,215	-	4,695	-	55,821
Disposal of subsidiary and others		-	70	11,927	(11,935)	(142,641)	-	48	8,114	(8,119)	(97,035)	(96,992)
Balance as of December 31, 2023	₩ 18,722	₩ 10,695,726	₩ 12,661,664	₩ 10,861,999	₩ 5,659,000	₩ 39,897,109	\$ 12,736	\$ 7,276,004	\$ 8,613,377	\$ 7,389,115	\$ 3,849,660	\$ 27,140,890

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The US dollar figures are provided for information purposes only and do not form part of the audited consolidated financial statements. See Note 3 for details.

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

Samsung C&T Corporation and its subsidiaries

Consolidated statements of changes in equity, continued for each of the two years in the period ended December 31, 2024

(in millions of Korean won and thousands of U.S. dollars (Note 3))

Notes	Share capital	Consolidated capital surplus	Consolidated retained earnings	Other components of equity	Non-controlling interests	Total	Share capital	Consolidated capital surplus	Consolidated retained earnings	Other components of equity	Non-controlling interests	Total
Balance as of January 1, 2024	₩ 18,722	₩ 10,695,726	₩ 12,661,664	₩ 10,861,999	₩ 5,659,000	₩39,897,109	\$ 12,736	\$ 7,276,004	\$ 8,613,377	\$ 7,389,115	\$ 3,849,660	\$ 27,140,891
Total comprehensive income:												
Profit for the year	-	-	2,230,258	-	541,754	2,772,012	-	-	1,517,182	-	368,540	1,885,723
Changes in the fair value of financial assets at fair value through other comprehensive income	11	-	-	(5,300,485)	-	(5,300,485)	-	-	-	(3,605,772)	-	(3,605,772)
Reclassification from disposal of financial assets at fair value through other comprehensive income	11	-	49,599	(49,599)	-	-	-	33,741	-	(33,741)	-	-
Share of other comprehensive income (loss) of associates and joint ventures	12	-	-	50,328	(34)	50,294	-	-	-	34,236	(23)	34,213
Gain (loss) on foreign exchange translation of overseas operations	18	-	-	288,097	(1,545)	286,552	-	-	-	195,984	(1,051)	194,933
Cash flow hedge		-	-	(137)	(80)	(217)	-	-	-	(93)	(54)	(148)
Remeasurements of the net defined benefit liabilities		-	-	-	-	-	-	-	(21,859)	-	(4,455)	(26,314)
Transactions with owners:												
Cash dividends		-	-	-	(2,124)	(419,470)	-	-	(283,909)	-	(1,445)	(285,354)
Cancellation of treasury shares and others		(205)	(267)	(477,663)	490,109	(548)	(139)	(182)	(324,941)	333,407	(373)	7,773
Balance as of December 31, 2024	₩ 18,517	₩ 10,695,458	₩ 14,014,379	₩ 6,340,311	₩ 6,189,875	₩37,258,540	\$ 12,597	\$ 7,275,822	\$ 9,533,591	\$ 4,313,136	\$ 4,210,799	\$ 25,345,946

The US dollar figures are provided for information purposes only and do not form part of the audited consolidated financial statements. See Note 3 for details.

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

Samsung C&T Corporation and its subsidiaries
Consolidated statements of cash flows
for each of the two years in the period ended December 31, 2024

(in millions of Korean won and thousands of U.S. dollars (Note 3))

	Notes	2024	2023	2024	2023
Cash flows from operating activities					
Cash generated from operations	29	₩ 3,415,275	₩ 2,888,376	\$ 2,323,316	\$ 1,964,882
Interest received		265,459	238,896	180,584	162,514
Interest paid		(220,140)	(238,136)	(149,755)	(161,997)
Dividends received		719,951	689,343	489,763	468,941
Income taxes paid		(873,665)	(779,826)	(594,330)	(530,494)
Net cash inflows from operating activities		<u>3,306,879</u>	<u>2,798,653</u>	<u>2,249,578</u>	<u>1,903,846</u>
Cash flows from investing activities					
Disposal of assets held for sale		-	242,325	-	164,847
Net decrease of short-term financial instruments		668,451	445,629	454,729	303,149
Decrease in short-term loans		11,438	14,269	7,781	9,707
Net decrease in current financial assets at fair value through profit or loss	11	10,363	4,144	7,050	2,819
Disposal of non-current financial assets at fair value through profit or loss	11	5	2,369	3	1,612
Disposal of financial assets at fair value through other comprehensive income	11	92,036	6,817	62,610	4,637
Disposal of investments in subsidiaries		-	47,044	-	32,003
Disposal of investments in associates and joint ventures	12	7,595	23,794	5,167	16,186
Decrease in long-term receivables		152,014	41,999	103,411	28,571
Decrease in deposits		79,255	52,384	53,915	35,635
Disposal of property, plant and equipment	13	42,036	23,544	28,596	16,016
Disposal of intangible assets	13	2,088	10,338	1,420	7,033
Disposal of investment properties	14	-	123	-	84
Decrease in other non-current assets		7,818	5,176	5,318	3,521
Increase in short-term loans		(24,201)	(5,779)	(16,463)	(3,931)
Acquisition of non-current financial assets at fair value through profit or loss	11	(148,767)	(25,339)	(101,202)	(17,237)
Acquisition of financial assets at fair value through other comprehensive income	11	(2,318)	-	(1,577)	-
Acquisition of investments in associates and joint ventures	12	(34,615)	(284,543)	(23,548)	(193,567)
Increase in long-term receivables		(148,026)	(137,343)	(100,698)	(93,431)
Increase in deposits		(78,788)	(65,174)	(53,597)	(44,336)
Acquisition of property, plant and equipment	13	(1,628,126)	(1,228,735)	(1,107,569)	(835,874)
Acquisition of intangible assets	13	(165,749)	(197,428)	(112,754)	(134,305)
Cash outflows due to business combination	32	(601,956)	(1,079,127)	(409,494)	(734,100)
Increase in other non-current assets		(21)	(1,910)	(14)	(1,299)
Net cash outflows from investing activities		<u>₩ (1,759,469)</u>	<u>₩ (2,105,422)</u>	<u>\$ (1,196,918)</u>	<u>\$ (1,432,260)</u>

Samsung C&T Corporation and its subsidiaries
Consolidated statements of cash flows, continued
for each of the two years in the period ended December 31, 2024

(in millions of Korean won and thousands of U.S. dollars (Note 3))

	Notes	2024	2023	2024	2023
Cash flows from financing activities					
Proceeds from bonds issuance		₩ 1,296,203	₩ -	\$ 881,771	\$ -
Increase in long-term borrowings		141,980	1,045,000	96,585	710,884
Capital contribution of non-controlling interests		658	967	448	658
Increase in other capital		12,287	-	8,359	-
Dividends paid to shareholders		(417,347)	(376,437)	(283,910)	(256,080)
Net decrease in short-term borrowings		(597,826)	(757,742)	(406,684)	(515,471)
Repayment of current portion of long-term borrowings		(1,473,450)	(1,427,358)	(1,002,347)	(970,992)
Early redemption of long-term borrowings		-	(39,339)	-	(26,761)
Decrease in leasehold deposits received		(45)	(1,808)	(31)	(1,230)
Principal elements of lease payments		(257,884)	(259,142)	(175,431)	(176,287)
Additional acquisition of non-controlling interests		(781)	-	(531)	-
Capital reduction of non-controlling interests		-	(203)	-	(138)
Dividends paid to non-controlling interests	1	(2,124)	(2,031)	(1,445)	(1,382)
Net cash outflows from financing activities		<u>(1,298,327)</u>	<u>(1,818,094)</u>	<u>(883,216)</u>	<u>(1,236,799)</u>
Net increase (decrease) in cash and cash equivalents		249,083	(1,124,863)	169,444	(765,213)
Cash and cash equivalents at the beginning of the year		3,119,516	4,200,424	2,122,120	2,857,431
Effects of exchange rate changes on cash and cash equivalents		253,772	43,955	172,634	29,901
Cash and cash equivalents at the end of the year		<u>₩ 3,622,372</u>	<u>₩ 3,119,516</u>	<u>\$ 2,464,199</u>	<u>\$ 2,122,120</u>

The US dollar figures are provided for information purposes only and do not form part of the audited consolidated financial statements. See Note 3 for details.

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

Samsung C&T Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2024 and 2023

1. General Information

These consolidated financial statements are prepared in accordance with KIFRS 1110 *Consolidated Financial Statements*. Samsung C&T Corporation (the “Company” or the “Parent Company”) has 131 subsidiaries, including Samsung BioLogics Co., Ltd. (collectively referred to as the “Group”) and 43 associates and joint ventures, including Korea LNG Limited that are subject to the equity method of accounting.

1.1 The Company

The Company was established on December 23, 1963, for the purpose of engaging in tourist facilities business, and its corporate headquarters are located in Sangil-ro, Gangdong-gu, Seoul. The Company primarily engages in tourist facilities, golf course services, construction, civil engineering, plant building, housing, development business, technology services, landscaping, energy conservation, environment development, fashion, retail business of various merchandise, and project organizing businesses in global market.

The Company sold its building management business of the construction division to S-1 Corporation on January 10, 2014. The Company, with the approval from Board of Directors on June 19, 2014, changed its company name from Samsung Everland Inc. to Cheil Industries Inc. on July 4, 2014, and was listed on the stock market on December 18, 2014.

For the diversification of the business portfolio and enhancement of core competitiveness, the Company, with the approval from the Board of Directors on May 26, 2015, and from the shareholders on July 17, 2015, merged with Samsung C&T Corporation on September 1, 2015. The Company newly issued 56,317,483 shares (54,690,043 shares of ordinary shares and 1,627,440 shares of preferred shares) as consideration of the acquisition, and the new shares were listed on September 15, 2015.

Meanwhile, the Company changed its name from Cheil Industries Inc. to Samsung C&T Corporation on September 2, 2015, as approved by the Board of Directors on May 26, 2015.

Samsung C&T Corporation and its subsidiaries
Notes to the consolidated financial statements
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1. General Information (cont'd)

1.2 Subsidiaries

(a) The general information on the Group's subsidiaries as of December 31, 2024 is as follows:

Subsidiaries	Location	Primary business	Ownership interest held by the Group (%) ¹
Seoul Lakeside Co., Ltd.	Korea	Golf course service	100.00
Samoo Architects & Engineers Co., Ltd.	Korea	Architectural design service	100.00
CVnet Corporation ²	Korea	e-Business	40.14
Samsung C&T Japan Corporation	Japan	Trading	100.00
Samsung C&T America Inc.	U.S.A	Trading	100.00
Samsung Renewable Energy Inc.	Canada	Renewable energy development	100.00
Samsung E&C America, Inc.	U.S.A	Construction	100.00
Samsung Solar Construction, Inc.	U.S.A	Renewable energy development	100.00
QSSC, S.A. de C.V.	Mexico	Production of steel products	100.00
Samsung C&T Oil & Gas Parallel Corp.	U.S.A	Natural resources development	100.00
SRE GRW EPC GP, Inc.	Canada	Renewable energy development	100.00
SRE GRW EPC LP	Canada	Renewable energy development	100.00
SRE SKW EPC GP, Inc.	Canada	Renewable energy development	100.00
SRE SKW EPC LP	Canada	Renewable energy development	100.00
PLL Holdings LLC.	U.S.A	Natural resources development	83.60
SRE WIND PA GP Inc.	Canada	Renewable energy development	100.00
SRE WIND PA LP	Canada	Renewable energy development	100.00
SRE GRS Holdings GP Inc.	Canada	Renewable energy development	100.00
SRE GRS Holdings LP	Canada	Renewable energy development	100.00
SRE K2 EPC GP Inc.	Canada	Renewable energy development	100.00
SRE K2 EPC LP	Canada	Renewable energy development	100.00
SRE KS Holdings GP Inc.	Canada	Renewable energy development	100.00
SRE KS Holdings LP	Canada	Renewable energy development	100.00
SRE Armow EPC GP Inc	Canada	Renewable energy development	100.00
SRE Armow EPC LP	Canada	Renewable energy development	100.00
SRE Wind GP Holdings, Inc.	Canada	Renewable energy development	100.00
SRE North Kent 2 LP Holdings LP	Canada	Renewable energy development	100.00
SRE Solar Development GP Inc.	Canada	Renewable energy development	100.00
SRE Solar Development LP	Canada	Renewable energy development	100.00
SRE Windsor Holdings GP Inc.	Canada	Renewable energy development	100.00
SRE Southgate Holdings GP Inc.	Canada	Renewable energy development	100.00
SRE Solar Construction Management GP Inc.	Canada	Renewable energy development	100.00
SRE Solar Construction Management LP	Canada	Renewable energy development	100.00
SRE BRW EPC GP Inc.	Canada	Renewable energy development	100.00
SRE BRW EPC LP	Canada	Renewable energy development	100.00
SRE North Kent 1 GP Holdings Inc.	Canada	Renewable energy development	100.00

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Subsidiaries	Location	Primary business	Ownership interest held by the Group (%) ¹
SRE North Kent 2 GP Holdings Inc.	Canada	Renewable energy development	100.00
SRE Belle River GP Holdings Inc.	Canada	Renewable energy development	100.00
SRE NK1 EPC GP Inc.	Canada	Renewable energy development	100.00
SRE NK1 EPC LP	Canada	Renewable energy development	100.00
SRE Summerside Construction GP Inc.	Canada	Renewable energy development	100.00
SRE Summerside Construction LP	Canada	Renewable energy development	100.00
Samsung Solar Energy LLC.	U.S.A	Renewable energy development	100.00
Samsung Solar Energy 1 LLC.	U.S.A	Renewable energy development	100.00
Samsung C&T Renewables LLC.	U.S.A	Renewable energy development	100.00
Samsung Solar Energy 3 LLC.	U.S.A	Renewable energy development	100.00
Equipment Trading Solutions Group, LLC	U.S.A	Wholesale of machinery and equipment	70.00
Samsung C&T Lima S.A.C	Peru	Trading	100.00
Samsung C&T Deutschland GmbH	Germany	Trading	100.00
Samsung C&T U.K. Ltd.	United Kingdom	Trading	100.00
Samsung C&T ECUK Limited	United Kingdom	Construction	100.00
Whessoe Engineering Limited	United Kingdom	Industrial plant engineering	100.00
SAMOO HU Designer and Engineering Services Limited Liability Company	Hungary	Architectural design service	100.00
POSS-SLPC S.R.O.	Slovakia	Production of steel products	70.00
Solluce Romania 1 B.V.	Netherlands	Renewable energy development	100.00
Samsung C&T (KL) Sdn., Bhd.	Malaysia	Construction	100.00
Samsung C&T Malaysia Sdn. Bhd.	Malaysia	Trading	100.00
Erdsam Co., Ltd.	Hong Kong	Trading	100.00
Samsung Chemtech Vina	Vietnam	Trading	100.00
Samsung C&T (Thailand) Co., Ltd.	Thailand	Trading	100.00
Samsung C&T India Private Ltd.	India	Construction	100.00
Samsung C&T Corporation India Private Ltd.	India	Trading	100.00
MSSC Sdn.,Bhd.	Malaysia	Production of steel products	100.00
Samsung C&T Singapore Pte. Ltd.	Singapore	Trading	100.00
S&G Biofuel Pte. Ltd.	Singapore	Natural resources development	63.16
PT. Gandaerah Hendana	Indonesia	Natural resources development	95.00
PT. Inecda	Indonesia	Natural resources development	95.00
SAMSUNG C&T Mongolia LLC.	Mongolia	Construction	70.00
Samsung C&T Eng.&Const. Mongolia LLC.	Mongolia	Construction	100.00
S&Woo Construction Philippines, Inc.	Philippines	Construction	100.00
SAMOO DESIGNERS & ENGINEERS INDIA PRIVATE LIMITED	India	Architectural design service	100.00
SAMOO (KL) SDN. BHD.	Malaysia	Architectural design service	100.00
VSSC Steel Center Limited Liability	Vietnam	Production of steel products	70.00

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Subsidiaries	Location	Primary business	Ownership interest held by the Group (%) ¹
Vista Contracting and Investment Global Pte. Ltd.	Singapore	Construction	100.00
Vista Contracting and Development Bangladesh Ltd.	Bangladesh	Construction	100.00
Samsung Trading (Shanghai) Co., Ltd.	China	Trading	100.00
Samsung C&T Hongkong Limited	Hong Kong	Trading	100.00
Samsung C&T Taiwan Co., Ltd.	Taiwan	Trading	100.00
Samsung Precision Stainless Steel (Pinghu) Co., Ltd.	China	Production of steel products	100.00
Samsung C&T (Shanghai) Co., Ltd.	China	Construction	100.00
Samsung C&T (Xi'an) Co., Ltd.	China	Construction	100.00
Waris Gigih Eng. & Tech. Sdn. Bhd.	Malaysia	Trading	100.00
Samsung C&T Corporation Saudi Arabia	Saudi Arabia	Construction	100.00
SAM Gulf Investment Limited	UAE	Construction	100.00
Samsung C&T Chile Copper SpA	Chile	Natural resources development	100.00
SCNT Power Kelar Inversiones LTDA.	Chile	Thermal power generation	100.00
S.C. Otelinox S.A	Romania	Production of stainless steel plates and poles	99.91
Samsung C&T Corporation Rus LLC.	Russia	Construction	100.00
Samsung BioLogics Co., Ltd. ³	Korea	Biopharmaceutical products manufacturing	43.06
Samsung Biologics America Inc ³ .	U.S.A	Research and development on medicine and pharmacy	100.00
Cheil Fashion Retail Co., Ltd.	Korea	Manufacturing and selling garments	100.00
Cheil Industries Italy S.R.L.	Italy	Manufacturing and selling garments	100.00
Samsung Fashion Trading (Shanghai) Co., Ltd.	China	Manufacturing and selling garments	100.00
Samsung Welstory Inc.	Korea	Foodservice business	100.00
Samsung C&T Corporation Vietnam Co., Ltd	Vietnam	Construction	100.00
Welstory Vietnam Co., Ltd.	Vietnam	Foodservice business	100.00
Samsung C&T Corporation UEM Construction JV Sdn. Bhd.	Malaysia	Construction	60.00
Shanghai Ever Hongjun Business Management Service Co., Ltd.	China	Foodservice business	85.00
Shanghai Welstory Food Company Limited	China	Foodservice business	89.27
SAMOO AUSTIN Inc	U.S.A	Architectural design service	100.00
SAMOO Design Consulting Co.,Ltd	China	Architectural design service	100.00
Samsung Bioepis Co., Ltd. ³	Korea	Development and commercialization of biosimilars	100.00
Samsung Bioepis United States Inc. ³	U.S.A	Other service	100.00
Samsung Bioepis UK Limited ³	England	Other service	100.00
Samsung Bioepis CH GmbH ³	Swiss	Other service	100.00
Samsung Bioepis PL Sp z o.o. ³	Poland	Other service	100.00

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Subsidiaries	Location	Primary business	Ownership interest held by the Group (%) ¹
Samsung Bioepis BR Pharmaceutical LTDA ³	Brazil	Other service	100.00
Samsung Bioepis AU Pty Ltd ³	Australia	Other service	100.00
Samsung Bioepis NZ LIMITED ³	New Zealand	Other service	100.00
Samsung Bioepis IL LTD ³	Israel	Other service	100.00
Samsung Bioepis NL B.V. ³	Netherlands	Other service	100.00
Samsung Bioepis TW Limited ³	Taiwan	Other service	100.00
Samsung Bioepis HK Limited ³	Hong Kong	Other service	100.00
SVIC No. 53 New Technology Business Investment Association	Korea	New technology business investment	99.00
SVIC No. 54 New Technology Business Investment Association	Korea	New technology business investment	99.00
Samsung C&T Renewable Energy Australia Pty Ltd	Australia	Renewable energy development	100.00
WELVISTA CO.,LTD	Vietnam	Distribution	100.00
SVIC No. 63 New Technology Business Investment Association	Korea	New technology business investment	99.00
Samsung C&T Corporation Poland LLC	Poland	Construction	100.00
Robocon Technologies Corp. ⁴	Korea	Construction	34.92
SVIC No. 66 New Technology Business Investment Association	Korea	New technology business investment	99.00
SVIC No. 64 New Technology Business Investment Association	Korea	New technology business investment	99.00
Samsung C&T Corporation Romania S.R.L	Romania	Architectural design service	100.00
SVIC No. 68 New Technology Business Investment Association	Korea	New technology business investment	99.00
Samsung C&T Charging Solutions LLC	U.S.A	EV charging business	100.00
Welstory Hungary Kft	Hungary	Foodservice business	100.00
CME - VISTA JOINT STOCK COMPANY	Vietnam	Construction	49.00
Samsung C&T Renewable Energy Europe GmbH	Germany	Renewable energy development	100.00
SVIC No. 72 New Technology Business Investment Association	Korea	New technology business investment	99.00
SVIC No. 70 New Technology Business Investment Association	Korea	New technology business investment	99.00
SAMSUNG C&T PHILIPPINES, CORP.	Philippines	Construction	100.00

¹ The ownership interest above is simple summation including the percentage of ownership of subsidiaries

² Although its percentage of ownership is less than 50%, the Parent Company has de facto control because more than 50% of management and the members of key decision-making organization are current or former executives of the Parent Company.

³ Considering comprehensively that the Parent Company holds significantly more voting rights than any other voting right holders, and the other shareholdings are widely dispersed, the Parent Company is deemed to have de facto control although it has less than 50% of ownership interest. In

Samsung C&T Corporation and its subsidiaries
Notes to the consolidated financial statements
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addition, the attendance rate, voting patterns at previous shareholders' meetings and other factors are also considered.

⁴ The Parent Company is deemed to have de facto control because the Parent Company obtains the contractual covenant with the other voting right holders of the investee and 50% of voting rights of the investee's Board of Directors.

⁵ Although the Parent Company's ownership interest is less than 50%, it is deemed to have control as it holds more than 50% of voting rights.

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1. General Information (cont'd)

(b) The summarized financial information on subsidiaries as of and for the year ended December 31, 2024 is as follows:

(in millions of Korean won)

Subsidiaries	Total assets	Total liabilities	Revenue	Profit (loss) for the year	Total comprehensive income (loss)
Seoul Lakeside Co., Ltd.	₩ 628,712	₩ 198,992	₩ 61,357	₩ 17,833	₩ 17,881
Samoo Architects & Engineers Co., Ltd.	312,823	140,089	370,063	38,134	34,595
CVnet Corporation	32,637	16,784	49,268	(6,961)	(6,635)
Samsung C&T Japan Corporation	207,243	97,227	1,252,384	10,742	13,682
Samsung C&T America Inc.	563,505	203,392	517,499	57,363	97,975
Samsung Renewable Energy Inc.	458,309	66,595	76,958	62,795	78,491
Samsung E&C America, Inc.	985,164	610,930	4,112,924	178,382	214,715
Samsung Solar Construction, Inc.	38	-	-	(1)	4
QSSC, S.A, de C.V.	396,975	392,298	755,361	(2,059)	(1,373)
Samsung C&T Oil & Gas Parallel Corp.	220,671	382,817	-	(57,297)	(90,621)
SRE GRW EPC GP, Inc.	-	-	-	-	-
SRE GRW EPC LP	1	-	-	-	-
SRE SKW EPC GP, Inc.	1	-	-	-	-
SRE SKW EPC LP	40	-	-	2	4
PLL Holdings LLC	1,441	249,760	-	(12,762)	(42,579)
SRE WIND PA GP Inc.	2	-	-	1	1
SRE WIND PA LP	3,454	29	2,634	2,890	3,077
SRE GRS Holdings GP Inc.	4	-	-	-	-
SRE GRS Holdings LP	1,221	-	-	634	698
SRE K2 EPC GP Inc.	-	-	-	-	-
SRE K2 EPC LP	1	-	-	-	-
SRE KS Holdings GP Inc.	4	-	-	-	-
SRE KS Holdings LP	1,607	-	-	672	725
SRE Armow EPC GP Inc.	1	-	-	-	-
SRE Armow EPC LP	2	-	-	-	-
SRE Wind GP Holdings, Inc.	132	-	-	4	8
SRE North Kent 2 LP Holdings LP	19	-	-	-	-
SRE Solar Development GP Inc.	-	-	-	-	-
SRE Solar Development LP	2	-	-	-	-
SRE Windsor Holdings GP Inc.	1	-	-	-	-

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(in millions of Korean won)

Subsidiaries	Total assets	Total liabilities	Revenue	Profit (loss) for the year	Total comprehensive income (loss)
SRE Southgate Holdings GP Inc.	-	-	-	-	-
SRE Solar Construction Management GP Inc.	-	-	-	-	-
SRE Solar Construction Management LP	-	-	-	-	-
SRE BRW EPC GP Inc.	1	-	-	-	-
SRE BRW EPC LP	8	-	-	-	-
SRE North Kent 1 GP Holdings Inc.	15	-	-	-	-
SRE North Kent 2 GP Holdings Inc.	1	-	-	-	-
SRE Belle River GP Holdings Inc.	14	-	-	-	-
SRE NK1 EPC GP Inc.	1	-	-	-	-
SRE NK1 EPC LP	7	-	-	-	-
SRE Summerside Construction GP Inc.	1	-	-	-	-
SRE Summerside Construction LP	249	1	-	122	173
Samsung Solar Energy LLC	11,277	-	-	83,147	82,807
Samsung Solar Energy 1 LLC	1,554	-	-	(3)	14
Samsung C&T Renewables LLC	102,567	3,887	113,998	81,375	92,776
Samsung Solar Energy 3 LLC	(23)	-	-	(2)	2
Equipment Trading Solutions Group, LLC	3,370	811	52,289	3,312	3,584
Samsung C&T Lima S.A.C	43,631	38,830	117,937	283	771
Samsung C&T Deutschland GmbH	728,555	302,066	946,679	43,562	62,018
Samsung C&T U.K. Ltd.	23,731	5,427	27,146	1,959	3,820
Samsung C&T ECUK Limited	32,993	20,103	(1,039)	(20)	1,393
Whesoe Engineering Limited	4,431	11,635	8,207	(1,754)	(2,442)
SAMOO HU Designer and Engineering Services Limited Liability Company	562	37	287	51	65
POSS-SLPC S.R.O.	41,322	26,646	75,229	(3,415)	(2,323)
Solluce Romania 1 B.V.	2,578	31	-	3,522	3,467
Samsung C&T (KL) Sdn.,Bhd.	174,368	194,816	279,202	20,741	16,389
Samsung C&T Malaysia Sdn. Bhd.	6,217	464	2,094	573	1,504
Erdsam Co., Ltd.	437	111	-	(8)	(8)
Samsung Chemtech Vina	80,163	42,771	89,230	4,205	7,028
Samsung C&T (Thailand) Co., Ltd.	35,098	13,108	35,361	4,010	6,802
Samsung C&T India Private Ltd.	54,224	29,434	16,942	2,380	5,092
Samsung C&T Corporation India Private Ltd.	12,256	3,360	5,327	1,461	2,458
MSSC Sdn., Bhd.	41,434	27,306	86,490	644	2,723

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(in millions of Korean won)

Subsidiaries	Total assets	Total liabilities	Revenue	Profit (loss) for the year	Total comprehensive income (loss)
Samsung C&T Singapore Pte. Ltd.	725,294	613,568	3,302,771	18,126	29,762
S&G Bio Fuel Pte. Ltd.	121,420	183	-	7,893	7,406
PT. Gandaerah Hendana	62,875	16,550	49,746	6,537	10,101
PT. Inecda	60,606	15,507	47,153	13,680	17,181
SAMSUNG C&T Mongolia LLC.	8,191	9,243	-	116	(13)
Samsung C&T Eng.&Const. Mongolia LLC.	491	(12)	-	(42)	18
S&Woo Construction Philippines, Inc	1,197	6,488	-	132	(333)
SAMOO DESIGNERS & ENGINEERS INDIA PRIVATE LIMITED	3,055	1,750	-	(171)	(35)
SAMOO (KL) SDN. BHD.	719	130	1,077	1	89
VSSC Steel Center Limited Liability	35,703	24,664	63,353	(1,948)	(1,044)
Vista Contracting and Investment Global Pte. Ltd.	36,356	1,047	-	(1,174)	5,775
Vista Contracting and Development Bangladesh Ltd.	205	(1)	-	(73)	(64)
Samsung Trading (Shanghai) Co., Ltd.	78,358	26,781	241,990	9,657	15,246
Samsung C&T Hongkong Limited.	306,137	102,649	1,242,204	23,503	44,685
Samsung C&T Taiwan Co., Ltd.	12,630	1,400	18,439	2,678	3,401
Samsung Precision Stainless Steel (pinghu) Co., Ltd.	81,621	6,360	75,557	5,440	14,733
Samsung C&T (Shanghai) Co., Ltd	58,081	35,258	133,912	2,087	4,312
Samsung C&T (Xi'an) Co., Ltd.	60,095	29,441	40,104	601	3,887
Waris Gigih Eng. & Tech. Sdn Bhd	761	-	-	(4)	111
Samsung C&T Corporation Saudi Arabia	321,645	642,648	437,562	(10,486)	(48,945)
SAM Gulf Investment Limited	83,030	74,970	-	2,767	2,431
Samsung C&T Chile Copper SpA	1,060	-	-	(10)	6,114
SCNT Power Kelar Inversiones LTDA.	79,482	37,123	-	(483)	(482)
S.C. Otelinox S.A	244,367	110,086	80,483	15,493	23,849
Samsung C&T Corporation Rus LLC.	1,812	236	-	(65)	(214)
Samsung BioLogics Co., Ltd.	15,448,392	4,476,454	3,497,146	1,050,967	1,042,259
Samsung Biologics America Inc.	19,448	4,476	15,050	(943)	947
Cheil Fashion Retail Co., Ltd.	7,629	2,959	29,282	(1,565)	(1,565)
Cheil Industries Italy S.R.L.	13,913	8,008	131,035	1,155	1,572
Samsung Fashion Trading(Shanghai) Co., Ltd.	130,658	41,862	198,680	18,964	27,065
Samsung Welstory Inc.	1,087,113	435,295	2,902,707	110,693	101,449
Samsung C&T Corporation Vietnam Co., Ltd	40,116	37,485	5,230	(2,372)	(2,189)

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Subsidiaries	Total assets	Total liabilities	Revenue	Profit (loss) for the year	Total comprehensive income (loss)
Welstory Vietnam Co., Ltd.	60,990	12,884	151,232	1,875	3,957
Samsung C&T Corporation UEM construction JV Sdn. Bhd.	115,336	137,375	35,805	337	(2,989)
Shanghai Ever Hongjun Business Management Service Co., Ltd.	27,526	4,931	79,504	4,868	6,928
Shanghai Welstory Food Company Limited	12,253	5,402	89,067	2,741	3,316
SAMOO AUSTIN Inc	2,335	1,078	13,086	421	552
SAMOO Design Consulting Co.,Ltd	1,411	424	3,016	191	283
Samsung Bioepis Co., Ltd.	3,000,714	1,276,244	1,527,678	373,884	370,048
Samsung Bioepis United States Inc.	2,764	1,284	6,453	429	588
Samsung Bioepis UK Limited	2,529	1,624	4,832	114	206
Samsung Bioepis CH GmbH	282	89	462	31	43
Samsung Bioepis PL Sp z o.o.	226	23	35	(4)	12
Samsung Bioepis BR Pharmaceutical LTDA	631	163	807	96	46
Samsung Bioepis AU Pty Ltd	32	6	25	1	2
Samsung Bioepis NZ LIMITED	32	3	76	6	6
Samsung Bioepis IL LTD	72	-	39	2	11
Samsung Bioepis NL B.V.	91,173	84,448	82,148	1,611	2,008
Samsung Bioepis TW Limited	81	4	90	7	11
Samsung Bioepis HK Limited	12	-	18	2	3
SVIC No. 53 New Technology Business Investment Association	38,469	215	-	1,109	1,109
SVIC No. 54 New Technology Business Investment Association	154,140	954	-	8,039	8,039
Samsung C&T Renewable Energy Australia Pty Ltd	2,928	5,949	-	(7,842)	(7,828)
WELVISTA CO.,LTD	35,238	2,026	2,486	1,494	4,051
SVIC No. 63 New Technology Business Investment Association	20,793	130	-	656	656
Samsung C&T Corporation Poland LLC	3,113	520	-	(3,278)	(3,181)
Robocon Technologies Corp.	26,690	44,623	9,451	(6,750)	(6,750)
SVIC No. 66 New Technology Business Investment Association	27,618	317	-	(1,443)	(1,443)
SVIC No. 64 New Technology Business Investment Association	6,658	92	-	24	24
Samsung C&T Corporation Romania S.R.L	459	761	59	(950)	(963)
SVIC No. 68 New Technology Business Investment Association	4,841	194	-	(452)	(452)
Samsung C&T Charging Solutions LLC	5,595	2,015	626	(79)	(4)

Samsung C&T Corporation and its subsidiaries
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(in millions of Korean won)

Subsidiaries	Total assets	Total liabilities	Revenue	Profit (loss) for the year	Total comprehensive income (loss)
Welstory Hungary Kft	4,818	1,051	2,240	(217)	(248)
CME - VISTA JOINT STOCK COMPANY	143	-	-	(1)	9
Samsung C&T Renewable Energy Europe GmbH	361	559	-	(663)	(679)
SVIC No. 72 New Technology Business Investment Association	2,974	129	-	(155)	(155)
SVIC No. 70 New Technology Business Investment Association	7,962	129	-	(167)	(167)
SAMSUNG C&T PHILIPPINES, CORP.	26,583	12	-	(282)	1,093

Intercompany transactions, balances, and unrealized gains and losses on transactions between the Group and its related parties are not eliminated in the summarized consolidated financial information above. Also, shares in controlled subsidiaries, associates, and joint ventures, accounted for under the equity method which the controlled subsidiaries own, are recognized at acquisition cost.

Samsung C&T Corporation and its subsidiaries
Notes to the consolidated financial statements
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1. General Information (cont'd)

1.3 Changes in the Scope of Consolidation

Subsidiaries newly included in the consolidation for the year ended December 31, 2024 are as follows:

Subsidiaries	Description
Samsung C&T Corporation Romania S.R.L and 8 others	Newly established

Subsidiaries excluded from the consolidation for the year ended December 31, 2024 are as follows:

Subsidiaries	Description
Monument Power, LLC and 1 other	Liquidated

1.4 Information about Non-Controlling Interest

Profits or losses allocated to non-controlling interests and accumulated non-controlling interests of subsidiaries that are material to the Group are as follows:

Accumulated non-controlling interests of subsidiaries as of December 31, 2024 and 2023 are as follows:

<i>(in millions of Korean won)</i>	December 31, 2024	December 31, 2023
Samsung BioLogics Co., Ltd.	₩ 6,191,885	₩ 5,663,073
Others	<u>(2,010)</u>	<u>(4,073)</u>
Total	<u>₩ 6,189,875</u>	<u>₩ 5,659,000</u>

Profits or losses attributed to the non-controlling interests for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Samsung BioLogics Co., Ltd.	₩ 533,860	₩ 479,342
Others	<u>7,894</u>	<u>21,474</u>
Total	<u>₩ 541,754</u>	<u>₩ 500,816</u>

Samsung C&T Corporation and its subsidiaries
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1. General Information (cont'd)

Dividends paid to the non-controlling interests for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in millions of Korean won)</i>	2024		2023	
Equipment Trading Solutions Group, LLC	₩	853	₩	1,223
Others		1,271		808
Total	₩	<u>2,124</u>	₩	<u>2,031</u>

The summarized financial information on the subsidiary with non-controlling interests that are material to the Group as of and for the years ended December 31, 2024 and 2023 is as follows. The financial information of subsidiary was prepared using equity method for its associates and joint ventures.

Summarized statement of financial position

<i>(in millions of Korean won)</i>	Samsung BioLogics Co., Ltd. and its subsidiaries			
	December 31,		December 31,	
	2024		2023	
Current assets	₩	5,520,560	₩	5,522,510
Non-current assets		11,880,720		10,625,583
Current liabilities		3,856,381		4,154,860
Non-current liabilities		2,693,303		2,111,801
Equity		10,851,596		9,881,432

Summarized statement of comprehensive income

<i>(in millions of Korean won)</i>	Samsung BioLogics Co., Ltd. and its subsidiaries			
	2024		2023	
	Sales	₩	4,547,322	₩
Profit for the year		990,290		815,233
Other comprehensive loss		(8,871)		(2,177)
Total comprehensive income		981,419		813,056

Samsung C&T Corporation and its subsidiaries
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1. General Information (cont'd)

Summarized statement of cash flows

<i>(in millions of Korean won)</i>	Samsung BioLogics Co., Ltd. and its subsidiaries			
	2024		2023	
Cash flows from operating activities	₩	1,658,010	₩	1,666,229
Cash flows from investing activities		(1,242,531)		(1,566,306)
Cash flows from financing activities		(433,788)		(635,050)
Decrease in cash and cash equivalents		(18,309)		(535,127)
Cash and cash equivalents at the beginning of the year		367,937		890,820
Effects of exchange rate changes on cash and cash equivalents		41,593		12,244
Cash and cash equivalents at the end of the year	₩	<u>391,222</u>	₩	<u>367,937</u>

2. Material Accounting Policies

2.1 Basis of Preparation

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

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

The consolidated financial statements of the Group have been prepared in accordance with KIFRS, enacted by the *Act on External Audit of Stock Companies*.

Samsung C&T Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2024 and 2023

2. Material Accounting Policies

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment, intangible assets and investment property – measured at fair value;
- assets held for sale – measured at fair value less costs to sell; and
- defined benefit pension plans and plan assets measured at fair value.

The preparation of financial statements requires the use of critical accounting estimates. Management also needs to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.1.1 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2024. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

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

The amendments have no material impact on the consolidated financial statements of the Group.

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

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

- what is meant by a right to defer settlement;
- that a right to defer must exist at the end of the reporting period;
- that classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- that terms of a liability that could result in its settlement by the transfer of the entity's own equity instruments do not affect its classification as current or non-current if the entity classifies the option as an equity instrument, recognizing it separately from the liability as an equity component of a compound financial instrument.

Samsung C&T Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2024 and 2023

2. Material Accounting Policies (cont'd)

In addition, an entity is required to disclose when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments have no material impact on the consolidated financial statements of the Group.

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

The amendments to KIFRS 1007 *Statement of Cash Flows* and KIFRS 1107 *Financial Instruments: Disclosures* clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows, and exposure to liquidity risk.

As a result of implementing the amendments, the Group has provided additional disclosures about its supplier finance arrangement. Please refer to Note 18.

2.1.2 New standards and interpretations not yet adopted by the Group

The following new accounting standards and interpretations that have been published that are not mandatory for the year ended December 31, 2024 and have not been early adopted by the Group.

(a) Amendments to KIFRS 1021: The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability

The amendments to KIFRS 1021 *The Effects of Changes in Foreign Exchange Rates* specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Early application is permitted, and the fact of early application must be disclosed. When applying these amendments, an entity is not required to restate comparative information.

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

Samsung C&T Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2024 and 2023

2. Material Accounting Policies (cont'd)

(b) Amendments to KIFRS 1109 Financial Instruments and KIFRS 1107 Financial Instruments: Disclosures

The amendments to KIFRS 1109 *Financial Instruments* and KIFRS 1107 *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments* include the following:

- clarifying that a financial liability is derecognized on the settlement date and introducing an accounting policy choice to derecognize financial liabilities that are settled by using electronic payment system before the settlement date (if specific criteria are met);
- providing additional guidance as to how to assess contractual cash flows of financial assets that include environmental, social and governance (ESG)-linked features and similar features;
- clarifying what constitutes non-recourse features and the characteristics of contractually linked financial instruments; and
- introducing new disclosures for financial instruments with contingent features and adding a disclosure requirement for equity instruments measured at fair value through other comprehensive income.

The amendments will be effective for annual periods beginning on or after January 1, 2026. Earlier adoption is permitted, but only for the amendments for the classification of financial assets and related disclosures. The Group does not plan to early apply the amendments.

(c) Annual Improvements to KIFRS – Volume 11

The Annual Improvements to KIFRS – Volume 11 have been announced for the purpose of improving consistency of requirements set out in each standard, enhancing clarity, and providing better understanding of the amendments.

- KIFRS 1101 *First-time Adoption of KIFRS: Hedge accounting by a first-time adopter*
- KIFRS 1107 *Financial Instruments: Disclosures: Gain or loss on derecognition, Guidance for application of amendments in practice*
- KIFRS 1109 *Financial Instruments: Accounting for derecognition of lease liabilities and definition of transaction prices*
- KIFRS 1110 *Consolidated Financial Statements: Determination of a 'de facto agent'*
- KIFRS 1007 *Statement of Cash Flows: Cost method*

The amendments will be effective for annual reporting periods beginning on or after January 1, 2026. Early adoption is permitted, but will need to be disclosed.

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

Samsung C&T Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2024 and 2023

2. Material Accounting Policies (cont'd)

2.2 Consolidation

The Group has prepared the consolidated financial statements in accordance with KIFRS 1110 *Consolidated Financial Statements*.

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. 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 measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. All other non-controlling interests are measured at fair values, unless otherwise required by other standards. Acquisition-related costs are expensed as incurred.

The excess of consideration transferred, amount 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. 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.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interest to reflect their relative interest in the subsidiary. Any difference between the amount of the adjustment to non-controlling interest and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Parent Company.

When the Group ceases to consolidate for a subsidiary because of a loss of control, any retained interest in the subsidiary is remeasured to its fair value with the change in carrying amount recognized in profit or loss.

Samsung C&T Corporation and its subsidiaries
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2. Material Accounting Policies (cont'd)

(b) Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. If the Group's share of losses of an associate equals or exceeds its interest in the associate (including long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If there is an objective evidence of impairment for the investment in the associate, the Group recognizes the difference between the recoverable amount of the associate and its book amount as impairment loss. If an associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, if necessary, adjustments shall be made to make the associate's accounting policies conform to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

(c) Joint arrangements

A joint arrangement, wherein two or more parties have joint control, is classified as either a joint operation or a joint venture. A joint operator recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. Interests in joint ventures are accounted for using the equity method, after initially being recognized at cost in the consolidated statement of financial position.

2.3 Foreign Currency Translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the "functional currency"). The consolidated financial statements are presented in Korean won, which is the Parent Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in other comprehensive income if they relate to qualifying cash flow hedges and qualifying effective portion of net investment hedges, or are attributable to monetary part of the net investment in a foreign operation.

Samsung C&T Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2024 and 2023

2. Material Accounting Policies (cont'd)

Foreign exchange gains and losses that relate to long-term and short-term financial instrument, loans, borrowings and debentures are presented as financial income or costs in the consolidated statements of comprehensive income. All other foreign exchange gains and losses are presented in the statements of comprehensive income within other income or expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences arising from non-monetary assets and liabilities are recognized in profit or loss as part of gain or loss on valuation of fair value and translation differences arising from equity instruments measured at fair value through other comprehensive income are recognized in other comprehensive income.

The results and financial position of all the foreign operations that have a functional currency different from the presentation currency of the Group are translated into the presentation currency. Assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting date, and income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates, and all resulting exchange differences are recognized in other comprehensive income and presented as a separate component of equity (accumulated comprehensive income).

Exchange differences arising from the translation of the net investment in foreign operations are recognized in other comprehensive income and presented as a separate component of equity. When a foreign operation is partially disposed of or sold, the exchange differences that were recorded in equity are recognized in the consolidated statement of profit or loss where there is a loss of control.

(c) Translation of financial statements of overseas subsidiaries

Items on the statements of financial position are translated at the closing rate at the end of the reporting period, except historical exchange rate applied to equity accounts. Items on the statements of comprehensive income are translated at average exchange rates. All resulting exchange differences are recognized in other comprehensive income and allocated to equity attributable to owners of the parent and non-controlling interests. Differences allocated to equity attributable to owners of the parent are presented on the consolidated statements of financial position as other component of equity (exchange differences).

Samsung C&T Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2024 and 2023

2. Material Accounting Policies (cont'd)

2.4 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

2.5 Revenue Recognition

(a) Identify performance obligation

The Group recognizes (i) goods or services (or a bundle of goods or services) that are distinct at inception of contract, or (ii) a series of distinct goods or services that are substantially the same, including the way they transfer to the customers, as separate performance obligations.

In addition, the Group is engaged in CMO business that manufactures and supplies made-to-order biomedicine. Services mandatorily rendered prior to a production of biomedicine do not form a part of a performance obligation since they are considered as a set-up process. Only sales of biomedicine are recognized as performance obligations.

The Group is also engaged in CDO business that provides cell line and upstream/downstream process development services. The Group recognizes the research and development services for cell strain and processing as separate performance obligation.

(b) A performance obligation is satisfied over time

The contract revenue is recognized over time by measuring progress only if (i) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (ii) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Goods manufactured from CMO business do not have an alternative use to the Group, and it has an enforceable right to payment for performance completed to date. This is because that the Group produces biomedicine at a quality that a customer requires and is entitled to reimbursement of the costs incurred to date, including a reasonable margin if a customer terminates a contract. Therefore, revenue from contracts with customers is allocated and recognized over time as it satisfies its performance obligation over a contract period.

Under the practical expedient of KIFRS 1115, the transaction price allocated to these unsatisfied contracts is not disclosed.

The Group recognizes the revenue over the research and development period for each service since the customer simultaneously receives and consumes the benefits provided by the Group as the Group performs research and development services in the CDO business.

Samsung C&T Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2024 and 2023

2. Material Accounting Policies (cont'd)

(c) Input methods for measuring progress

The Group recognizes performance obligations satisfied overtime based on percentage of completion by input methods after excluding the effects of any inputs that do not depict the performance. In addition, if the Group may not be able to reasonably measure the outcome of a performance obligation, but the Group expects to recover the cost incurred in satisfying the performance obligation, the Group will recognize revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

Meanwhile, a faithful depiction of the Group's performance might be to recognize revenue at an amount equal to the cost of a goods used to satisfy a performance obligation if the Group expects at contract inception that all of the following conditions would be met: i) the goods are not distinct; ii) the customer is expected to obtain control of the goods significantly before receiving services related to the goods; iii) the cost of the transferred goods is significant relative to the total expected costs to completely satisfy the performance obligation; and iv) the Group procures the goods from a third party and is not significantly involved in designing and manufacturing the goods.

(d) Variable consideration

If the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which the Group will be entitled in exchange for transferring the promised goods or services to a customer. An amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items. The promised consideration can also vary if an entity's entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event. For example, an amount of consideration would be variable if either a product was sold with a right of return or a fixed amount is promised as a performance bonus on achievement of a specified milestone.

(e) Incremental costs of obtaining a contract

The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The costs to obtain a contract will be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained. The Group reviews the incremental costs of obtaining a contract based on each incurred items and recognizes the capitalized costs as contract cost based on percentage of completion.

(f) Costs to fulfill a contract

If the costs incurred in fulfilling a contract with a customer are related directly to a contract or to an anticipated contract that the entity can specifically identify, generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future, and are expected to be recovered, the costs are recognized as assets. And, the costs are recognized as contract costs based on percentage of completion.

Samsung C&T Corporation and its subsidiaries

Notes to the consolidated financial statements

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2. Material Accounting Policies (cont'd)

(g) Contract assets and contract liabilities

A contract asset is an entity's right to consideration in exchange for goods or services that the entity has transferred to a customer, and a contract liability is an entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. The Group presents contract assets and liabilities arising from a contract in the statements of financial position at net amount by offsetting each other.

In CMO business, the Group recognizes the amount of the advance consideration by customers related to transfer of technology to manufacture products that customer request and engineering batch production as contract liabilities and related costs as contract assets. Such activities are required in advance for production of goods ordered but do not transfer goods or services to a customer. Accordingly, they are not included in a performance obligation.

Also, in CDO business, a contract asset is an entity's right to receive consideration in exchange for goods or services that the entity has transferred to a customer, and a contract liability is the entity's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

2.6 Financial Assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Group reclassifies debt investments when, and only when its business model for managing those assets changes.

For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. Changes in fair value of non-designated equity investment are recognized in profit or loss.

Samsung C&T Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2024 and 2023

2. Material Accounting Policies (cont'd)

(b) Measurement

At initial recognition, the Group 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 that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt Instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into one of the following three measurement categories:

- those measured at amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in financial income using the effective interest rate method;
- those measured at fair value through other comprehensive income: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in financial income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains and losses and financial income and expenses and impairment losses are presented in other expenses; and
- those measured at fair value through profit or loss: Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the consolidated statement of comprehensive income within other income or expenses in the year in which it arises.

Samsung C&T Corporation and its subsidiaries

Notes to the consolidated financial statements

December 31, 2024 and 2023

2. Material Accounting Policies (cont'd)

Equity Instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividend income from such investments continue to be recognized in profit or loss as 'other income' when the right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in other income or expenses in the consolidated statement of comprehensive income as applicable. Impairment loss (reversal of impairment loss) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

(c) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. (Note 31 provides more detail of how the Group determines there has been a significant increase in credit risk.)

For trade receivables (including due from customer for contract work) and lease receivables, The Group applies the simplified approach, which requires expected lifetime credit losses to be recognized from initial recognition of the receivables.

(d) Recognition and Derecognition

Regular way purchases and sales of financial assets are recognized or derecognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

If a transfer does not result in derecognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The Group classified the financial liability as "short-term borrowings" in the consolidated statement of financial position (see Note 8).

Samsung C&T Corporation and its subsidiaries
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2. Material Accounting Policies (cont'd)

(e) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

2.7 Trade Receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognized at fair value. Trade receivables are subsequently measured at amortized cost using the effective interest method, less loss allowance. See Note 8 for further information about the Group's accounting for trade receivables and Note 31 for a description of the Group's accounting policy for impairment.

2.8 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the specific identification method, moving average method or first-in, first-out method.

Inventories are reduced for the estimated losses arising from excess, obsolescence, and decline in value. This reduction is determined by estimating market value based on future customer demand. The losses on inventory obsolescence are recorded as a part of cost of sales.

2.9 Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The costs that are estimated to be incurred to dismantle, remove assets, or restore sites are also included in the historical costs.

Depreciation of all property, plant and equipment, except for land, is calculated using the straight-line method (except property, plant and equipment for developing natural resources, which are depreciated using the units of production method) to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

Estimated useful lives

Buildings, structures	20 - 50 years
Others	4 - 50

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2. Material Accounting Policies (cont'd)

The assets' depreciation method, residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

2.10 Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants related to assets are presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset, and government grants related to income are deferred and later deducted from the related expense.

2.11 Intangible Assets

Goodwill is measured as described in Note 2.2, and carried at cost less accumulated impairment losses.

Intangible assets, except for goodwill, are initially recognized at its historical cost, and carried at cost less accumulated amortization and accumulated impairment losses.

Software development costs that are directly attributable to internally generated by the Group are recognized when the criteria; such as, technically feasible, generate probable future economic benefits and other, are met. Customer contracts acquired in a business combination are recognized at fair value at the acquisition date. Membership rights that have an indefinite useful life are not subject to amortization because there is no foreseeable limit to the period over which the assets are expected to be utilized. The Group amortizes intangible assets with a limited useful life using the straight-line method (except for mineral rights amortized using the units of production method) over the following periods:

	Useful lives
Industrial property rights	5 - 10 years
Right to use property	14 - 20 years
Memberships and certain brands	Indefinite
Others	5 - 20 years

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Notes to the consolidated financial statements

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2. Material Accounting Policies (cont'd)

2.12 Investment Property

Investment property is property held to earn rentals or for capital appreciation or both. An investment property is measured initially at its cost. An investment property is measured after initial measurement at depreciated cost (less any accumulated impairment losses). After recognition as an asset, investment property is carried at cost less accumulated depreciation and impairment losses. The Group depreciates investment properties, except for land, using the straight-line method over their useful lives of 25 ~ 50 years.

2.13 Biological Assets

A biological asset shall be measured on initial recognition and at the end of each reporting date at its fair value less estimated costs to sell. The fair value of a biological asset is measured by an independent professional organization by using Discounted Cash Flow (DCF) method. The cash flows during the life expectancy of a biological asset are determined under consideration of agricultural produce such as Fresh Fruit Bunch at the point of harvest, market price and the estimated cultivating costs and other variations.

2.14 Impairment of Non-financial Assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.15 Financial Liabilities

(a) Classification and measurement

The Group's financial liabilities at fair value through profit or loss are financial instruments held for trading. Financial liabilities are usually classified as financial liabilities at fair value through profit or loss when they are acquired with a purpose to repurchase within a short period of time. A derivative that is not a designated as hedging instruments and an embedded derivative that is separated are also classified as financial liabilities at fair value through profit or loss.

The Group classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and present as trade payables, borrowings, and other financial liabilities in the statement of financial position.

Samsung C&T Corporation and its subsidiaries

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2. Material Accounting Policies (cont'd)

Preferred shares that require mandatory redemption on a specific date are classified as liabilities. Interest expenses on these preferred shares using the effective interest method are recognized in the consolidated statement of comprehensive income as financial expenses, together with interest expenses recognized from other financial liabilities.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(b) Derecognition

Financial liabilities are removed from the consolidated statement of financial position when it is extinguished; for example, when the obligation specified in the contract is discharged or cancelled or expired or when the terms of an existing financial liability are substantially modified. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

2.16 Financial Guarantee Contracts

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value, subsequently at the higher of following and recognized in the statements of financial position within "other financial liabilities":

- the amount determined in accordance with the expected credit loss model under KIFRS 1109 *Financial Instruments*; and
- the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with KIFRS 1115 *Revenue from Contracts with Customers*.

Related liabilities are presented as other liabilities in the consolidated statement of financial position.

2.17 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 or sale. Investment income earned on the temporary investment of specific borrowings on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

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2. Material Accounting Policies (cont'd)

2.18 Employee Benefits

(a) Post-employment benefits

The Group operates both defined contribution and defined benefit pension plans.

For defined contribution plans, the Group pays contribution to publicly or privately administered pension insurance plans on mandatory, contractual or voluntary basis. The Group has no further payment obligation once the contribution has been paid. The contribution is recognized as employee benefit expense when they are due.

A defined benefit plan is a pension plan that is not a defined contribution plan. Generally, post-employment benefits are payable after the completion of employment, and the benefit amount depended on the employee's age, periods of service or salary levels. The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments, curtailments or settlements are recognized immediately in profit or loss as past service costs or settlements.

(b) Other long-term employee benefits

Certain entities within the Group provide long-term employee benefits that are entitled to employees with service period for ten years and above. 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 service cost, net interest on other long-term employee benefits and remeasurements as profit or loss for the year. These liabilities are valued annually by an independent qualified actuary.

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2. Material Accounting Policies (cont'd)

2.19 Provisions

Provisions for service warranties, make good obligation, and legal claims are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period, and the increase in the provision due to the passage of time is recognized as interest expense.

2.20 Derivative Instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group has hedge relationships and designates certain derivatives as either:

- hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedges); or
- hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges).

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in Note 31.

The full fair value of a hedging derivative is classified as a non-current asset or non-current liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. A non-derivative financial asset and a non-derivative financial liability is classified as a current or non-current based on its expected maturity and its settlement, respectively.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity, limited to the cumulative change in fair value (present value) of the hedged item (the present value of the cumulative change in the future expected cash flows of the hedged item) from the inception of the hedge. The ineffective portion is recognized in financial income (expenses).

Samsung C&T Corporation and its subsidiaries

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December 31, 2024 and 2023

2. Material Accounting Policies (cont'd)

When option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the option contract as the hedging instrument. Gains or losses relating to the effective portion of the change in intrinsic value of the option contracts are recognized in the cash flow hedge reserve within equity. The changes in the time value of the option contracts that relate to the hedged item ("aligned time value") are recognized within the costs of hedging in other comprehensive income within equity.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot element as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot element of the forward contracts are recognized in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item is recognized within other comprehensive income within equity. In some cases, the Group may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognized in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss as follows:

- where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognized in profit or loss as the hedged item affects profit or loss (for example through cost of sales); or
- the gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognized in profit or loss within 'finance expenses' at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any accumulated cash flow hedge reserve at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cash flow hedge reserve and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

Changes in the fair value of derivatives that are designated as fair value hedging instruments are recorded in consolidated statements of comprehensive income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortized to profit or loss over the period to maturity using a recalculated effective interest rate.

Samsung C&T Corporation and its subsidiaries

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December 31, 2024 and 2023

2. Material Accounting Policies (cont'd)

2.21 Dividend Distribution

Dividend distribution to the Group's shareholders is recognized as liabilities when the dividends are approved.

2.22 Current and Deferred Tax

The tax expense for the period consists of current and deferred tax. Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively. The tax expense is measured at the amount expected to be paid to the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit or loss. Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

The Group recognizes a deferred tax liability all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint arrangements, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, The Group recognizes a deferred tax asset for all deductible temporary differences arising from such investments to the extent that it is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset when the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the assets and settle the liability simultaneously.

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2. Material Accounting Policies (cont'd)

2.23 Earnings per Share

Basic earnings per share is calculated by dividing net profit for the period available to ordinary shareholders by the weighted-average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated using the weighted-average number of ordinary shares outstanding adjusted to include the potentially dilutive effect of equivalent ordinary shares outstanding.

2.24 Segment Reporting

Information of each operating segment is reported in a manner consistent with the internal business segment reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Corporate Management Committee that makes strategic decisions.

2.25 Share Capital

Ordinary shares and preferred shares with no repayment obligations are classified as equity.

When the Group purchases its ordinary shares, the acquisition cost including direct transaction costs are deducted from equity until the redemption or reissuance of treasury shares. Consideration received on the subsequent or issue of treasury shares is credited to equity.

2.26 Non-current Assets (or Disposal Group) Held for Sale

Non-current assets (or disposal group) are classified as held for sale when their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. The assets are measured at the lower amount between their carrying amount and the fair value less costs to sell.

2.27 Lease

(a) Group as a lessor

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated statement of financial position based on their nature.

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2. Material Accounting Policies (cont'd)

(b) Group as a lessee

The Group leases various offices, housing for employees, stores, heavy equipment and cars. Lease contracts are typically made for fixed periods, but may have extension options as described in below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The Group determines the lease term as the non-cancellable period of a lease, together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

When the lessee and the lessor each has the right to terminate the lease without permission from the other party, the Group should consider a termination penalty in determining the period for which the contract is enforceable.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as of the commencement date;
- amounts expected to be payable by the Group (the lessee) under residual value guarantees;
- the exercise price of a purchase option if the Group (the lessee) is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group (the lessee) exercising that option.

Measurement of lease liability also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Samsung C&T Corporation and its subsidiaries

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December 31, 2024 and 2023

2. Material Accounting Policies (cont'd)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and
- makes adjustments specific to the lease, for example term, country, currency and security.

If a readily observable amortizing loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group uses that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Each lease payment is allocated between the repayment of lease liability and financial expense. The financial expense is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT-equipment and small items of office furniture.

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2. Material Accounting Policies (cont'd)

(c) Variable lease payments

Some property leases contain variable payment terms that are linked to sales generated from a store. For individual stores, up to 100 percent of lease payments are on the basis of variable payment terms and, when determining lease payments, percentages applied to sale is ranged widely. Variable payment terms are used for a variety of reasons, including minimizing the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognized in profit or loss in the period in which the condition that triggers those payments occurs.

(d) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

(e) Residual value guarantees

To optimize lease costs during the contract period, the Group sometimes provides residual value guarantees in relation to equipment leases.

(f) Subleases

The accounting treatment as a lessor did not change significantly from the one under KIFRS 1017 *Leases*. If the Group is an intermediate lessor, however, the Group determines the classification of the sublease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

The Group subleased some of the buildings, and the leases are classified as operating leases or finance leases in accordance with KIFRS 1116.

2.28 Business Combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

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2. Material Accounting Policies (cont'd)

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with KIFRS 1012 *Income Taxes* and KIFRS 1019 *Employee Benefits*, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered in to replace share-based payment arrangements of the acquiree are measured in accordance with KIFRS 1102 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with KIFRS 1105 *Non-current Assets Held for Sale and Discontinued Operations* are measured.

Goodwill is measured as the excess of the sum of the fair value of the consideration transferred (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of fair value of the consideration transferred, (if any) the excess is recognized immediately in profit or loss as a bargain purchase gain.

2.29 Approval of Issuance of the Financial Statements

The consolidated financial statements as of and for the year ended December 31, 2024 were approved for issue by the Board of Directors on January 22, 2025 and are subject to change with the approval of shareholders at their Annual General Meeting.

3. United States Dollar Amounts

The Company and its domestic subsidiaries operate primarily in Korean won and their official accounting records are maintained in Korean won. The U.S. dollar amounts, provided herein, represent supplementary information solely for the convenience of the user of the consolidated financial statements. All Korean won amounts, other than those in statements of comprehensive income, have been translated into U.S. dollars at the exchange rate of ₩ 1,470.00 to US\$ 1, while Korean won amounts in the statements of comprehensive income have been translated into U.S. dollars at the exchange rate of ₩ 1,363.09 to US\$ 1. Such presentation is not in accordance with generally accepted accounting principles in either the Republic of Korea or the United States, and should not be construed as a representation that the Korean won amounts shown could be readily converted, realized or settled in U.S. dollars at this or any other rate.

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4. Material Accounting Estimates and Assumptions

The preparation of consolidated financial statements requires the Group to make estimates and assumptions concerning the future. Management also needs to exercise judgement in applying the Group's accounting policies. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As the resulting accounting estimates will, by definition, seldom equal the related actual results, it can contain a significant risk of causing a material adjustment.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. Additional information of significant judgement and assumptions of certain items are included in relevant notes.

(a) Construction contract

- Uncertainty of the estimated total contract revenue

Total contract revenue is measured based on contractual amount initially agreed. The contract revenue can be increased by additional contract work, claims and incentive payments in the course of construction, or decreased by the penalty when the completion of contract is delayed due to the Group's fault. Therefore, this measurement of contract revenue is affected by the uncertainty of the occurrence of future events. The change in contract revenue is recognized when it is probable that the customer will approve the increase in revenue due to the changes in contract work, or when it is probable that the Group will be able to satisfy the performance requirements, and the amount can be estimated reliably.

- Uncertainty of the estimated total contract revenue due to construction delay

The measurement of contract revenue is affected by the uncertainty of the occurrence of future events. The contract revenue can be decreased by the claims of liquidated damages when the completion of contract is delayed due to the Group's fault. Therefore, the damage claims for the delay are estimated based on historical experience in case the completion date is expected to be delayed.

- Uncertainty of the total estimated contract costs

Construction revenue is recognized according to the percentage of completion, which is measured on the basis of the gross amount incurred to date. Total estimated contract costs are estimated based on future estimates of material costs, labor costs, construction period and others.

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4. Material Accounting Estimates and Assumptions (cont'd)

(b) 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 make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(c) Net defined benefit liability

The present value of net defined benefit liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate.

(d) Income taxes

The Group's taxable income generated from these operations are subject to income taxes based on tax laws and interpretations of tax authorities in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain.

If certain portion of the taxable income is not used for investments or increase in wages or dividends in accordance with the *Tax System for Recirculation of Corporate Income* in Korea, the Group is liable to pay additional income tax calculated based on the tax laws. Accordingly, the measurement of current and deferred income tax is affected by the tax effects. As the Group's income tax is dependent on the investments, increase in wages and dividends, there is an uncertainty measuring the final tax effects.

(e) Provisions

As of December 31, 2024, the Group recognizes provisions for warranties, repairs and others as explained in Note 2.19. These provisions are estimated based on past experience.

(f) Estimated impairment of goodwill

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations.

(g) Impairment of financial assets

The provisions for impairment for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's past history, existing market conditions as well as forward looking information at the end of each reporting period.

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4. Material Accounting Estimates and Assumptions (cont'd)

(h) Lease

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

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5. Construction Contracts

Details of recognized construction profits or losses for construction contracts for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in millions of Korean won)</i>	2024		2023	
Buildings	₩	14,894,466	₩	14,884,049
Civil engineering		761,072		1,063,989
Plant		2,931,430		3,240,996
Landscaping		147,717		149,186
Total	₩	<u>18,734,685</u>	₩	<u>19,338,220</u>

As of December 31, 2024, the Group's remaining balance of construction contracts amounts to ₩ 27,714,965 million.

The account balances of outstanding construction contracts as of December 31, 2024 and 2023 are summarized as follows:

<i>(in millions of Korean won)</i>		December 31, 2024					December 31, 2023	
		Civil						
		Buildings	engineering	Plant	Landscaping	Total	Total	
Receivables ¹	Receivables from construction contracts ²	₩ 2,342,307	₩ 127,258	₩ 256,341	₩ 11,274	₩ 2,737,180	₩ 2,570,909	
	Guarantee deposits	231,868	6,613	197,692	1	436,174	463,950	
	Long-term receivables	882,051	-	-	-	882,051	860,116	
	Short-term loans	79,442	-	-	-	79,442	52,877	
Contract assets ¹	Due from customer for construction work	1,489,859	136,434	500,309	31,259	2,157,861	1,844,352	
Costs to fulfill a contract	Prepaid expenses	19,666	-	630	133	20,429	100,815	
Contract liabilities	Advances received	150,029	67,921	160,633	1,519	380,102	377,943	
	Due to customer for contract work	914,447	137,056	730,523	1,311	1,783,337	1,590,011	
Other assets ¹	Advance payments	586,457	188,184	258,554	690	1,033,885	963,845	

¹ The amount before deduction of provision for impairment.

² The amount includes notes receivable.

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5. Construction Contracts (cont'd)

The Group is provided with payment guarantees amounting to ₩ 10,743,864 million (2023: ₩ 9,190,299 million), ₩ 8,205,684 million (2023: ₩ 7,133,931 million), ₩ 9,394 million (2023: ₩ 9,876 million), and ₩ 28,890 million (2023: ₩ 27,269 million) from financial institutions, Construction Guarantee Cooperative, Software Guarantee Cooperative, and Engineering Guarantee Cooperative, respectively, in relation to the construction performance and others.

As of December 31, 2024 and 2023, The information on each contract¹ where contract revenue for each of the two years in the period ended December 31, 2024 is more than 5% of the previous year's revenues is as follows:

<i>(in millions of Korean won)</i>				December 31, 2024						
Contract Name¹	Contract date	Contractual due date	Percentage of completion	Due from customers		Trade receivables (receivables from construction contracts)³				
				Gross amount	Accumulated impairment loss	Gross amount	Provision for impairment			
Singapore Changi Airport Pkg.1 ²	Oct. 2015	Jan. 2022	99.8%	₩	-	₩	-	₩	-	
Algeria Naama ²	Feb. 2014	Mar. 2023	99.5%		3,201	-	3		-	
Saudi Riyadh Metro ²	Oct. 2013	Dec. 2024	98.2%		-	-	44,197		-	
UAE nuclear power plant ²	Mar. 2010	Dec. 2020	99.5%		34,892	-	68		-	
Algeria Mostaghanem	Feb. 2014	Dec. 2025	79.8%		-	-	14,858		-	
Gangneung Anin coal-fired power plant ²	Feb. 2014	Jun. 2023	98.7%		-	-	80,364		-	
Singapore Thomson East Coast Line T313 ²	Mar. 2016	Feb. 2024	89.0%		-	-	4,585		-	
Bangladesh Dhaka Airport ²	Jan. 2020	Apr. 2024	84.8%		19,583	-	25,090		-	
India Mumbai DAICEC	Dec. 2013	Jun. 2025	99.7%		-	-	8,849		-	
Malaysia KL118 Tower ²	Nov. 2015	Mar. 2022	98.1%		-	-	984		-	
Pyeong-taek FAB ³	Feb. 2020	Aug. 2024	100.0%		-	-	-		-	
Qatar LNG Export Base Tank (overseas)	Mar. 2021	Aug. 2027	71.7%		152,954	-	-		-	
UAE HVDC	Dec. 2021	Dec. 2025	62.3%		-	-	80,726		-	
Pyeong-taek P4	Oct. 2021	Mar. 2025	100.0%		255,074	-	352,695		-	
U.S.A Taylor FAB1 ²	Feb. 2022	Apr. 2024	99.6%		-	-	120,975		-	
Pyeong-taek P3 Ph3	Mar. 2022	Mar. 2025	89.0%		-	-	659,692		-	
Pyeong-taek P4 Ph2	Jul. 2023	Oct. 2025	30.7%		30,983	-	434,060		-	

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				December 31, 2024			
Contract Name ¹	Contract date	Contractual due date	Percentage of completion	Due from customers		Trade receivables (receivables from construction contracts) ³	
				Gross amount	Accumulated impairment loss	Gross amount	Provision for impairment
Qatar Facility E IWPP	Nov. 2024	Jun. 2029	0.1%	-	-	-	-

¹ Construction projects that are practically completed as of December 31, 2023 are excluded.

² As of December 31, 2024, the contractual due dates have passed but the construction is still in process due to the customer's request for additional construction works. The Group is continuing the negotiation with the customer in relation to the extension of contractual due date.

³ The amount includes notes receivable.

(in millions of Korean won)

				December 31, 2023			
Contract Name ¹	Contract date	Contractual due date	Percentage of completion	Due from customers		Trade receivables (receivables from construction contracts) ³	
				Gross amount	Accumulated impairment loss	Gross amount	Provision for impairment
Singapore Changi Airport Pkg.1 ²	Oct. 2015	Jan. 2022	99.4%	₩	- ₩	- ₩	- ₩
Algeria Naama ²	Feb. 2014	Mar. 2023	98.4%	-	-	949	-
Saudi Riyadh Metro	Oct. 2013	Apr. 2024	96.3%	-	-	41,552	-
UAE nuclear power plant ²	Mar. 2010	Dec. 2020	99.8%	31,057	-	12	-
Algeria Mostaghanem	Feb. 2014	Dec. 2025	70.4%	-	-	11,987	-
Gangneung Anin coal-fired power plant ²	Feb. 2014	Jun. 2023	98.0%	-	-	28,883	-
Singapore Thomson East Coast Line T313	Mar. 2016	Feb. 2024	81.7%	-	-	4,785	-
Bangladesh Dhaka Airport	Jan. 2020	Apr. 2024	71.3%	2,876	-	20,244	-
India Mumbai DAICEC	Dec. 2013	Jun. 2025	94.7%	4,697	-	12,158	-
Malaysia KL118 Tower ²	Nov. 2015	Mar. 2022	98.2%	31,970	-	-	-
Pyeong-taek FAB 3	Feb. 2020	Apr. 2024	100.0%	247,714	-	147,730	-
Qatar LNG Export Base Tank (overseas)	Mar. 2021	Nov. 2025	53.7%	81,507	-	37,882	-
UAE HVDC	Dec. 2021	Dec. 2025	34.6%	-	-	50,866	-
Pyeong-taek P4	Oct. 2021	Oct. 2024	71.6%	-	-	943,444	-

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<i>(in millions of Korean won)</i>				December 31, 2023			
Contract Name ¹	Contract date	Contractual due date	Percentage of completion	Due from customers		Trade receivables (receivables from construction contracts) ³	
				Gross amount	Accumulated impairment loss	Gross amount	Provision for impairment
U.S.A Taylor FAB1	Feb. 2022	Apr. 2024	59.7%	-	-	-	-
Pyeong-taek P3 Ph3	Mar. 2022	Aug. 2024	100.0%	-	-	113,498	-

¹ Construction projects that are practically completed as of December 31, 2022 are excluded.

² As of December 31, 2023, the contractual due dates have passed but the construction is still in process due to the customer's request for additional construction works. The Group is continuing the negotiation with the customer in relation to the extension of contractual due date.

³ The amount includes notes receivable.

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5. Construction Contracts (cont'd)

Details of major joint venture constructions as of December 31, 2024 are as follows:

<i>(in millions of Korean won)</i>	Total contract amount	Amount of the Group	Percentage of ownership	Representative company
UAE nuclear power plant	7,460,809	3,357,364	45.00%	Hyundai Engineering & Construction Co., Ltd.
Saudi Riyadh Metro	10,886,758	3,176,756	29.18%	FCC
Canada Site C	3,442,248	1,469,551	50.00%	Acciona S.A.
Malaysia KL118 Tower	1,775,533	1,065,320	60.00%	The Group
Australia Westconnex Stage 3 - Tunnel Pkg	2,820,380	940,033	33.33%	Lendlease Engineering Pty limited
Singapore Changi Airport Pkg.1	1,017,728	712,409	70.00%	The Group
Saeul nuclear power plant #3, 4	2,263,189	1,154,226	51.00%	The Group
Bujeon-Masan DoubleTrack Electric Railway	435,227	309,795	71.18%	The Group
United Kingdom Mersey Gateway	733,646	244,524	33.33%	FCC S.A & Kier
Saudi Tadawul Tower PJT	576,339	345,803	60.00%	The Group
Saudi NEOM Tunnel	1,849,379	647,283	35.00%	The Group
Malaysia TIEM2	689,308	482,516	70.00%	The Group
Singapore TuasFinger1	738,838	206,875	28.00%	Hyundai Engineering & Construction Co., Ltd.
Bangladesh Dhaka International Airport	2,473,625	2,222,683	89.86%	The Group
Taiwan Taoyuan Airport Terminal 3	1,983,313	1,388,319	70.00%	The Group

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5. Construction Contracts (cont'd)

Changes in the total estimated contract revenue and the total estimated contract costs by construction types for contracts in progress for each of the two years in the period ended December 31, 2024 and its impact on the Group's profit or loss for the year and in the succeeding periods, changes in balances of due from customers for contract work, and provisions for construction losses are as follows:

*(in millions of
Korean won)*

Construction type	2024					
	Changes in the total estimated contract revenue	Changes in the total estimated contract costs	Impact on profit or loss for the year	Impact on profit or loss for the succeeding year	Changes in due from (to) customers for contract work	Provisions for construction losses
Buildings	₩ 8,536,125	₩ 7,358,499	₩ 879,681	₩ 297,945	₩ 879,681	₩ 8,125
Civil engineering	46,810	25,064	16,612	5,133	16,612	94,383
Plant	511,350	516,939	(15,655)	10,066	(15,655)	30,825
Landscaping	7,232	3,955	3,102	175	3,102	-
Total	₩ 9,101,517	₩ 7,904,457	₩ 883,740	₩ 313,319	₩ 883,740	₩ 133,333

*(in millions of
Korean won)*

Construction type	2023					
	Changes in the total estimated contract revenue	Changes in the total estimated contract costs	Impact on profit or loss for the year	Impact on profit or loss for the succeeding year	Changes in due from (to) customers for contract work	Provisions for construction losses
Buildings	₩ 12,080,771	₩ 10,875,482	₩ 869,107	₩ 336,182	₩ 869,107	₩ 21,157
Civil engineering	397,757	356,195	41,388	174	41,388	63,691
Plant	301,691	419,917	(118,771)	544	(118,771)	32,643
Landscaping	8,169	7,666	459	43	459	-
Total	₩ 12,788,388	₩ 11,659,260	₩ 792,183	₩ 336,943	₩ 792,183	₩ 117,491

Uncertainty of the estimated total contract revenue due to construction delay

The measurement of contract revenue is affected by the uncertainty of the occurrence of future events. The contract revenue can be decreased by the claims of liquidated damages when the completion of contract is delayed due to the Group's fault. Therefore, the damage claims for the delay are estimated based on historical experience in case the completion date is expected to be delayed. The Group strives to minimize damage claims by requesting extension of the completion date from the customers, and by giving evidence that the construction delay is not attributable to the Group. The Group will also undertake measures not to bear the damage claims from the delay.

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5. Construction Contracts (cont'd)

For each of the two years in the period ended December 31, 2024, changes in provision for the estimated warranty costs for the completed projects and provisions for construction losses from construction contracts not yet completed are as follows:

(in millions of Korean won)

	2024				
	Beginning	Increase	Decrease	Others¹	Ending
Provision for construction warranties	₩ 206,934	₩ 46,359	₩ (26,758)	₩ 9,224	₩ 235,759
Provision for construction losses	117,491	58,057	(50,753)	8,538	133,333

¹ Including increases (decreases) due to exchange rate changes and others.

(in millions of Korean won)

	2023				
	Beginning	Increase	Decrease	Others¹	Ending
Provision for construction warranties	₩ 182,121	₩ 38,682	₩ (16,986)	₩ 3,117	₩ 206,934
Provision for construction losses	138,707	6,585	(29,513)	1,712	117,491

¹ Including increases (decreases) due to exchange rate changes and others.

The contractual completion date of Gangneung Anin coal-fired power plant project is June 15, 2023. In relation to this project, the timing and amount of the investment finally recognized may be influenced by discussions on confirming investments after revision of the investment calculation criteria by the Cost Evaluation Committee under Korea Power Exchange. Accordingly, it is probable that the contract amount recognized by the Group will change subsequently.

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6. Inventories

Inventories as of December 31, 2024 and 2023 consist of the following:

(in millions of Korean won)

	December 31, 2024			December 31, 2023		
	Acquisition cost	Valuation allowance	Book amount	Acquisition cost	Valuation allowance	Book amount
Merchandise	₩ 1,100,558	₩ (30,513)	₩ 1,070,045	₩ 950,349	₩ (43,448)	₩ 906,901
Finished goods	963,405	(19,109)	944,296	970,780	(20,847)	949,933
Raw materials	1,067,889	(6,214)	1,061,675	1,056,694	(3,216)	1,053,478
Land held for housing projects	405,346	(612)	404,734	206,865	(612)	206,253
Materials-in-transit	285,443	-	285,443	237,181	-	237,181
Semi-finished goods and work-in-progress	1,101,895	(4,353)	1,097,542	827,388	(8,412)	818,976
Others	307,011	(44,848)	262,163	306,390	(9,023)	297,367
Total	<u>₩ 5,231,547</u>	<u>₩ (105,649)</u>	<u>₩ 5,125,898</u>	<u>₩ 4,555,647</u>	<u>₩ (85,558)</u>	<u>₩ 4,470,089</u>

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7. Financial Instruments by Category

Details of financial instruments by category as of December 31, 2024 and 2023 are as follows:

(in millions of Korean won)

	December 31, 2024			
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Total
Financial assets at fair value through profit or loss	₩ -	₩ -	₩ 678,935	₩ 678,935
Financial assets at fair value through other comprehensive income	-	21,873,620	-	21,873,620
Cash and cash equivalents	3,622,372	-	-	3,622,372
Short-term financial instruments	1,397,671	-	-	1,397,671
Trade receivables ¹	3,043,224	1,880,316	279,560	5,203,100
Other current assets ^{2,3}	1,067,538	-	-	1,067,538
Other non-current assets ^{2,3}	1,852,683	-	-	1,852,683
Derivative instruments				
Held for trading	-	-	48,425	48,425
Hedging instruments	-	-	42,095	42,095
Total	₩ 10,983,488	₩ 23,753,936	₩ 1,049,015	₩ 35,786,439

¹ Due from customer for contract work amounting to ₩ 2,122,155 million is excluded.

² The current portions of long-term trade receivables and long-term trade receivables are included in other current assets and other non-current assets, respectively.

³ Other current assets and other non-current assets consist of financial instruments excluding derivative instruments (see Note 8).

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7. Financial Instruments by Category (cont'd)

(in millions of Korean won)

	December 31, 2023			
	Financial assets at amortized cost	Financial assets at fair value through other comprehensive income	Financial assets at fair value through profit or loss	Total
Financial assets at fair value through profit or loss	₩ -	₩ -	₩ 514,618	₩ 514,618
Financial assets at fair value through other comprehensive income	-	29,091,962	-	29,091,962
Cash and cash equivalents	3,119,516	-	-	3,119,516
Short-term financial instruments	2,058,271	-	-	2,058,271
Trade receivables ¹	2,380,774	1,961,468	254,968	4,597,210
Other current assets ^{2,3}	902,315	-	-	902,315
Other non-current assets ^{2,3}	1,921,230	-	-	1,921,230
Derivative instruments				
Held for trading	-	-	42,261	42,261
Hedging instruments	-	-	15,991	15,991
Total	₩ 10,382,106	₩ 31,053,430	₩ 827,838	₩ 42,263,374

¹ Due from customer for contract work amounting to ₩ 1,812,099 million is excluded.

² The current portions of long-term trade receivables and long-term trade receivables are included in other current assets and other non-current assets, respectively.

³ Other current assets and other non-current assets consist of financial instruments excluding derivative instruments (see Note 8).

Details of restricted financial instruments as of December 31, 2024 and 2023, are as follows:

(in millions of Korean won)

	December 31, 2024	December 31, 2023	Description
Short-term financial instruments and others	₩ 77,500	₩ 87,500	Deposit on Business Cooperation Fund
	6,407	1	Collateral for guarantees, management account for national project and others
	469	7,423	Deposit on checking account and others
Total	₩ 84,376	₩ 94,924	

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7. Financial Instruments by Category (cont'd)

Details of financial liabilities by category as of December 31, 2024 and 2023 are as follows:

(in millions of Korean won)

	December 31, 2024			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other liabilities	Total
Trade payables	₩ 2,437,674	₩ -	₩ -	₩ 2,437,674
Short-term borrowings	371,455	-	450,607	822,062
Current portion of long-term liabilities	1,303,745	-	-	1,303,745
Other current liabilities	4,790,510	-	-	4,790,510
Debentures and long-term borrowings	1,741,990	-	-	1,741,990
Other non-current liabilities	637,231	-	-	637,231
Lease liabilities	-	-	743,576	743,576
Financial guarantee liabilities	-	-	11,600	11,600
Derivative instruments				
Held for trading	-	20,742	-	20,742
Hedging instruments	-	49,668	-	49,668
Total	₩ 11,282,605	₩ 70,410	₩ 1,205,783	₩ 12,558,798

(in millions of Korean won)

	December 31, 2023			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other liabilities	Total
Trade payables	₩ 2,707,778	₩ -	₩ -	₩ 2,707,778
Short-term borrowings	1,110,388	-	266,327	1,376,715
Current portion of long-term liabilities	1,440,776	-	-	1,440,776
Other current liabilities	4,432,665	-	-	4,432,665
Debentures and long-term borrowings	1,635,328	-	-	1,635,328
Other non-current liabilities	436,076	-	-	436,076
Lease liabilities	-	-	708,159	708,159
Financial guarantee liabilities	-	-	17,954	17,954
Derivative instruments				
Held for trading	-	43,666	-	43,666
Hedging instruments	-	83,734	-	83,734
Total	₩ 11,763,011	₩ 127,400	₩ 992,440	₩ 12,882,851

The fair value of financial instruments is same as the book amount, except for those which do not have quoted prices in active market and whose fair value cannot be reliably measured.

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7. Financial Instruments by Category (cont'd)

Net gains or losses recognized from financial instruments for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Dividend income		
Financial instruments at fair value through profit or loss	₩ 6,646	₩ 1,258
Financial instruments at fair value through other comprehensive income	631,102	606,794
Interest income (expense)		
Financial instruments at fair value through profit or loss	4,701	4,706
Financial assets at amortized cost	29,177	21,171
Other current liabilities	(32,885)	(30,887)
Loss on disposal of financial assets at fair value	(110,301)	(116,310)
Gain (loss) on valuation of financial assets at fair value		
Financial instruments at fair value through profit or loss	15,777	(1,713)
Financial instruments at fair value through other comprehensive income	(7,136,659)	7,485,230
Net impairment loss (reversal)		
Trade receivables	(7,490)	(41,785)
Financial assets at amortized cost	(16,963)	(12,841)
Derivative instruments		
Hedging instruments	(61,534)	18,377
Held for trading	21,067	12,056
Net gain (loss) on foreign currency translation	170,059	(12,830)
Net loss on foreign currency transaction	(18,766)	(16,628)
	<u>₩ (6,506,069)</u>	<u>₩ 7,916,598</u>

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8. Trade Receivables and Other Assets

Trade receivables and other assets as of December 31, 2024 and 2023 are as follows:

(in millions of Korean won)

	December 31, 2024			December 31, 2023
	Gross amount	Provision for impairment	Net amount	Net amount
Trade and other receivables				
Financial assets at amortized cost	₩ 3,252,785	₩ (209,561)	₩ 3,043,224	₩ 2,380,774
Due from customer for contract work	2,157,862	(35,707)	2,122,155	1,812,099
Financial assets at fair value through profit or loss	279,560	-	279,560	254,968
Financial assets at fair value through other comprehensive income	1,880,316	-	1,880,316	1,961,468
	<u>7,570,523</u>	<u>(245,268)</u>	<u>7,325,255</u>	<u>6,409,309</u>
Other current assets				
Financial instruments:				
Short-term loans	115,409	(48,612)	66,797	28,448
Current portion of long-term receivables	15,994	-	15,994	202
Non-trade receivables	663,285	(59,158)	604,127	591,269
Accrued income	217,499	(81,513)	135,986	81,192
Guarantee deposits	252,378	(7,842)	244,536	201,120
Finance lease receivables	99	-	99	84
Derivative instruments	54,304	-	54,304	28,320
	<u>1,318,968</u>	<u>(197,125)</u>	<u>1,121,843</u>	<u>930,635</u>
Advance payments	1,122,495	(7,391)	1,115,104	1,290,925
Prepaid expenses	167,212	(630)	166,582	259,547
Prepaid corporate income tax	26,622	-	26,622	124,636
Others	169,572	-	169,572	194,300
	<u>1,485,901</u>	<u>(8,021)</u>	<u>1,477,880</u>	<u>1,869,408</u>
	<u>2,804,869</u>	<u>(205,146)</u>	<u>2,599,723</u>	<u>2,800,043</u>
Other non-current assets				
Financial instruments:				
Long-term receivables	995,202	(56,797)	938,405	911,699
Long-term financial instruments	459	-	459	15,209
Deposits	815,841	(1,883)	813,958	827,523
Overseas natural resources development	4,832	(4,832)	-	-
Derivative instruments	36,215	-	36,215	29,933
Others	99,862	-	99,862	166,799
	<u>1,952,411</u>	<u>(63,512)</u>	<u>1,888,899</u>	<u>1,951,163</u>
Others	342,597	-	342,597	281,752
	<u>2,295,008</u>	<u>(63,512)</u>	<u>2,231,496</u>	<u>2,232,915</u>
	<u>₩ 12,670,400</u>	<u>₩ (513,926)</u>	<u>₩ 12,156,474</u>	<u>₩ 11,442,267</u>

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8. Trade Receivables and Other Assets (cont'd)

As of December 31, 2024, trade receivables amounting to ₩ 450,607 million (2023: ₩ 266,327 million), which were transferred to financial institutions but have not matured yet, are recognized as either trade receivables or collateralized borrowings, due to a recourse in the event the debtor fails to pay (see Note 15).

The Group classifies its financial assets as of amortized cost only if both of the following criteria are met:

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

As of December 31, 2024 and 2023, fair values of trade receivables, other current assets and other non-current assets are equal to their book amount. The maximum exposure of trade and other receivables to credit risk is the book amount of each class of receivables mentioned above.

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9. Other Liabilities

Details of other liabilities as of December 31, 2024 and 2023 are as follows:

(in millions of Korean won)

	December 31, 2024	December 31, 2023
Other current liabilities		
Financial instruments at amortized cost:		
Non-trade payables	₩ 1,942,602	₩ 1,666,634
Accrued expenses	1,675,643	1,556,770
Guarantee deposits received	568,852	577,433
Advances received related to housing business	603,413	631,828
	<u>4,790,510</u>	<u>4,432,665</u>
Other financial instruments:		
Derivative instruments	54,937	77,946
Lease liabilities (Note 13)	249,765	244,861
Finance guarantee contract	11,600	17,954
	<u>316,302</u>	<u>340,761</u>
Advances received	3,327,365	2,795,454
Withholdings	195,859	197,948
Provisions (Note 17)	384,775	378,192
Others	585,862	593,777
	<u>9,600,673</u>	<u>8,738,797</u>
Other non-current liabilities		
Financial instruments at amortized cost:		
Long-term non-trade payables	111,086	88,147
Deposits received	526,146	347,929
	<u>637,232</u>	<u>436,076</u>
Other financial instruments:		
Long-term lease liabilities (Note 13)	493,811	463,298
Derivative instruments	15,473	49,453
	<u>509,284</u>	<u>512,751</u>
Long-term unearned revenue	-	131,940
Long-term advances received	58,609	66,790
Others	478,209	242,835
	<u>536,818</u>	<u>441,565</u>
	<u>1,683,333</u>	<u>1,390,392</u>
	<u>₩ 11,284,006</u>	<u>₩ 10,129,189</u>

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10. Contract Assets, Costs to fulfill contracts and Liabilities

The Group has recognized the following contract assets and liabilities and costs to fulfill contracts:

<i>(in millions of Korean won)</i>	December 31, 2024		December 31, 2023	
Contract assets relating to construction contracts and others – due from customers ¹	₩	2,218,221	₩	1,869,144
Assets recognized for costs to fulfill contracts - prepaid expenses		354,298		393,432
Contract liabilities relating to construction contracts – advances received for construction contracts		380,102		377,943
Contract liabilities relating to construction contracts – due to customers		1,783,337		1,590,011
Contract liabilities relating – advances received		17,396		17,080
Contract liabilities relating to subscription sales – advances received and unearned revenue		1,739,292		1,086,011

¹ The amount before deduction of provision for impairment.

Contract assets and contract liabilities for the construction contracts change significantly depending on the percentage of completion. Unsatisfied portion of the contract liabilities are expected to be recognized based on the percentage of completion until the contracts are terminated. Other contract liabilities are expected to be recognized as revenue when the performance obligations for customers are completed.

Assets recognized for costs to fulfill contracts are costs incurred directly to fulfill construction contracts with fixed-price and others, while indirect costs were recognized as selling and administrative expenses for the year ended December 31, 2024. The assets recognized are amortized over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue.

The revenue amounting to ₩ 3,111,293 million (2023: ₩ 3,627,023 million) was recognized in the current reporting period in relation to carried-forward contract liabilities (before offsetting contract assets for construction contracts).

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11. Financial Assets Measured at Fair Value

(a) Financial Assets at Fair Value through Profit or Loss

Changes in financial assets at fair value through profit or loss for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in millions of Korean won)</i>	2024		2023	
Beginning balance	₩	514,618	₩	496,204
Acquisition and disposal		138,375		18,780
Transfer and others		10,166		1,347
Gain (loss) on valuation		15,777		(1,713)
Ending balance	₩	<u>678,936</u>	₩	<u>514,618</u>

Details of financial assets at fair value through profit or loss as of December 31, 2024 and 2023 are as follows:

<i>(in millions of Korean won)</i>	December 31, 2024		December 31, 2023	
Current assets				
Beneficiary certificates	₩	110,004	₩	120,333
		<u>110,004</u>		<u>120,333</u>
Non-current assets				
Equity instruments				
Non-listed equities		105,405		66,868
Debt instruments				
Beneficiary certificates		110,412		5
SOC shares		198,905		183,932
Others		154,210		143,480
		<u>568,932</u>		<u>394,285</u>
	₩	<u>678,936</u>	₩	<u>514,618</u>

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11. Financial Assets Measured at Fair Value (cont'd)

Details of financial assets measured at fair value through profit or loss as of December 31, 2024 and 2023 are as follows:

(in millions of Korean won)	December 31, 2024					December 31, 2023
	Number of shares owned	Percentage of ownership (%)	Acquisition cost	Net asset value or fair value	Book amount	Book amount
MMT	-	-	₩ 109,988	₩ 110,004	₩ 110,004	₩ 120,333
POSCO INDIA CHENNAI STEEL PROCESSING CENTRE PVT.LTD. and others ^{1,2}	-	-	429,137	568,932	568,932	394,285
	-	-	<u>₩ 539,125</u>	<u>₩ 678,936</u>	<u>₩ 678,936</u>	<u>₩ 514,618</u>

¹ Cooperative contributions classified as financial assets at fair value through profit or loss are pledged as collateral in relation to construction payment guarantees (acquisition cost of ₩ 42,024 million).

² Investment in Smart Rail Co., Ltd. (acquisition cost: ₩ 6,692 million) and YD 816 PFV Co., Ltd. (acquisition cost: ₩ 600 million) which was classified as financial asset at fair value through profit or loss, is pledged as collateral against borrowings of investees. The Group recognized loss on fair value valuation for the entire book amount of Smart Rail Co., Ltd.

The amounts recognized in profit or loss from financial assets at fair value through profit or loss for each of the two years in the period ended December 31, 2024 are as follows:

(in millions of Korean won)	2024	2023
Gain related to equity instruments at fair value through profit or loss	₩ 4,269	₩ 1,160
Gain related to debt instruments at fair value through profit or loss	25,989	2,286
	<u>₩ 30,258</u>	<u>₩ 3,446</u>

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11. Financial Assets Measured at Fair Value (cont'd)

(b) Financial Assets at Fair Value through Other Comprehensive Income

Changes in financial assets at fair value through other comprehensive income for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in millions of Korean won)</i>	2024		2023	
Beginning balance	₩	29,091,962	₩	21,609,473
Acquisition		2,318		-
Disposal		(92,036)		(6,851)
Transfer and others		8,035		4,110
Gain (loss) on valuation		(7,136,659)		7,485,230
Ending balance	₩	<u>21,873,620</u>	₩	<u>29,091,962</u>

Details of financial assets at fair value through other comprehensive income as of December 31, 2024 and 2023 are as follows:

<i>(in millions of Korean won)</i>	December 31, 2024		December 31, 2023	
Equity instruments				
Listed equities	₩	21,680,828	₩	28,904,632
Non-listed equities		192,736		187,274
Debt instruments		56		56
		<u>21,873,620</u>		<u>29,091,962</u>
Current portion	₩	56	₩	-
Non-current portion		21,873,564		29,091,962

Details of listed equities, including preferred shares, measured at financial assets at fair value through other comprehensive income as of December 31, 2024 and 2023 are as follows:

<i>(in millions of Korean won)</i>	December 31, 2024					December 31, 2023	
	Number of shares owned	Percentage of ownership (%)	Acquisition cost	Market value	Book amount	Book amount	
Samsung Electronics Co., Ltd.	298,818,100	4.40	₩ 6,484,353	₩ 15,897,123	₩ 15,897,123	₩ 23,457,221	
Samsung Life Insurance Co., Ltd.	38,688,000	19.34	34,819	3,667,622	3,667,622	2,673,341	
Samsung SDS Co., Ltd.	13,215,822	17.08	3,396,466	1,688,982	1,688,982	2,246,690	
Samsung E&A Co.,Ltd. and others	-	-	269,619	427,101	427,101	527,380	
			<u>₩ 10,185,257</u>	<u>₩ 21,680,828</u>	<u>₩ 21,680,828</u>	<u>₩ 28,904,632</u>	

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11. Financial Assets Measured at Fair Value (cont'd)

Details of non-listed equities measured at financial assets at fair value through other comprehensive income as of December 31, 2024 and 2023 are as follows:

(in millions of Korean won)

	December 31, 2024				December 31, 2023
	Number of shares owned	Percentage of ownership (%)	Acquisition cost	Book amount	Book amount
Domestic Companies					
SECUI Co., Ltd.	1,000,000	8.70	₩ 500	₩ 18,144	₩ 17,460
The Korea Economic Daily	1,187,563	6.35	7,095	20,325	20,962
Samsung Venture Investment Corp.	1,000,000	16.67	6,456	36,993	32,945
Samsung Global Research and others ¹	-	-	23,208	13,284	11,217
			<u>37,259</u>	<u>88,746</u>	<u>82,584</u>
Overseas Companies					
Korea Ras Laffan LNG Ltd.	2,783,333	10.00	80,279	36,743	46,335
Samsung SDI (Hongkong) Limited	5,500,000	2.44	4,477	19,476	20,431
Samsung SDI America, Inc. and others	-	-	17,541	47,771	37,924
			<u>102,297</u>	<u>103,990</u>	<u>104,690</u>
			<u>₩ 139,556</u>	<u>₩ 192,736</u>	<u>₩ 187,274</u>

¹ Investment in Asan Smart Water Co., Ltd. (acquisition cost: ₩ 130 million), which was classified as financial asset at fair value through other comprehensive income, is pledged as collateral against borrowings of investee.

Changes in gain or loss on valuation of financial assets at fair value through other comprehensive income for each of the two years in the period ended December 31, 2024, recorded as other component of equity, consist of the following:

(in millions of Korean won)

	Beginning balance	Change for the year	Income tax allocated	Ending balance
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	₩ 13,339,705	₩ (7,185,025)	₩ 1,834,941	₩ 7,989,621

(in millions of Korean won)

	Beginning balance	Change for the year	Income tax allocated	Ending balance
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	₩ 7,757,061	₩ 7,487,426	₩ (1,904,782)	₩ 13,339,705

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11. Financial Assets Measured at Fair Value (cont'd)

Upon disposal of these equity investments, any balance in the accumulated other comprehensive income for these equity investments is reclassified to retained earnings and is not reclassified to profit or loss.

Dividend income recognized from financial assets at fair value through other comprehensive income for year ended December 31, 2024 amounts to ₩ 631,101 million (2023: ₩ 606,792 million).

As of December 31, 2024 and 2023, debt instruments at fair value through other comprehensive income are as follows and the contractual cash flows under the instruments solely represent payments of principal and interest.

<i>(in millions of Korean won)</i>	December 31, 2024	December 31, 2023
Current portion		
Government bonds	₩ 56	₩ -
Non-current portion		
Government bonds	-	56
	<u>₩ 56</u>	<u>₩ 56</u>

Upon disposal of these debt investments, any balance in the accumulated other comprehensive income for these debt investments is reclassified to profit or loss.

Samsung C&T Corporation and its subsidiaries
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12. Investments in Associates and Joint Ventures

Details of investments in associates and joint ventures as of December 31, 2024 and 2023 are as follows:

(in millions of Korean won)

	Location	Primary business	Closing month ⁴	Percentage of ownership(%)	December 31, 2024		
					Acquisition cost	Share in net assets	Book amount
Associates¹							
Gangneung Eco Power Co.,Ltd. ²	Korea	Power generation	Nov. 2024	29.00	₩ 261,000	₩ 200,560	₩ 248,712
Dongducheon Dream Power Co., Ltd. ³	Korea	Power generation	Nov. 2024	35.47	115,456	104,774	88,439
Qurayyah Investment Company ²	Saudi	Power generation	Nov. 2024	25.02	37,334	120,985	62,423
Mirae Asset MAPS Professional Private Real Estate Investment Trust No. 65	Korea	Property development	Dec. 2024	20.00	75,947	70,720	70,798
Others ²					155,359	67,208	104,844
					<u>645,096</u>	<u>564,247</u>	<u>575,216</u>
Joint ventures¹							
Korea LNG LTD	Bermuda	Natural resources development	Dec. 2024	20.00	83,507	27,868	27,868
FCC Saudi LLC	Saudi	Construction	Nov. 2024	43.78	1,378	10,259	7,176
SP Belle River LP	Canada	Renewable energy development	Dec. 2024	42.50	-	27,620	25,626
SP Armow Wind Ontario LP	Canada	Renewable energy development	Dec. 2024	50.00	8,471	(41,919)	-
Kelar S.A.	Chile	Thermal power generation	Nov. 2024	35.00	40,313	79,797	87,542
Others ²					162,410	77,616	214,780
					<u>296,079</u>	<u>181,241</u>	<u>362,992</u>
					<u>₩ 941,175</u>	<u>₩ 745,488</u>	<u>₩ 938,208</u>

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12. Investments in Associates and Joint Ventures (cont'd)

(in millions of Korean won)

	Location	Primary business	Closing month ⁴	Percentage of ownership(%)	December 31, 2023		
					Acquisition cost	Share in net assets	Book amount
Associates¹							
Gangneung Eco Power Co.,Ltd. ²	Korea	Power generation	Nov. 2023	29.00	₩ 261,000	₩ 219,083	₩ 267,093
Dongducheon Dream Power Co., Ltd. ³	Korea	Power generation	Nov. 2023	35.47	115,456	105,573	88,639
Qurayyah Investment Company ²	Saudi	Power generation	Sep. 2023	25.02	37,334	113,395	55,517
Mirae Asset MAPS Professional Private Real Estate Investment Trust No. 65	Korea	Property development	Dec. 2023	20.00	75,947	70,566	70,463
Others ²					148,019	99,701	103,139
					<u>637,756</u>	<u>608,318</u>	<u>584,851</u>
Joint ventures¹							
Korea LNG LTD	Bermuda	Natural resources development	Dec. 2023	20.00	83,507	18,905	18,905
FCC Saudi LLC	Saudi	Construction	Nov. 2023	43.78	1,378	29,087	26,692
SP Belle River LP	Canada	Renewable energy development	Dec. 2023	42.50	-	28,262	26,109
SP Armow Wind Ontario LP	Canada	Renewable energy development	Dec. 2023	50.00	8,471	(42,449)	-
Kelar S.A.	Chile	Thermal power generation	Nov. 2023	35.00	40,313	68,987	76,812
Others ²					142,691	57,354	159,270
					<u>276,360</u>	<u>160,146</u>	<u>307,788</u>
					<u>₩ 914,116</u>	<u>₩ 768,464</u>	<u>₩ 892,639</u>

¹ The investments in associates and joint ventures are non-listed shares in their entirety.

² Investments in associates Gaziantep SPV (acquisition cost: ₩ 16,457 million), Qurayyah Investment Company (acquisition cost: ₩ 37,334 million), Gangneung Eco Power Co.,Ltd. (acquisition cost: ₩ 261,000 million) and Busan Green Energy Project (acquisition cost: ₩ 3,435 million) and investments in a joint venture Terminal KMS de GNL, S. de R.L. de C.V., (acquisition cost: ₩ 69,981 million) are provided as collateral against borrowings of investees (see Note 28).

³ As of December 31, 2024, investments in Dongducheon Dream Power Co., Ltd., (Acquisition cost: ₩ 115,456 million), are pledged as collateral to a financial institution against the borrowings (total borrowing limit of ₩ 1,091,600 million) of Dongducheon Dream Power Co., Ltd. In addition, the Group provides payment guarantees in relation to the debenture of Dongducheon Dream Power Co., Ltd. amounting to ₩ 18,800 million (see Note 28).

⁴ The Group used the most recently available financial statements at the end of the reporting period.

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12. Investments in Associates and Joint Ventures (cont'd)

Changes in investments in associates and joint ventures for each of the two years in the period ended December 31, 2024 are as follows:

(in millions of Korean won)

	2024					
	January 1, 2024	Acquisition	Disposal and others	Share of profit (loss) of investments in associates and joint ventures	Others ¹	December 31, 2024
Associates						
Gangneung Eco Power Co.,Ltd.	₩ 267,093	₩ -	₩ -	₩ (18,381)	₩ -	₩ 248,712
Dongducheon Dream Power Co., Ltd.	88,639	-	-	(200)	-	88,439
Qurayyah Investment Company	55,517	-	-	1,364	5,542	62,423
Mirae Asset MAPS Professional Private Real Estate Investment Trust No. 65	70,463	-	-	3,844	(3,509)	70,798
Others	103,139	13,480	(5,476)	(1,959)	(4,340)	104,844
	<u>584,851</u>	<u>13,480</u>	<u>(5,476)</u>	<u>(15,332)</u>	<u>(2,307)</u>	<u>575,216</u>
Joint ventures						
Korea LNG Limited	18,905	-	-	17,715	(8,752)	27,868
FCC LLC	26,692	-	-	2,125	(21,641)	7,176
SP Belle River LP	26,109	-	(2,110)	3,521	(1,894)	25,626
SP Arnow Wind Ontario LP	-	-	-	7,008	(7,008)	-
Kelar S.A.	76,812	-	-	1,603	9,127	87,542
Others	159,271	21,135	-	39,725	(5,351)	214,780
	<u>307,789</u>	<u>21,135</u>	<u>(2,110)</u>	<u>71,697</u>	<u>(35,519)</u>	<u>362,992</u>
	<u>₩ 892,640</u>	<u>₩ 34,615</u>	<u>₩ (7,586)</u>	<u>₩ 56,365</u>	<u>₩ (37,826)</u>	<u>₩ 938,208</u>

¹Others include dividends and exchange differences.

(in millions of Korean won)

	2023					
	January 1, 2023	Acquisition	Disposal and others	Share of profit (loss) of investments in associates and joint ventures	Others ¹	December 31, 2023
Associates						
Gangneung Eco Power Co.,Ltd.	₩ -	₩ 258,100	₩ -	₩ 10,006	₩ (1,013)	₩ 267,093
Dongducheon Dream Power Co., Ltd.	58,111	-	-	(1,071)	31,599	88,639
Qurayyah Investment Company	52,457	-	-	(606)	3,666	55,517
Mirae Asset MAPS Professional Private Real Estate Investment Trust No. 65	72,235	-	-	(1,137)	(635)	70,463
Others	96,891	20,318	(10,523)	(2,940)	(607)	103,139
	<u>279,694</u>	<u>278,418</u>	<u>(10,523)</u>	<u>4,252</u>	<u>33,010</u>	<u>584,851</u>
Joint ventures						

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(in millions of Korean won)

	2023					
	January 1, 2023	Acquisition	Disposal and others	Share of profit (loss) of investments in associates and joint ventures	Others ¹	December 31, 2023
Korea LNG Limited	33,529	-	-	21,059	(35,683)	18,905
FCC LLC	25,390	-	-	7,745	(6,443)	26,692
SP Belle River LP	28,059	-	(4,943)	3,834	(841)	26,109
SP Arnow Wind Ontario LP	-	-	-	10,564	(10,564)	-
Kelar S.A.	67,802	-	-	4,474	4,536	76,812
Others	161,743	6,126	(13,121)	31,166	(26,643)	159,271
	<u>316,523</u>	<u>6,126</u>	<u>(18,064)</u>	<u>78,842</u>	<u>(75,638)</u>	<u>307,789</u>
	₩ 596,217	₩ 284,544	₩ (28,587)	₩ 83,094	₩ (42,628)	₩ 892,640

¹Others include dividends and exchange differences.

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12. Investments in Associates and Joint Ventures (cont'd)

The summarized financial information on and dividends received of associates and joint ventures under equity method for each of the two years in the period ended December 31, 2024 are as follows:

(in millions of Korean won)

	2024						
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit (loss) for the year	Dividends received
						Other comprehensive- income (loss)	Total comprehensive income (loss)
Associates							
Gangneung Eco Power Co., Ltd.	₩ 628,337	₩ 4,832,630	₩ 286,921	₩ 4,482,461	₩ 670,838	₩ (63,746)	₩ (63,875)
Dongducheon Dream Power Co., Ltd.	299,235	1,071,689	179,143	896,394	1,363,823	(2,149)	(2,253)
Qurayyah Investment Company	987	483,437	871	-	5,702	5,414	(23,620)
Mirae Asset MAPS Professional Private Real Estate Investment Trust No. 65	606,959	-	253,360	-	24,137	19,248	19,248
Joint ventures							
Korea LNG LTD	1,042	138,399	21	80	90,578	88,572	29,444
FCC Saudi LLC	122,557	-	95,508	3,617	198,046	3,368	-
SP Belle River LP	11,302	236,630	15,934	167,025	35,507	7,899	(3,884)
SP Armow Wind Ontario LP	32,891	417,899	43,717	490,894	89,768	28,194	(8,861)
Kelar S.A.	₩ 90,830	₩ 611,236	₩ 117,113	₩ 356,960	₩ 108,326	₩ 8,213	₩ (3,841)
							₩ 4,372
							₩ -

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12. Investments in Associates and Joint Ventures (cont'd)

(in millions of Korean won)

	2023									
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenue	Profit (loss) for the year	Other comprehensive income (loss)	Total comprehensive income (loss)	Dividends received	
Associates										
Gangneung Eco Power Co., Ltd.	₩ 703,906	₩ 4,697,503	₩ 127,162	₩ 4,518,787	₩ 1,446,230	₩ (50,962)	₩ 63	₩ (50,899)	₩ -	
Dongducheon Dream Power Co., Ltd.	248,699	1,124,800	219,229	856,631	1,919,528	(4,709)	1,520	(3,189)	-	
Qurayyah Investment Company	128	453,610	519	-	(1,962)	(2,199)	5,829	3,630	-	
Mirae Asset MAPS Professional Private Real Estate Investment Trust No. 65	504,540	-	151,709	-	390	(5,513)	-	(5,513)	671	
Joint ventures										
Korea LNG LTD	1,030	93,631	73	63	108,081	105,278	(58,346)	46,932	21,106	
FCC Saudi LLC	271,719	-	201,261	4,019	249,792	3,894	-	3,894	7,095	
SP Belle River LP	12,796	238,563	13,822	171,038	33,897	8,634	(4,759)	3,875	-	
SP Arrow Wind Ontario LP	35,145	423,531	41,361	502,211	80,800	20,352	(11,000)	9,352	10,564	
Kelar S.A.	₩ 101,447	₩ 577,246	₩ 109,516	₩ 372,071	₩ 105,641	₩ 13,237	₩ 1,304	₩ 14,541	₩ -	

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12. Investments in Associates and Joint Ventures (cont'd)

A reconciliation of financial information to book amount of the major investments in associates and joint ventures as of December 31, 2024 and 2023 is as follows:

(in millions of Korean won)

	December 31, 2024					
	Net assets	Percentage of ownership (%)	Share in net assets	Difference between the cost of the investment and share in the investee's equity	Intragroup transactions and others	Book amount
Associates						
Gangneung Eco Power Co.,Ltd.	₩ 691,585	29.00	₩ 200,560	₩ 50,829	₩ (2,677)	₩ 248,712
Dongducheon Dream Power Co., Ltd.	295,387	35.47	104,774	(3,424)	(12,911)	88,439
Qurayyah Investment Company	483,552	25.02	120,985	(56,786)	(1,776)	62,423
Mirae Asset MAPS Professional Private Real Estate Investment Trust No. 65	353,599	20.00	70,720	-	78	70,798
Joint ventures						
Korea LNG LTD	139,340	20.00	27,868	-	-	27,868
FCC Saudi LLC	23,433	43.78	10,259	(865)	(2,218)	7,176
SP Belle River LP	64,974	42.50	27,620	-	(1,994)	25,626
SP Armow Wind Ontario LP	(83,822)	50.00	(41,919)	(6,326)	48,245	-
Kelar S.A.	₩ 227,992	35.00	₩ 79,797	₩ 7,390	₩ 355	₩ 87,542

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12. Investments in Associates and Joint Ventures (cont'd)

(in millions of Korean won)

	December 31, 2023					
				Difference between the cost of the investment and share in the investee's equity	Intragroup transactions and others	Book amount
	Net assets	Percentage of ownership (%)	Share in net assets			
Associates						
Gangneung Eco Power Co.,Ltd.	₩ 755,460	29.00	₩ 219,083	₩ 50,829	₩ (2,819)	₩ 267,093
Dongducheon Dream Power Co., Ltd.	297,639	35.47	105,573	(3,424)	(13,510)	88,639
Qurayyah Investment Company	453,218	25.02	113,395	(56,786)	(1,092)	55,517
Mirae Asset MAPS Professional Private Real Estate Investment Trust No. 65	352,831	20.00	70,566	-	(103)	70,463
Joint ventures						
Korea LNG LTD	94,525	20.00	18,905	-	-	18,905
FCC Saudi LLC	66,438	43.78	29,087	(865)	(1,530)	26,692
SP Belle River LP	66,499	42.50	28,262	(2,153)	-	26,109
SP Armow Wind Ontario LP	(84,897)	50.00	(42,449)	(6,739)	49,188	-
Kelar S.A.	197,105	35.00	68,987	7,390	435	76,812

The Group received dividends in excess of the book amounts from the investees classified as a joint venture, and recognized the excess amount in profit or loss as received (2024: ₩ 29,078 million, 2023: ₩ 33,003 million).

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13. Property, Plant and Equipment, and Intangible Assets

Changes in property, plant and equipment for each of the two years in the period ended December 31, 2024 are as follows:

	2024					
	Land	Buildings and structures	Animals & plants	Others	Construction in progress	Total
Beginning balance						
Acquisition cost	₩ 1,872,696	₩ 3,708,165	₩ 94,181	₩ 4,062,955	₩ 229,562	₩ 9,967,559
Accumulated impairment and depreciation	(11,597)	(1,048,918)	(22,538)	(1,920,541)	-	(3,003,594)
Beneficiary's share of construction cost	-	-	-	(26)	-	(26)
Government grants	-	-	-	(174)	-	(174)
	1,861,099	2,659,247	71,643	2,142,214	229,562	6,963,765
Changes during the year						
Acquisition	182	5,947	11,117	74,735	2,030,292	2,122,273
Disposal and others	(355)	(15,163)	(3,197)	(18,108)	(2,025)	(38,848)
Depreciation	-	(95,164)	(3,536)	(339,049)	-	(437,749)
Transfer	3,018	137,892	-	155,349	(285,665)	10,594
Impairment and reversal	-	-	-	(387)	(114)	(501)
Others ¹	397	6,805	3,934	12,860	6,381	30,377
Ending balance	1,864,341	2,699,564	79,961	2,027,614	1,978,431	8,649,911
Acquisition cost	1,875,938	3,841,000	107,937	4,132,219	1,978,545	11,935,639
Accumulated impairment and depreciation	(11,597)	(1,141,436)	(27,976)	(2,104,423)	(114)	(3,285,546)
Beneficiary's share of construction cost	-	-	-	(13)	-	(13)
Government grants	-	-	-	(169)	-	(169)
	₩ 1,864,341	₩ 2,699,564	₩ 79,961	₩ 2,027,614	₩ 1,978,431	₩ 8,649,911

¹ Others include the effect of exchange differences and changes in scope of consolidation.

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13. Property, Plant and Equipment, and Intangible Assets (cont'd)

(in millions of Korean won)

	2023					
	Land	Buildings and structures	Animals & plants	Others	Construction in progress	Total
Beginning balance						
Acquisition cost	₩ 1,863,042	₩ 3,129,419	₩ 87,698	₩ 3,143,096	₩ 822,882	₩ 9,046,137
Accumulated impairment and depreciation	(11,597)	(967,879)	(18,865)	(1,646,419)	-	(2,644,760)
Beneficiary's share of construction cost	-	-	-	(40)	-	(40)
Government grants	-	-	-	(178)	-	(178)
	1,851,445	2,161,540	68,833	1,496,459	822,882	6,401,159
Changes during the year						
Acquisition	72	22,381	6,756	154,388	775,407	959,004
Disposal and others	(309)	(4,165)	(623)	(14,901)	(3,712)	(23,710)
Depreciation	-	(93,984)	(3,337)	(304,944)	-	(402,265)
Transfer	408	568,388	-	804,250	(1,364,899)	8,147
Impairment and reversal	-	-	-	(352)	-	(352)
Others ¹	9,483	5,087	14	7,314	(116)	21,782
Ending balance	₩ 1,861,099	₩ 2,659,247	₩ 71,643	₩ 2,142,214	₩ 229,562	₩ 6,963,765
Acquisition cost	1,872,696	3,708,165	94,181	4,062,955	229,562	9,967,559
Accumulated impairment and depreciation	(11,597)	(1,048,918)	(22,538)	(1,920,541)	-	(3,003,594)
Beneficiary's share of construction cost	-	-	-	(26)	-	(26)
Government grants	-	-	-	(174)	-	(174)
	₩ 1,861,099	₩ 2,659,247	₩ 71,643	₩ 2,142,214	₩ 229,562	₩ 6,963,765

¹ Others include the effect of exchange differences and changes in scope of consolidation.

Samsung C&T Corporation and Subsidiaries
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13. Property, Plant and Equipment, and Intangible Assets (cont'd)

Changes in intangible assets for each of the two years in the period ended December 31, 2024 are as follows:

	2024								
	Memberships	Software	Right to use property	Goodwill	Customer relation	Brands	Orders on hand	Development costs and others	Total
Beginning balance	₩ 64,527	₩ 76,000	₩ 131	₩ 1,828,340	₩ 16,097	₩ 159,690	₩ 40,799	₩ 4,245,259	₩ 6,430,843
Acquisition ¹	5,073	3,861	-	-	-	-	-	175,338	184,272
Disposal	(211)	(352)	-	-	3	-	-	(1,743)	(2,303)
Amortization	-	(32,414)	(112)	-	(5,885)	-	(20,399)	(305,181)	(363,991)
Impairment and reversal	-	-	-	-	-	600	-	(61,096)	(60,496)
Transfer	(504)	59,467	-	-	-	-	-	(61,594)	(2,631)
Others ²	145	128	-	394	27	-	-	675	1,369
Ending balance	₩ 69,030	₩ 106,690	₩ 19	₩ 1,828,734	₩ 10,242	₩ 160,290	₩ 20,400	₩ 3,991,658	₩ 6,187,063

¹ Acquisition includes intangible assets internally developed amounting to ₩ 60,892 million.

² Others include the effect of exchange differences and changes in scope of consolidation.

Samsung C&T Corporation and Subsidiaries
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13. Property, Plant and Equipment, and Intangible Assets (cont'd)

(in millions of Korean won)

2023

	2023							Total		
	Mineral rights	Memberships	Software	Right to use property	Goodwill	Customer relation	Brands		Orders on hand	Development costs and others
Beginning balance	₩ 137,862	₩ 66,912	₩ 57,848	₩ 339	₩1,828,378	₩ 21,977	₩ 149,790	₩ 61,198	₩ 4,342,859	₩ 6,667,163
Acquisition ¹	2,942	1,184	3,586	-	-	-	-	-	156,019	163,731
Disposal	-	(4,217)	(191)	-	-	-	-	-	(5,500)	(9,908)
Amortization	(4,295)	-	(26,987)	(208)	-	(5,885)	-	(20,399)	(231,794)	(289,568)
Impairment and reversal	-	-	-	-	-	-	9,900	-	-	9,900
Transfer	7,438	637	41,684	-	-	-	-	-	(19,708)	30,051
Others ²	(143,947)	11	60	-	(38)	5	-	-	3,384	(140,526)
Ending balance	₩ -	₩ 64,527	₩ 76,000	₩ 131	₩1,828,340	₩ 16,097	₩ 159,690	₩ 40,799	₩ 4,245,260	₩ 6,430,843

¹ Acquisitions includes intangible assets internally developed amounting to ₩ 43,338 million.

² Others include the effect of exchange differences and changes in scope of consolidation.

Samsung C&T Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
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13. Property, Plant and Equipment, and Intangible Assets (cont'd)

Goodwill is monitored by the management at the operating segment level. Set out below is summarized information on goodwill allocated to each operating segment (as a cash-generating unit or a group of cash-generating units) as of December 31, 2024 and 2023:

<i>(in millions of Korean won)</i>	December 31, 2024		December 31, 2023	
Samsung BioLogics Co., Ltd.: bio-medicine development and commercialization	₩	1,677,608	₩	1,677,608
Fashion segment: acquisition of fashion business segment of Samsung SDI Co., Ltd.		56,262		56,262
Others		94,864		94,470
	₩	<u>1,828,734</u>	₩	<u>1,828,340</u>

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

The consolidated statements of financial position show the following amounts relating to leases:

<i>(in millions of Korean won)</i>	December 31, 2024		December 31, 2023	
Right-of-use assets ¹				
Land	₩	669,764	₩	638,539
Buildings and structures		356,115		215,452
Animals & plants		6,755		8,136
Others		13,589		16,884
	₩	<u>1,046,223</u>	₩	<u>879,011</u>

¹ Presented separately as the line item of right-of-use assets in the consolidated statements of financial position.

<i>(in millions of Korean won)</i>	December 31, 2024		December 31, 2023	
Lease liabilities ¹				
Current	₩	249,765	₩	244,861
Non-current		493,811		463,298
	₩	<u>743,576</u>	₩	<u>708,159</u>

¹ Included in the line item of other current liabilities and other non-current liabilities in the consolidated statements of financial position.

Additions to the right-of-use assets for the year ended December 31, 2024 amount to ₩ 301,745 million.

Samsung C&T Corporation and Subsidiaries
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13. Property, Plant and Equipment, and Intangible Assets (cont'd)

As of December 31, 2024, details of lease liabilities by the remaining period up to the maturity date are as follows:

<i>(in millions of Korean won)</i>	Book amount	Contractual cash flows	Contractual maturity remaining			
			Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
Lease liabilities	₩ 743,576	₩ 876,806	₩ 251,969	₩ 92,114	₩ 74,501	₩ 458,222

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

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

<i>(in millions of Korean won)</i>	2024	2023
Depreciation of right-of-use assets		
Land	₩ 17,455	₩ 19,805
Buildings and structures	95,863	88,440
Animals & plants	1,381	1,285
Others	15,251	18,219
	<u>₩ 129,950</u>	<u>₩ 127,749</u>
Interest expense relating to lease liabilities (included in cost of sales and financial expenses)	₩ 18,870	₩ 18,814
Expense relating to short-term leases (included in cost of sales and selling and administrative expenses)	51,495	67,154
Expense relating to leases of low-value assets that are not short-term leases (included in selling and administrative expenses)	71,220	69,699
Expense relating to variable lease payments not included in lease liabilities (included in selling and administrative expenses)	315,054	327,209

The total cash outflow for leases for the year ended December 31, 2024 is ₩ 714,523 million (including short-term leases and others).

Samsung C&T Corporation and Subsidiaries
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13. Property, Plant and Equipment, and Intangible Assets (cont'd)

Goodwill or intangible assets with indefinite useful lives are tested annually for impairment.

(a) *Samsung BioLogics Co., Ltd.: goodwill impairment test of the Cash Generating Unit (CGU) of Bio segment*

The recoverable amounts of cash-generating unit (CGU) in the bio-medicine development and commercialization segment have been determined based on fair value less costs of disposal. These calculations use pre-tax cash flow projections based on financial budgets covering a ten-year period. The key assumptions used for the recoverable amount calculations of the CGU as of December 31, 2024 are as follows: a perpetual growth rate of 3%; and discount rates of 10% for development costs, 11% for construction-in-progress development costs, and 9% for goodwill, respectively.

As a result of the impairment testing on development costs and related intangible assets, the impairment loss on intangible assets recognized by the Group for the year ended December 31, 2024 due to changes in the business feasibility of the macular degeneration treatment market environment is as follows (2023: nil):

(in billions of Korean won)

Carrying amount before reflecting impairment	Impairment loss		Recoverable amount valuation method
	2024	Cumulative amount	
₩ 129,993	₩ (60,973)	₩ (60,973)	Fair value (Level 3)

Meanwhile, the recoverable amount of a cash-generating unit of the Group is determined based on the key assumptions used for goodwill impairment test. The effects of changes in the assumptions on the recoverable amount in excess of the carrying amount are as follows:

(in billions of Korean won)	Discount rate		Perpetual growth rate	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Changes in the recoverable amount exceeding the carrying amount of a cash-generating unit	₩ (10,422)	₩ 12,345	₩ 7,738	₩ (6,548)

According to the sensitivity analysis, 0.5% changes in key assumptions have no impact on impairment.

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13. Property, Plant and Equipment, and Intangible Assets (cont'd)

(b) Fashion segment: goodwill impairment test of the Cash Generating Unit (CGU)

The recoverable amounts of cash generating unit (CGU) recognized upon the acquisition of the fashion segment from Samsung SDI Co., Ltd. have been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets covering five-year period. The key assumptions used for value-in-use calculations of the CGU as of December 31, 2024 are as follows:

	Key assumptions
Gross margin (% of revenue)	61.0% ~ 61.2%
Sales growth rate ¹	(1.1%) ~ 0.0%
Perpetual growth rate	-
Pre-tax discount rate ²	8.47%

¹ The growth rate is a weighted average sales growth rate used to estimate cash flows for five years and determined based on past performance and its expectations of market development.

² The discount rates used are pre-tax ones reflecting specific risks relating to the operating segments (post-tax WACC: 6.36%).

Meanwhile, the recoverable amount of the cash-generating unit of the Group is determined based on the key assumptions used for goodwill impairment test. The effects of changes in the assumptions on the recoverable amount in excess of the carrying amount are as follows:

<i>(in millions of Korean won)</i>	Pre-tax discount rate	
	1% increase	1% decrease
Changes in the recoverable amount exceeding the carrying amount of the cash-generating unit	₩ (134,929)	₩ 170,759

(c) Construction segment: Raemian brand

The recoverable amount of the brand has been determined by income approach, which is based on the excessive earnings incurred from the operating segment. These calculations use operating profit projections based on financial budgets covering five-year period. The key assumptions used for the calculation of the brand value as of December 31, 2024 are as follows:

	Key assumptions
Excessive earnings ratio	0.60%
Perpetual growth rate	1.00%
Pre-tax discount rate ¹	13.44%

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13. Property, Plant and Equipment, and Intangible Assets (cont'd)

¹ The discount rates used are pre-tax ones reflecting specific risks relating to the operating segment (post-tax WACC: 10.39%).

Meanwhile, the recoverable amount of the cash-generating unit of the Group is determined based on the key assumptions used for brand impairment test. The effects of changes in the assumptions on the recoverable amount in the excess of the carrying amount are as follows:

<i>(in millions of Korean won)</i>	Pre-tax discount rate	
	1% increase	1% decrease
Excess of recoverable amount of brand	₩ (8,733)	₩ 10,315

The right to use property is on the off-street parking area donated to the Seoul city government, and others. The Group is able to use the facility for free for 14 - 20 years after the completion of the construction.

Depreciation and amortization expenses allocated to cost of sales and selling and general administrative expense amount to ₩ 701,830 million and ₩ 231,257 million, respectively.

During the year ended December 31, 2024, the Group has capitalized borrowing costs amounting to ₩ 18,192 million (2023: ₩ 14,705 million) on property, plant and equipment for Samsung Biologics Co., Ltd., a subsidiary. The capitalization rate of borrowings used to determine the amount of borrowing costs to be capitalized is 3.22% to 3.64% (2023: 3.26% to 3.56%). Contractual obligation of Samsung Biologics Co., Ltd. to purchase property, plant and equipment and intangible assets as of December 31, 2024 is ₩ 1,134,897 million.

The development costs by category (including development costs in progress) of Samsung Bioepis Co., Ltd., a subsidiary, as of December 31, 2024 are as follows:

<i>(in millions of Korean won)</i>	Development costs							Remaining amortization period
	Before clinic trial	Phase 1 /3 clinic trials ¹	Approved for sales	Total	Accumulated impairment	Accumulated amortization	Book amount	
Biosimilar								
In progress	₩ -	₩ 1,217,054	₩ -	₩ 1,217,054	₩ 3,409	₩ -	₩ 1,213,645	-
Completed	-	3,258,022	-	3,258,022	56,896	608,136	2,592,990	4 years 3 months ~ 10 years 4 months
	₩ -	₩ 4,475,076	₩ -	₩ 4,475,076	₩ 60,305	₩ 608,136	₩ 3,806,635	

¹ Phase 2 clinical trial is not carried out due to the nature of biosimilars, and since phase 1 and 3 clinical trials are carried out at the same time, the development costs of phase 1 and 3 clinical trial are recognized in total.

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13. Property, Plant and Equipment, and Intangible Assets (cont'd)

The total of research and development costs incurred for the year ended December 31, 2024 amounts ₩ 306,358 million.

14. Investment Properties

Changes in investment properties for each of the two years in the period ended December 31, 2024 are as follows:

(in millions of Korean won)

	2024		
	Land	Building	Total
Beginning balance			
Acquisition cost	₩ 81,688	₩ 54,379	₩ 136,067
Accumulated impairment and depreciation	-	(7,394)	(7,394)
	<u>81,688</u>	<u>46,985</u>	<u>128,673</u>
Changes during the year			
Depreciation	-	(1,397)	(1,397)
Others ¹	(2,969)	3,225	256
Ending balance			
Acquisition cost	78,719	58,440	137,159
Accumulated impairment and depreciation	-	(9,627)	(9,627)
	<u>₩ 78,719</u>	<u>₩ 48,813</u>	<u>₩ 127,532</u>

¹ Others include adjustments due to exchange difference.

(in millions of Korean won)

	2023		
	Land	Building	Total
Beginning balance			
Acquisition cost	₩ 64,558	₩ 53,848	₩ 118,406
Accumulated impairment and depreciation	-	(6,105)	(6,105)
	<u>64,558</u>	<u>47,743</u>	<u>112,301</u>
Changes during the year			
Disposal	-	(123)	(123)
Depreciation	-	(1,337)	(1,337)
Others ¹	17,130	702	17,832
Ending balance			
Acquisition cost	81,688	54,379	136,067
Accumulated impairment and depreciation	-	(7,394)	(7,394)
	<u>₩ 81,688</u>	<u>₩ 46,985</u>	<u>₩ 128,673</u>

¹ Others include adjustments due to exchange difference.

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14. Investment Properties (cont'd)

As of December 31, 2024, fair value of the investment properties above is ₩ 162,314 million.

The rental income for the year ended December 31, 2024, arising from the investment properties above, amounts to ₩ 4,088 million.

15. Debentures and Borrowings

Details of debentures and borrowings as of December 31, 2024 and 2023 are as follows:

(in millions of Korean won)

	December 31, 2024	December 31, 2023
Current liabilities		
Short-term borrowings	₩ 822,062	₩ 1,376,715
Current portion of long-term borrowings	920,279	1,061,053
Current portion of debentures	380,000	380,000
Redeemable convertible preferred shares	27,788	
Less: discount on the issue of debentures	(24,322)	(277)
	<u>2,125,807</u>	<u>2,817,491</u>
Non-current liabilities		
Long-term borrowings	125,792	933,470
Debentures	1,620,000	700,000
Redeemable convertible preferred shares	-	27,788
Less: discount on the issue of debentures	(3,802)	(25,930)
	<u>1,741,990</u>	<u>1,635,328</u>
	<u>₩ 3,867,797</u>	<u>₩ 4,452,819</u>

Short-term borrowings as of December 31, 2024 and 2023 consist of the following:

(in millions of Korean won)

		Annual interest rate (%)	December 31, 2024	December 31, 2023
		Creditors		
Samsung C&T and domestic subsidiaries				
Loans in Korean won	Woori Bank and others	1.10~5.45 CD 3M + 1.8%	₩ 242,323	₩ 694,781
Loans in foreign currency	-	-	-	227,483
Banker's usance	Woori Bank and others	Term SOFR+0.32~0.90%	7,691	8,819
Secured loans (Note 8)	Woori Bank and others	Term SOFR+0.32~0.90%	450,607	266,327
			<u>700,621</u>	<u>1,197,410</u>
Foreign subsidiaries				
General loans	HSBC and others	5.35~11.88	121,441	179,305
			<u>121,441</u>	<u>179,305</u>
			<u>₩ 822,062</u>	<u>₩ 1,376,715</u>

Samsung C&T Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
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15. Debentures and Borrowings (cont'd)

As of December 31, 2024, the Group has entered into bank overdraft facility agreements amounting to ₩ 196,500 million, and credit facility agreements amounting to ₩ 4,692,600 million and USD 1,170,383 thousand with 27 banks, including Woori Bank. Also, the Group has entered into credit agreements using its notes receivable as collateral for up to ₩ 100,000 million with Shinhan Bank.

Debentures as of December 31, 2024 and 2023 consist of the following:

(in millions of Korean won)

Non-guaranteed and publicly listed	Issue date	Maturity	Annual interest rate (%)	Face value	
				December 31, 2024	December 31, 2023
No. 113-2	Nov. 26, 2020	Nov. 26, 2025	1.59	₩ 80,000	₩ 80,000
No. 114-1	Apr. 5, 2022	Apr. 4, 2025	3.46	300,000	300,000
No. 114-2	Apr. 5, 2022	Apr. 5, 2027	3.67	200,000	200,000
No. 115-1	Sep. 10, 2024	Sep. 10, 2026	3.32	330,000	
No. 115-2	Sep. 10, 2024	Sep. 10, 2027	3.33	170,000	
Public bonds	Sep. 3, 2021	Sep. 3, 2024	-	-	380,000
Public bonds	Sep. 3, 2021	Sep. 3, 2026	2.19	120,000	120,000
Public bonds	Oct. 11, 2024	Oct. 8, 2026	3.27	200,000	
Public bonds	Oct. 11, 2024	Oct. 8, 2027	3.38	600,000	
				2,000,000	1,080,000
				(380,000)	(380,000)
				₩ 1,620,000	₩ 700,000

Long-term borrowings (including foreign currency) as of December 31, 2024 and 2023 consist of the following:

(in millions of Korean won)

Creditors	Annual interest rate (%)	December 31, 2024	December 31, 2023
Denominated in Korean won			
(Samsung C&T and domestic subsidiaries)			
Korea Housing & Urban Guarantee Corporation (Working capital loans)	-	₩ 5,583	₩ 5,862
Korea Development Bank and others (General loans)	3.73~5.45	1,024,000	1,875,000
Woori Bank and others (Facility loans)	-	-	66,427
		1,029,583	1,947,289
		(920,279)	(1,015,279)
		109,304	932,010
Denominated in foreign currency			

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(Samsung C&T and domestic subsidiaries)			
Korea Energy Agency (Condition loans)	2.25~3.50	1,460	1,460
Woori Bank (Facility loans)	-	-	38,682
(Foreign subsidiaries)			
UniCredit Bank (General loans)	6.23	15,028	7,092
		16,488	47,234
Less: current portion of long-term borrowings		-	(45,774)
		16,488	1,460
		<u>₩ 125,792</u>	<u>₩ 933,470</u>

Redeemable convertible preferred shares as of December 31, 2024 and 2023 consist of the following:

<i>(in millions of Korean won)</i>	Book amount			
	December 31, 2024		December 31, 2023	
3rd redeemable convertible preferred shares ¹	₩	3,604	₩	3,005

¹The amount of derivative liabilities for conversion rights and early redemption rights recognized is ₩ 9,816 million. Redeemable convertible preferred shares were issued by Robocon Technologies Corp., acquired through a business combination having occurred for the year ended December 31, 2023, and classified as liabilities due to its contractual condition that the exercise price can be adjusted according to changes in the issuer's share price. The valuation gain recognized in relation to these financial liabilities for the year ended December 31, 2024 is ₩ 2,169 million.

The annual maturities of long-term borrowings outstanding (excluding current portions thereof) as of December 31, 2024 are as follows:

(in millions of Korean won)

	Debentures (face value)	Borrowings in Korean won	Borrowings in foreign currencies	Total
January 1, 2026~ December 31, 2026	₩ 650,000	₩ 45,279	₩ 1,524	₩ 696,803
January 1, 2027~ December 31, 2027	970,000	59,279	-	1,029,279
January 1, 2028~ December 31, 2028	-	279	-	279
After January 1, 2029	-	4,467	14,964	19,431
Total¹	<u>₩ 1,620,000</u>	<u>₩ 109,304</u>	<u>₩ 16,488</u>	<u>₩ 1,745,792</u>

¹The amount of borrowings recognized in relation to redeemable convertible preferred shares has been excluded, considering the uncertainty of the timing of redemption.

The unused credit limits of the Group as of December 31, 2024 amount to ₩ 3,405,680 million and USD 1,670,081 thousand (2023: ₩ 3,381,942 million and USD 1,772,297 thousand).

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16. Net Defined Benefit Liabilities (Assets)

Details of net defined benefit liabilities (assets) as of December 31, 2024 and 2023 are as follows:

<i>(in millions of Korean won)</i>	December 31, 2024	December 31, 2023
Defined benefit obligation	₩ 1,374,858	₩ 1,267,651
Less: plan assets ¹	(1,403,682)	(1,320,993)
Less: contribution to National Pension Fund	(376)	(398)
	<u>₩ (29,200)</u>	<u>₩ (53,740)</u>

¹ Including ₩ 50,995 million of net defined benefit asset as of December 31, 2024 (December 31, 2023: ₩ 72,324 million).

The Group under defined benefit plans is required to pay post-employment benefits to any employee who has provided one year or more of services as of reporting date, in accordance with the Group's policies on payment of post-employment benefits (in accordance with local regulations for overseas subsidiaries). Additionally, as of December 31, 2024, the Group is under contracts with Samsung Life Insurance Co., Ltd. and others for operations management and asset management of their defined benefit pension plans.

Movements in the defined benefit obligations for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Beginning balance	₩ 1,267,651	₩ 1,162,699
Current service cost	141,323	132,477
Interest expense	58,510	62,619
Remeasurement (before tax effect):		
Actuarial loss (gain) from change in demographic assumptions	(113)	2,550
Actuarial loss from change in financial assumptions	17,425	6,879
Actuarial loss from experience adjustments	26,837	8,313
Benefits paid	(135,437)	(109,164)
Transfer-in (out)	(3,077)	1,502
Others	1,739	(224)
Ending balance	<u>₩ 1,374,858</u>	<u>₩ 1,267,651</u>

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16. Net Defined Benefit Liabilities (Assets) (cont'd)

Movements in the fair value of plan assets for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in millions of Korean won)</i>	2024		2023	
Beginning balance	₩	1,321,391	₩	1,237,316
Return on plan assets (excluding amounts included in interest income)		60,129		66,418
Remeasurement (before tax effect)		(8,996)		(34,004)
Employer contributions		145,073		139,529
Benefits paid		(113,277)		(88,872)
Transfer-in (out)		(262)		1,004
Ending balance	₩	<u>1,404,058</u>	₩	<u>1,321,391</u>

The amounts recognized in relation to the post-employment benefit plan in the consolidated statements of comprehensive income for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in millions of Korean won)</i>	2024		2023	
Defined benefit plan				
Service cost	₩	141,323	₩	132,477
Interest expense		58,510		62,619
Return on plan assets (excluding amounts included in interest expense)		(60,129)		(66,418)
Defined contribution plan and others				
Post-employment benefits		11,853		10,907
Others (retirement bonus and others)		14,494		23,976
	₩	<u>166,051</u>	₩	<u>163,561</u>

Details of allocation of expenses for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in millions of Korean won)</i>	2024		2023	
Cost of sales	₩	92,581	₩	90,666
Selling and administrative expenses (post-employment benefits)		59,435		59,756
Selling and administrative expenses (research and development)		9,117		7,906
Other assets		4,918		5,233
	₩	<u>166,051</u>	₩	<u>163,561</u>

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16. Net Defined Benefit Liabilities (Assets) (cont'd)

The key actuarial assumptions used in the calculation of net defined benefit obligations as of December 31, 2024 and 2023 are as follows:

<i>(in Percentage)</i>	December 31, 2024	December 31, 2023
Discount rate	3.55% - 4.89%	4.17% - 5.43%
Salary growth rate	3.53% - 6.23%	3.95% - 6.86%
Expected rate of return on plan asset	3.55% - 5.14%	4.17% - 5.43%

Discount rate is measured by reference to corporate bond rated AA-. Mortality rate for defined benefit pension plan calculated and announced by Korea Insurance Development Institute under *Insurance Business Act* of Korea is adopted and the retirement rate is measured by reference to the historical record of retirement.

Accumulated actuarial gains and losses (after tax effect) recognized as other comprehensive income amount to ₩ 322,122 million as of December 31, 2024 (2023: ₩ 289,990 million).

A sensitivity analysis for principal assumptions as of December 31, 2024 is as follows:

<i>(in percentage)</i>	Impact on defined benefit obligation	
	Changes in key assumption	Changes in liabilities
Discount rate	1%	6% decrease / 6% increase
Salary growth rate	1%	6% increase / 6% decrease

Plan assets as of December 31, 2024 and 2023 consist of:

<i>(in millions of Korean won)</i>	December 31, 2024		December 31, 2023	
	Amount	Percentage	Amount	Percentage
Equity and debt securities	₩ 880,625	62.72%	₩ 784,018	59.33%
Loans	467,832	33.32%	494,047	37.39%
Deposits and others	55,601	3.96%	43,326	3.28%
	<u>₩ 1,404,058</u>	<u>100.00%</u>	<u>₩ 1,321,391</u>	<u>100.00%</u>

The estimated amount that the Group's management expects to contribute to plan assets within 12 months after the end of the reporting period is ₩ 131,809 million.

Actual returns on plan assets for the year ended December 31, 2024 amount to ₩ 51,133 million.

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16. Net Defined Benefit Liabilities (Assets) (cont'd)

The expected maturity analysis of undiscounted pension benefits as of December 31, 2024 is as follows:

<i>(in millions of Korean won)</i>	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Pension benefits	₩ 146,944	₩ 204,687	₩ 498,221	₩ 835,683	₩ 1,685,535

The weighted average duration of the defined benefit obligation as of December 31, 2024 is 6.09 years.

17. Provisions

Changes in provisions for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in millions of Korean won)</i>	2024				
	Construction warranties¹	Restoring cost	Provisions for construction losses²	Others³	Total
January 1, 2024	₩ 206,934	₩ 7,205	₩ 117,491	₩ 408,041	₩ 739,671
Additional provisions	46,359	2,261	58,057	235,350	342,027
Used and reversal	(26,758)	(500)	(50,753)	(270,065)	(348,076)
Exchange differences and others	9,224	5	8,538	6,995	24,762
December 31, 2024	<u>₩ 235,759</u>	<u>₩ 8,971</u>	<u>₩ 133,333</u>	<u>₩ 380,321</u>	<u>₩ 758,384</u>
Current (Note 9)	₩ 41,548	₩ 820	₩ 133,333	₩ 209,074	₩ 384,775
Non-current	194,211	8,151	-	171,247	373,609

¹ The Group recognizes expense expected to be spent for future repairs as a provision based on historical experience.

² The Group recognizes losses expected to occur in construction contract as a provision.

³ Others include a provision for product warranty and a provision for litigations.

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17. Provisions (cont'd)

(in millions of Korean won)

	2023									
	Construction warranties¹		Restoring cost		Provisions for construction losses²		Others³		Total	
January 1, 2023	₩	182,121	₩	38,160	₩	138,707	₩	500,928	₩	859,916
Transfer		-		(274)		-		274		-
Additional provisions		38,682		11,472		6,585		210,987		267,726
Used and reversal		(16,986)		(18,354)		(29,513)		(306,629)		(371,482)
Exchange differences and others ⁴		3,117		(23,799)		1,712		2,481		(16,489)
December 31, 2023	₩	<u>206,934</u>	₩	<u>7,205</u>	₩	<u>117,491</u>	₩	<u>408,041</u>	₩	<u>739,671</u>
Current (Note 9)	₩	41,716	₩	1,630	₩	117,491	₩	217,355	₩	378,192
Non-current		165,218		5,575		-		190,686		361,479

¹ The Group recognizes expenses expected to be spent for future repairs as a provision based on historical experience.

² The Group recognizes losses expected to occur in construction contract as a provision.

³ Others include a provision for product warranty and a provision for litigations.

⁴ Including increases and decreases due to changes in consolidation scope.

18. Contingencies and Commitments

As of December 31, 2024, the Group has agreements with several financial institutions, including Woori Bank, for the guarantees of letters of credit related to the Group's export and import, totaling USD 369,023 thousand, for the guarantee of the performance of export contracts amounting to USD 104,030 thousand and ₩ 15,350 million and for the guarantee of various trade finance with a limit of USD 2,796,406 thousand. In addition, the Group has entered into an insurance contract with Korea Trade Insurance Corporation, Seoul Guarantee Insurance and others in relation to export receivables. The receivables from export transactions sold to financial institutions, which amount to USD 306,535 thousand, are not yet due as of December 31, 2024.

As of December 31, 2024, the Group has provided 5 blank checks and notes as collateral to related institutions for borrowings, performance guarantees, construction payment guarantees, and others.

As of December 31, 2024, the Group is contingently liable for loan guarantees and others, principally for foreign associates and joint ventures amounting to USD 56,549 thousand and ₩ 18,800 million (Note 28). The Group provides performance guarantees on the construction contracts of its foreign operations limited to USD 45,554 thousand, and there are no guarantees provided by the Group for the performance of other construction companies' projects. Conversely, other construction companies provide guarantees for the performance of the Group's projects amounting to ₩ 370,509 million.

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18. Contingencies and Commitments (cont'd)

As of December 31, 2024, the Group has been named as the defendant in certain lawsuits brought against it in the normal course of business. The aggregate amount of 165 claims brought against the Group, is approximately ₩ 215,654 million and USD 143,278 thousand. The Group also files 92 counterclaims amounting to ₩ 316,951 million and USD 326,118 thousand. The Group's management believes that the ultimate resolution of the case will not have a material adverse effect on the operations or financial position of the Group.

Meanwhile, the former executives of the Parent Company were indicted for violating the Financial Investment Services and Capital Market Act and dereliction of duty on September 1, 2020. Regarding the litigation, Seoul Central District Court ruled in favor of the defendant (in first trial) on February 5, 2024. The prosecution appealed on February 8, 2024. The Seoul High Court dismissed the prosecution's appeal (second trial) on February 3, 2025, and the prosecution filed an appeal against the ruling on February 7, 2025.

On July 12, 2018, the Securities & Futures Commission ("SFC") imposed the first administrative measures (the "first measures") in accordance with the former *Act on External Audit of Stock Companies* against Samsung Biologics Co., Ltd. ("Logics"), a subsidiary of the Group, for alleged failure to disclose sufficient information in Logics' financial statements from 2012 to 2015 regarding Logics' joint venture agreement with Biogen Therapeutics Inc. The measures included i) compulsory designation of external auditors for three years; ii) recommendation of dismissal of Logics' executives in charge; and iii) prosecution against Logics and its representative director (CEO). On November 14, 2018, the SFC imposed the second administrative measures (the "second measures") in accordance with the former Act on External Audit of Stock Companies against Logics for violation of accounting standards by inappropriately applying consolidated method regarding investments in Logics since 2012. The measures included i) compulsory designation of external auditors for three years; ii) recommendation of dismissal of Logics' representative director (CEO) and executives in charge; iii) referral of the case against Logics and its representative director (CEO) to the Prosecutors Office; iv) retrospective restatement of financial statements; and v) imposition of administrative fine of ₩ 8 billion on November 21, 2018.

In order to demonstrate the legitimacy of the Logics' accounting, Logics submitted requests for cancellation of the measures ordered by SFC on October 8, 2018 (the "first measures") and November 27, 2018 (the "second measures"). As of December 31, 2024, the litigation for cancellation against the measures is in progress.

On September 24, 2020, the Seoul Administrative Court (the "Court") ruled that the SFC cancel the administrative measures imposed on Logics in connection with the litigation for cancellation against the first measures and decided to suspend the effect of the administrative measures until the Seoul High Court's ruling. On October 16, 2020, the SFC appealed the first trial's ruling, and the litigation is currently pending in the Seoul High Court as of December 31, 2024. Regarding the litigation for cancellation against the second measures, on August 14, 2024, Seoul Administrative Court ruled that the SFC cancel the administrative measures imposed on Logics. However, on August 28, 2024, the SFC appealed the first trial's ruling, and the litigation is currently pending in the Seoul High Court.

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18. Contingencies and Commitments (cont'd)

In addition, Logics submitted requests for suspension of measures on November 27, 2018 and December 18, 2018, to the Court. On September 6 and October 11, 2019, the Supreme Court finalized the decision on suspension of the second and first measures, respectively.

With respect to this matter, the investigation by the Seoul Central Prosecutors Office against the Logics' former CEO and CFO for alleged violation of the former Act on External Audit of Stock Companies, the Financial Investment Services and Capital Market Act, the Act on the Aggregated Punishment, Etc. of Specific Economic Crimes, and the allegations of document destruction under Criminal Act was conducted. The CEO and executives in charge of Logics were indicted for violating the former Act on External Audit of Stock companies and Criminal Act, Act on the Aggravated Punishment, Etc. of Specific Economic Crimes, and the allegations of document destruction under Criminal Act and others. On February 5, 2024, Seoul Central District Court acquitted the former CEO and CFO in charge of Logics, who were indicted for violating the former *Act on External Audit of Stock Companies*. On February 8, 2024, the prosecution appealed the first court's ruling. The Seoul High Court dismissed the prosecution's appeal on February 3, 2025, and the prosecution filed an appeal against the ruling on February 7, 2025.

In addition, on February 14, 2024, Seoul Central District Court acquitted the former CEO and CFO in charge of Logics, who were indicted for violating the Act on the Aggregated Punishment, Etc. of Specific Economic Crimes, and in relation to the allegations of document destruction under Criminal Act, the former CEO in charge of Logics was found not guilty, while the CFO was given a suspended sentence. The prosecution appealed the first court's ruling on February 20, 2024, and the CFO of Logics, who was given a suspended sentence, appealed the first court's ruling on February 21, 2024.

Meanwhile, on December 9, 2019, employees of the Samsung Bioepis Co., Ltd and Logics who were arrested on suspicion of evidence destruction, were found guilty of violating the former Act on External Audit of Stock companies and Criminal Act in the first ruling of the Seoul Central District Court. All the employees of the Samsung Bioepis Co., Ltd' affiliates appealed the ruling above, and the employee of Logics who abandoned their appeal received suspended sentences for the destruction of evidence.

As disclosed in Note 35 to the consolidated financial statements for the year ended December 31, 2015, issued on March 3, 2016, the Parent Company (formerly, Cheil Industries Inc.) of the Group merged with the former Samsung C&T Corporation on September 1, 2015, and acquired an additional 4.25% of shares in Logics held by the former Samsung C&T Corporation. Accordingly, the Group obtained a control over Logics. As a result, the Group measured the assets and liabilities of Logics at fair value in accordance with KIFRS 1103 paragraphs 18, 45 and others. As a result, the Group expects that the first and second measures of the SFC for the Logics, dated July 12, 2018 and November 14, 2018, respectively, will not significantly affect the consolidated financial statements of the Group. The Group's management will continue to monitor the progress of the lawsuit in the future.

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18. Contingencies and Commitments (cont'd)

As of December 31, 2024, the Group has 1,272 forward exchange contracts amounting to USD 701,162 thousand, EUR 183,990 thousand, JPY 10,801,214 thousand, TWD 1,536,888 thousand, AUD 1,672 thousand, and GBP 5,907 thousand. These forward exchange contracts are intended to hedge the Group's foreign exchange risk exposure. In addition, the Group has entered into 1,379 commodity futures contracts with financial institutions with contract prices amounting to USD 426,516 thousand. For the year ended December 31, 2024, realized gains and losses from the contracts mentioned above, included in foreign exchange gain and loss, amount to approximately ₩ 136,693 million and ₩ 184,982 million, respectively.

As of December 31, 2024, details of gains (losses) on valuation of derivative instruments are as follows:

(in millions of Korean won)

	Gain on valuation		Loss on valuation		Accumulated other comprehensive income (loss)
Currency forward contracts	₩	18,598	₩	41,599	₩ -
Interest swap contracts		-		-	-
Currency swaps contracts		1,086		-	-
Commodity futures contracts		-		49	(1,548)
Options		30,134		349	-

Details of derivative assets and liabilities by instrument type as of December 31, 2024 and 2023 are as follows:

(in millions of Korean won)

	December 31, 2024		December 31, 2023	
	Assets	Liabilities	Assets	Liabilities
Currency forward contracts				
Current	₩ 17,171	₩ 44,287	₩ 16,291	₩ 68,939
Non-current	837	10,338	1,300	12,825
Interest swap contracts				
Current	-	-	219	-
Currency swap contracts				
Current	-	-	4,513	-
Commodity futures contracts				
Current	30,032	834	1,016	9,007
Options				
Current	7,101	9,816	6,280	-
Non-current	35,378	5,135	28,632	36,628

The Group recognized valuation loss of ₩ 217 million (after tax effect) as other comprehensive income in relation to the effective portion of changes in the fair value of cash flow hedge derivatives.

Samsung C&T Corporation and Subsidiaries
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18. Contingencies and Commitments (cont'd)

The Group participates in supplier finance arrangements, under which financial providers pay the Group's obligations to suppliers, and the Group subsequently repays the financial providers for the related liabilities. In order for the financial providers to make payments on behalf of the Group, the Group must receive or be supplied with goods or services and approve the corresponding invoices.

The purpose of these transactions is not to obtain financing but to streamline the payment process for suppliers and to settle obligations by making payments to financial providers on the same or later due dates compared to the original trade payables. The Group has not provided any collateral or guarantees in connection with these supplier finance arrangements.

As of December 31, 2024, all obligations under supplier finance arrangements are included in trade payables and other current liabilities (accounts payable) in the Group's consolidated statement of financial position. Additional information regarding the Group's supplier finance arrangements is as follows:

Financial institution	December 31, 2024		December 31, 2023	
Supplier finance arrangement limit	₩	2,324,695	₩	1,880,459
Carrying amount of financial liabilities under supplier finance arrangements ¹	₩	1,471,071	₩	665,923
Of which suppliers have received payment ²	₩	907,188	₩	605,181

¹ The related financial liabilities are presented as trade payables and other current liabilities (accounts payable) in the consolidated statement of financial position.

² The arrangement is interest-free, and the typical payment term is within 90 days. The related financial liabilities are presented as trade payables and other current liabilities (accounts payable) in the consolidated statement of financial position.

Meanwhile, the amounts of trade payables and other current liabilities (accounts payable) subject to supplier finance arrangements have no material impact on the Group's non-cash transactions related to cash and cash equivalents.

The Group has entered into agreements for long-term borrowings with financial institutions. If the Group fails to meet conditions specified below, the Group could lose benefit of time which could lead to early redemption of the borrowings.

Financial institution	Condition	Description
SMBC ¹	Retain component ratio of shareholders	The proportion of shares held by Samsung Group and Samsung C&T Corporation in Samsung Biologics and its subsidiaries shall remain over 50% and 30%, respectively
SMBC	Retain component ratio of shareholders	The proportion of shares held by the Group in SAMSUNG BIOEPIS CO.,LTD.

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Kookmin Bank	Retain component ratio of shareholders	shall remain over 50% Retained under Samsung Group and the proportion of shares held by Samsung Group in SAMSUNG BIOEPIS CO.,LTD. shall remain over 50%
BNP Paribas Bank ¹	Retain component ratio of shareholders	Retained under Samsung Group and the proportion of shares held by Samsung Group in SAMSUNG BIOEPIS CO.,LTD. shall remain over 50%
Mizuho Bank ¹	Financial ratio	Maintaining interest-bearing debt of SAMSUNG BIOEPIS CO.,LTD. to capital adequacy ratio less than 180%

¹ There are no applicable matters as there were no executed amounts as of December 31, 2024 and 2023.

In relation to the land lease agreement with Incheon Metropolitan City (“Incheon”), the Group receives exemption of rent from Incheon since the Group fulfilled the requirements set by the Public Property Management Ordinance of Incheon. The Group recognizes the fair value of exempt rent as intangible assets, and at the same time, the Group recognizes the same amount of government grants as a deduction of the carrying amount of the asset. Details of the lease agreement are as follows:

(a) Period

With the total lease period of 50 years, the initial lease period is 20 years from April 28, 2011, and can be extended on a 10-year basis.

(b) Exemption requirement

In order to remain qualified for rent exemption in accordance with Article 32 of *Shared Assets Management Act* of Incheon Metropolitan City, the Group has to meet certain requirements such as it shall maintain foreign direct investment of USD 20 million for the first 5 years of the lease period, and for the period thereafter the Group shall remain as foreign investment enterprise with employees over 300.

The Group has entered into a memorandum of understanding with Samsung Life Insurance Co., Ltd., a major shareholder of Beijing Samsung Real Estate Co., Ltd., to transfer all of the Group’s investment in Beijing Samsung Real Estate Co., Ltd. upon completion of constructing Samsung Beijing Office. The sales price will be determined by the median value of appraised values given by appraisal companies appointed by each party.

As of December 31, 2024, the Group has entered into a put option agreement with Qurayyah Project Company, a shareholder of Qurayyah Investment Company, to purchase its shares if the obligation to hold shares is fulfilled.

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18. Contingencies and Commitments (cont'd)

As of December 31, 2024, in relation to Tees project of the United Kingdom, the developer made two cases of claim to Credit Agricole Corporate and Investment Bank, a guarantee institution, for the performance of the contract with the guarantee amount of EUR 5,700 thousand and EUR 32,154 thousand, respectively, as penalties for delay in completion of construction for twice. The Group paid the following amount on May 27 and July 22, 2021. In addition, the Group entered in a contract to guarantee compensation for loss of Samsung C&T Corporation in bond call payment with the joint venture (TR) on October 5, 2021.

Greenhouse gas emission allowances held to settle the obligations

As of December 31, 2024, freely allocated emission allowances for the 3rd commitment period (from compliance year 2021 to 2025) are as follows:

<i>(in tons (tCO₂-eq))</i>	2021	2022	2023¹	2024	2025	Total
Freely allocated emission allowances	244,054	270,592	317,793	234,124	234,124	1,300,687

¹ 84,254 units have been allocated additionally for the Plant 4 site in 2023.

Changes in provisions for emissions obligations for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in millions of Korean won)</i>	2024			
	Beginning	Increase	Decrease	Ending
Provisions for emissions obligations (other liabilities)	₩ 864	₩ 501	₩ (864)	₩ 501

<i>(in millions of Korean won)</i>	2023			
	Beginning	Increase	Decrease	Ending
Provisions for emissions obligations (other liabilities)	₩ 539	₩ 864	₩ (539)	₩ 864

The Group estimated that it emitted 303,625 tons for the year ended December 31, 2024.

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18. Contingencies and Commitments (cont'd)

As of December 31, 2024, the Group has entered into an investment agreement with its subsidiaries, SVIC No. 53 New Technology Business Investment Association, SVIC No. 64 New Technology Business Investment Association, SVIC No. 66 New Technology Business Investment Association, SVIC No. 68 New Technology Business Investment Association, SVIC No. 70 New Technology Business Investment Association and SVIC No. 72 New Technology Business Investment Association, and its associate, Nakkas PEIF. Details of the investment agreement amount and investment amount are as follows:

<i>(in millions of Korean won and in thousands of Euro)</i>	Investment agreement amount		Investment amount	
SVIC No. 53 New Technology Business Investment Association ¹	₩	49,500	₩	47,573
SVIC No. 64 New Technology Business Investment Association		71,280		6,529
SVIC No. 66 New Technology Business Investment Association		49,500		24,772
SVIC No. 68 New Technology Business Investment Association		29,700		5,049
SVIC No. 70 New Technology Business Investment Association		19,800		7,920
SVIC No. 72 New Technology Business Investment Association		19,800		2,970
Nakkas PEIF	EUR	30,000	EUR	13,694

¹ The investment amount includes ₩ 7,822 million of funds recovered after investment.

As of December 31, 2024, the contractual obligation of Samsung Biologics Co., Ltd., a subsidiary of the Group, in relation to acquisition of property, plant and equipment and intangible assets that have not been recognized as of December 31, 2024, amounts to ₩ 1,134,897 million, of which the contractual obligation with Samsung E&A Co.,Ltd. and other related parties amounts to ₩ 701,777 million.

On July 18, 2022, the Group entered into a land purchase contract with the Incheon Free Economic Zone (IFEZ) Authority to purchase land for the 2nd Bio Campus, and the purchase price was ₩ 426 billion. The Group must undertake all measures, such as facility construction plans and approval for use, within a certain period from the effective date of the purchase contract and if not implemented, purchase contract may be canceled.

As of December 31, 2024, Kelar.S.A. owned by the Group is allowed to pay dividends to investors only when the conditions of the loan agreement are met. Meanwhile, the Group cannot transfer all or part of its shares without the consent of stakeholders.

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18. Contingencies and Commitments (cont'd)

Construction PF contingent liabilities status

(a) Comprehensive summary table of real estate PF contingent liabilities

As of December 31, 2024, the Group provides ₩ 2,045,146 million (2023: ₩ 2,364,018 million) of total credit enhancement related to Project Financing (hereinafter, "PF") transactions. All credit enhancements provided by the Group are related to stand-alone projects, and there are no credit enhancement transactions either arising from consortium participation or provided to the related parties.

Meanwhile, there is no amount which is disclosed as a contingent liability as of December 31, 2023 but converted to a provision for the year ended December 31, 2024.

(in millions of Korean won)

Types	Guarantee limit ²		Guarantee amount ²		Balance of loans provided by the Group																	
					December 31, 2024	Maturity remaining									December 31, 2023							
						Less than 3 months	Between			Between 1-2 years	Between 2-3 years	Over 3 years										
							6 months – 1 year	3-6 months	6 months – 1 year													
Improvement project ¹																						
Bridge loan	₩	-	₩	-	₩	-	₩	-	₩	-	₩	-	₩	-	₩	-	₩	-	₩	-	₩	-
Main PF		2,063,641		2,045,146		2,045,146		462,200		400,000		422,946		760,000		-		-		-		2,364,018
		2,063,641		2,045,146		2,045,146		462,200		400,000		422,946		760,000		-		-		-		2,364,018
	₩	2,063,641	₩	2,045,146	₩	2,045,146	₩	462,200	₩	400,000	₩	422,946	₩	760,000	₩	-	₩	-	₩	-	₩	2,364,018

¹ Construction completion guarantees which guarantee different target and intermediate payment loans and credit enhancements for SOC project which have relatively less risk are not presented in the above table showing the construction PF contingent liabilities status.

² For consortium projects, the amount presented above includes the amount reflecting the Group's share in the applicable project, and details thereof such as the total limit is described in specified guarantee disclosures.

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18. Contingencies and Commitments (cont'd)

(b) Details of real estate PF guarantee

As of December 31, 2024, details of guarantees provided by the Group for the 5 cases (2023: 8 cases) of multi-unit housing improvement projects related to PF (loan) transactions are as follows. Meanwhile, there are no PF (loan) guarantees provided by the Group in relation to other projects.

Business area	Classification of workplace	PF type	Types of credit enhancement	Guarantee limit (total)	Burden rate (Group)	Guarantee limit	Debtors		Balance of loans provided by the Group		Loan period	Maturity ²	Type	Construction completion agreement amount
							Name	Related party status	December 31, 2024	December 31, 2023				
Seoul	Multi-unit housing	Main PF	Joint guarantee ¹	₩1,100,000	100%	₩1,100,000	Banpo complex 1 3rd district redevelopment association	-	₩1,100,000	₩ 700,000	2021-05 ~ 2026-11	2025-11	Joint guarantee for association borrowing	₩ -
Seoul	Multi-unit housing	Main PF	Joint guarantee ¹	462,200	100%	462,200	Imun 1 redevelopment association	-	462,200	435,000	2022-08 ~ 2025-02	2025-02	Joint guarantee for association borrowing	-
Seoul	Multi-unit housing	Main PF	Joint guarantee ¹	-	-	-	Sinbanpo 3rd reconstruction association	-	-	71,802	2018-09 ~ 2024-03	-	Joint guarantee for association borrowing	-
Busan	Multi-unit housing	Main PF	Joint guarantee ¹	-	-	-	Oncheon 4 sector redevelopment association	-	-	400,000	2023-03 ~ 2024-11	-	Joint guarantee for association borrowing	-
Seoul	Multi-unit housing	Main PF	Joint guarantee ¹	-	-	-	Sinbanpo 15th reconstruction association	-	-	250,000	2024-04 ~ 2024-12	-	Joint guarantee for association borrowing	-
Busan	Multi-unit housing	Main PF	Joint guarantee ¹	-	-	-	Geogje 2 sector redevelopment	-	-	219,100	2023-12 ~ 2024-01	-	Joint guarantee for association	-

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Seoul	Multi-unit housing	Main PF	Joint guarantee ¹	141,441	100%	141,441	association reconstruction association	Jamsil Jinju APT reconstruction association	-	122,946	128,116	2019-01 ~ 2025-12	2025-12	Joint guarantee for association borrowing
Suwon	Multi-unit housing	Main PF	Joint guarantee ¹	160,000	100%	160,000	redevelopment association	Gwonseon 6 sector redevelopment association	-	160,000	160,000	2023-04 ~ 2026-06	2026-06	Joint guarantee for association borrowing
Ulsan	Multi-unit housing	Main PF	Joint guarantee ¹	200,000	100%	200,000	redevelopment association	Ulsan Jung-gu B04 redevelopment association	-	200,000	-	2024-11 ~ 2025-11	2025-11	Joint guarantee for association borrowing

¹ The Group has entered into a loan agreement with a limit of ₩ 5,720,769 million (2023: ₩ 4,662,597 million) for the expenditure of project expenses of the redevelopment and reconstruction association. When lending association project expenses according to these agreements, the Group indirectly procures part of the loan by arranging loans from financial institutions, and the Group is bearing joint guarantee and joint redemption obligations up to the limit of the guarantee amount (refer to "Guarantee limit" in the table above) due to indirect procurement (refer to "Balance of loans provided by the Group" in the table above). Meanwhile, the Group has accounted for the unexecuted balance of ₩ 603,412 million (2023: ₩ 631,827 million) from the received housing finance as advances received.

² In cases where multiple PF guarantees exist, the latest maturity date has been recorded.

Samsung C&T Corporation and Subsidiaries
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18. Contingencies and Commitments (cont'd)

(c) Table summarizing PF Construction completion guarantee agreements

As of December 31, 2024 and 2023, details of liabilities that the Group must assume in relation to improvement projects and other projects if the obligation to complete construction projects are not fulfilled are as follows:

(in millions of Korean won)

	December 31, 2024				
	Number of construction	Construction amount	Agreement amount	Loan balance	
Improvement project	-	₩	- ₩	- ₩	-
Other project ¹	-		-	-	-
Total	-	₩	- ₩	- ₩	-

(in millions of Korean won)

	December 31, 2023				
	Number of construction	Construction amount	Agreement amount	Loan balance	
Improvement projects	-	₩	- ₩	- ₩	-
Other projects ¹	1	348,561	260,000	205,000	
Total	1	₩ 348,561	₩ 260,000	₩ 205,000	

¹ One case of construction completion guarantee agreement is considered to be a part of the obligation to supplement fund for SOC projects, and accordingly, disclosed as the credit limit of the SOC project guarantees.

Meanwhile, details of liabilities for which the Group must compensated all damages (including loan principal and interest unpaid and overdue interests thereafter) incurred by the lender in case of failure to fulfill the obligation to complete construction projects are as follows:

(in millions of Korean won)

	December 31, 2024				
	Number of construction	Construction amount	Agreement amount	Loan balance	
Improvement projects	-	₩	- ₩	- ₩	-
Other projects ¹	2	1,207,940	2,780,000	1,148,000	
Total	2	₩ 1,207,940	₩ 2,780,000	₩ 1,148,000	

Samsung C&T Corporation and Subsidiaries
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December 31, 2024 and 2023

18. Contingencies and Commitments (cont'd)

(in millions of Korean won)

	December 31, 2023			
	Number of construction	Construction amount	Agreement amount	Loan balance
Improvement projects	-	₩ -	₩ -	-
Other projects ¹	1	439,604	780,000	150,000
Total	1	₩ 439,604	₩ 780,000	₩ 150,000

¹ As of December 31, 2024, the Group has submitted a lease commitment letter to Mirae Asset MAPS Professional Private Real Estate Investment Trust No. 65, managed by Mirae Asset Global Investments Co., Ltd., ensuring a 10-year master lease agreement for 50% of the total gross floor area of Pangyo 641 PSM Tower, starting from the expected building usage approval date. The aforementioned agreement amount and loan balance are recorded as the borrowing agreement amount with the lenders and the loan balance based on the end of the year.

(d) Details of SOC project guarantee

In relation to the SOC entities and borrowings thereto, the Group provides credit enhancements such as fund supplement and provision up to a limit of ₩ 1,656,616 million as of December 31, 2024 (December 31, 2023: ₩ 1,656,616 million), and is obligated to supplement funds when the SOC entities lacks essential project expenses.

(in millions of Korean won)

	2024			2023		
	Number of construction	Total	Group's portion	Number of construction	Total	Group's portion
Other projects ¹	4	₩ 1,656,616	₩ 419,630	4	₩ 1,656,616	₩ 422,330

¹In the case of SOC project guarantees (fund supplementation) agreements, where there is an obligation to make additional contributions when the sum of excessive project costs and expenses unrecognized as investments exceeds a certain threshold, the guarantee limit and the probable outflow of economic benefits due to the agreement as of December 31, 2024 could not be evaluated, so the guarantee limit amount is not disclosed.

Meanwhile, the Group provides ₩ 26,692 million of joint guarantee for the SOC entities' project performance guarantees (₩ 108,922 million in aggregate) issued by the Construction Guarantee Cooperative.

Samsung C&T Corporation and Subsidiaries
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December 31, 2024 and 2023

18. Contingencies and Commitments (cont'd)

The Group entered into a share purchase agreement after the resolution of the Board of Directors on January 28, 2022 to acquire 10,341,852 shares of Samsung Bioepis Co., Ltd. held by Biogen Therapeutics Inc., and in connection with this, conditional consideration will be paid to Biogen Therapeutics Inc. After the acquisition, the Group will determine whether the contractual requirements are satisfied by year based on the sales performance through the seller of the investee company, and then the payment and size of the contingent consideration will be decided in 2027 after the end of the period. The range of the amount before discount which is possible to pay in accordance with the above agreement is from nil to USD 50,000,000.

The Group has the following obligations and responsibilities related to bond issuance and is liable for compensation in the event of an incident.

(in millions of Korean won)

Bond	Issuance Amount	Financial Ratio Maintenance	Collateral Conditions	Asset Disposal Restriction	Governance Structure Change Restriction
No. 113-2	₩ 80,000	Debt ratio of 200% or less	Equity capital of 200%	50% of assets	Maintenance of Mutual Investment Restriction Business Group
No. 114-1	300,000	Debt ratio of 200% or less	Equity capital of 200%	50% of assets	Maintenance of Mutual Investment Restriction Business Group
No. 114-2	200,000	Debt ratio of 200% or less	Equity capital of 200%	50% of assets	Maintenance of Mutual Investment Restriction Business Group
No. 115-1	330,000	Debt ratio of 300% or less	Equity capital of 200%	50% of assets	Maintenance of Mutual Investment Restriction Business Group
No. 115-2	170,000	Debt ratio of 300% or less	Equity capital of 200%	50% of assets	Maintenance of Mutual Investment Restriction Business Group
Samsung Biologics Co., Ltd. No. 7-2	120,000	Debt ratio of 300% or less	Equity capital of 200%	80% of assets	Maintenance of Mutual Investment Restriction Business Group
Samsung Biologics Co., Ltd. No. 8-1	200,000	Debt ratio of 300% or less	Equity capital of 200%	80% of assets	Maintenance of Mutual Investment Restriction Business Group
Samsung Biologics Co., Ltd. No. 8-2	600,000	Debt ratio of 300% or less	Equity capital of 200%	80% of assets	Maintenance of Mutual Investment Restriction Business Group

Regarding the investment in Latus Bio, Inc., the Group is obligated to make an additional payment of USD 2,166,667 under certain conditions. On January 16, 2025, the Group completed the payment of USD 2,166,667 related to the investment in Latus Bio, Inc.

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19. Share Capital

The Group is authorized to issue 500 million shares with a par value of ₩ 100 per share. As of December 31, 2024, 177,784,107 shares of ordinary share and 1,467,590 shares of preferred share are issued and outstanding. The Group has retired 5,918,674 shares of ordinary share through earnings retirement by the end of the current year, resulting in a ₩ 592 million difference between ordinary share capital and the total par value of issued shares.

On September 14, 2015, the Group issued 56,317,483 shares (54,690,043 shares of ordinary share and 1,627,440 shares of preferred share) of new share for the merger with the former Samsung C&T Corporation.

As authorized in its Articles of Incorporation, the Group is able to issue convertible bonds which can be converted into ordinary shares and preferred shares of the Group, and bonds with warrants which grant the right to purchase new preferred shares to the amount of ₩ 850 billion each. As of December 31, 2024, there are no convertible bonds and bonds with warrants issued under these terms.

Details of treasury shares as of December 31, 2024 and 2023 are as follows:

<i>(in millions of Korean won, except number of shares)</i>	December 31, 2024		December 31, 2023	
	Preferred share	Ordinary share	Preferred share	Ordinary share
Number of shares	-	15,616,526	159,835	23,422,689
Acquisition cost	-	₩ 1,292,749	₩ 16,977	₩ 1,938,757

Samsung C&T Corporation and Subsidiaries
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20. Other Components of Equity

Other components of equity as of December 31, 2024 and 2023 consist of:

<i>(in millions of Korean won)</i>	December 31, 2024		December 31, 2023	
Treasury shares (Note 19) ¹	₩	(1,292,749)	₩	(1,955,733)
Other capital adjustments		-		(245)
Loss on capital reduction ¹		(594,690)		(421,570)
Financial instruments at fair value through other comprehensive income (Note 11)		7,989,622		13,339,706
Share of other comprehensive income of associates and joint ventures		247,549		194,614
Share of other comprehensive loss of associates and joint ventures		(185,016)		(182,408)
Exchange differences		177,143		(110,954)
Loss on valuation of cash flow hedges (Note 18)		(1,548)		(1,411)
Total	₩	<u>6,340,311</u>	₩	<u>10,861,999</u>

¹ The amounts reflected include the amounts related to the retirement of treasury shares and the reversal of deferred tax liabilities due to the Group's decision to retire all of its treasury shares.

21. Consolidated Retained Earnings

Consolidated retained earnings as of December 31, 2024 and 2023, consist of:

<i>(in millions of Korean won)</i>	December 31, 2024		December 31, 2023	
Legal reserves ¹	₩	36,587	₩	31,351
Discretionary reserves		9,344,014		8,208,690
Retained earnings before appropriation		<u>4,633,778</u>		<u>4,421,623</u>
Total	₩	<u>14,014,379</u>	₩	<u>12,661,664</u>

¹ The *Commercial Act* of Korea requires the Group to appropriate, as a legal reserve, an amount equal to a minimum of 10% of annual cash dividends paid, until the reserve equals 50% of share capital. The reserve is not available for cash dividends payment, but may be transferred to share capital or used to reduce accumulated deficit. When the accumulated legal reserves (the sum of capital reserves and earned profit reserves) are greater than 1.5 times the paid-in capital amount, the excess legal reserves may be distributed.

Samsung C&T Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
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22. Selling and Administrative Expenses

Selling and administrative expenses for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in millions of Korean won)</i>	2024		2023	
Salaries and others	₩	1,191,424	₩	1,087,151
Employee welfare		236,243		212,920
Depreciation		231,257		201,270
Travel		72,001		56,572
Commission		844,442		729,474
Rent		358,166		374,955
Taxes and dues		72,912		71,019
Advertisement		71,505		71,274
Research and development		306,358		229,111
Impairment loss		11,582		41,785
IT service fee		106,688		79,366
Sales promotion		126,539		98,138
Others		495,088		443,738
Total	₩	4,124,205	₩	3,696,773

Samsung C&T Corporation and Subsidiaries
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23. Other Income and Expenses

Other income and expenses for each of the two years in the period ended December 31, 2024 consist of:

<i>(in millions of Korean won)</i>	2024	2023
Other income		
Dividend income	₩ 637,747	₩ 608,052
Foreign exchange gain	531,808	522,108
Gain on translation of foreign currency	249,706	76,265
Gain on valuation of financial assets at fair value through profit or loss	26,932	3,165
Gain on disposal of investments ¹	1,153	12,465
Reversal of impairment loss on investments	-	31,061
Gain on disposal of property, plant and equipment	8,447	6,978
Gain on disposal of intangible assets	104	1,510
Reversal of impairment loss on intangible assets	600	9,900
Gain on cancellation of lease	511	1,053
Reversal of other provision for impairment	94,125	10,120
Gain on insurance settlement	331	336
Others	281,242	246,222
Total	<u>1,832,706</u>	<u>1,529,235</u>
Other expenses		
Foreign exchange loss	599,365	539,321
Loss on translation of foreign currency	146,587	97,617
Loss on disposal of financial assets at fair value through profit or loss	24	46
Loss on valuation of financial assets at fair value through profit or loss	11,155	4,877
Loss on disposal of investments	-	2,436
Impairment loss on investments	-	12,916
Loss on disposal of property, plant and equipment	4,651	6,294
Impairment loss on property, plant and equipment	501	352
Loss on disposal of intangible assets	322	829
Impairment loss on intangible assets	61,096	-
Impairment loss on right-of-use assets	682	897
Loss on cancellation of lease	27	27
Other impairment loss	107,125	23,323
Loss on disposal of trade receivables	110,277	116,265
Donations	10,239	8,544
Others	174,209	153,772
Total	<u>₩ 1,226,260</u>	<u>₩ 967,516</u>

Samsung C&T Corporation and Subsidiaries
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24. Breakdown of Expenses by Nature

Expenses recorded by nature as cost of sales or selling and administrative expenses in the consolidated statements of comprehensive income for each of the two years in the period ended December 31, 2024 consist of:

<i>(in millions of Korean won)</i>		2024		2023
Changes in finished goods and work-in-process	₩	17,833,888	₩	19,037,242
Construction outsourcing		10,399,030		9,885,246
Employee benefit expenses		3,828,457		3,626,572
Commission		2,586,898		2,424,969
Freight		422,975		374,993
Heavy construction equipment usage		67,803		74,216
Rent		457,110		480,276
Taxes and dues		162,713		165,452
Depreciation and amortization		803,139		693,168
Depreciation of right-of-use assets		129,950		127,749
Insurance		66,486		70,868
Outsourcing fee		445,766		417,249
Others		1,915,626		1,647,507
Total	₩	<u>39,119,841</u>	₩	<u>39,025,507</u>

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25. Financial Income and Expenses

Financial income and expenses for each of the two years in the period ended December 31, 2024 consist of:

<i>(in millions of Korean won)</i>	2024		2023	
Interest income	₩	224,829	₩	249,950
Gain on foreign exchange transactions		26,204		62,413
Gain on translation of foreign currency		92,879		55,788
Total financial income		<u>343,912</u>		<u>368,151</u>
Interest expense		223,836		254,960
Loss on foreign exchange transactions		25,700		41,258
Loss on translation of foreign currency		18,118		37,423
Total financial expenses		<u>267,654</u>		<u>333,641</u>
Financial income, net	₩	<u>76,258</u>	₩	<u>34,510</u>

26. Income Tax Expense

Income tax expense for each of the two years in the period ended December 31, 2024 consists of:

<i>(in millions of Korean won)</i>	2024		2023	
Current income taxes	₩	1,069,354	₩	862,944
Deferred taxes from changes of temporary differences		(1,977,396)		1,797,341
Deferred taxes from tax credits		4,465		(5,856)
Total current tax		<u>(903,577)</u>		<u>2,654,429</u>
Income tax directly charged to equity		1,854,033		(1,824,038)
Income tax expense	₩	<u>950,456</u>	₩	<u>830,391</u>

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26. Income Tax Expense (cont'd)

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

<i>(in millions of Korean won)</i>	2024		2023	
Profit before income tax	₩	3,722,467	₩	3,549,497
Tax at domestic tax rates applicable to profits in the respective countries		1,170,224		1,071,044
Tax effect of:				
- Tax effects of expenses not deducted when determining taxable profit		22,228		23,712
- Tax effects of income not taxable		(189,977)		(188,291)
- Tax credit and others		(85,016)		(102,023)
- Tax effects on gain (loss) of subsidiaries and others		(17,293)		13,938
- Others		(26,782)		(14,539)
Net adjustment items		<u>77,072</u>		<u>26,550</u>
Income tax expense	₩	<u>950,456</u>	₩	<u>830,391</u>
Average effective tax rate		25.53%		23.39%

The analysis of deferred tax assets and liabilities as of December 31, 2024 and 2023 is as follows:

<i>(in millions of Korean won)</i>	December 31, 2024		December 31, 2023	
Deferred tax assets				
Deferred tax assets to be recovered after more than 12 months	₩	1,734,424	₩	1,435,312
Deferred tax assets to be recovered within 12 months		<u>324,055</u>		<u>289,880</u>
Deferred assets before offsetting		<u>2,058,479</u>		<u>1,725,192</u>
Deferred tax liabilities				
Deferred tax liabilities to be recovered after more than 12 months		(7,999,924)		(9,661,786)
Deferred tax liabilities to be recovered within 12 months		<u>(95,410)</u>		<u>(73,192)</u>
Deferred liabilities before offsetting		<u>(8,095,334)</u>		<u>(9,734,978)</u>
Deferred assets after offsetting	₩	127,044	₩	55,280
Deferred liabilities after offsetting	₩	<u>(6,163,899)</u>	₩	<u>(8,065,066)</u>

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26. Income Tax Expense (cont'd)

Changes in deferred tax assets and liabilities for each of the two years in the period ended December 31, 2024 are as follows: ₩

(in millions of Korean won)

	2024					
	Temporary differences			Deferred tax assets(liabilities)		
	Beginning balance	Increase /decrease	Ending balance	Beginning balance	Increase /decrease	Ending balance
Deferred taxes due to temporary differences						
Provisions and unsettled costs	₩ 3,012,674	₩ 695,544	₩ 3,708,218	₩ 765,486	₩ 157,218	₩ 922,704
Equity investments	(4,540,517)	(418,651)	(4,959,168)	(1,159,809)	(109,796)	(1,269,605)
Asset impairment	400,444	(141,089)	259,355	102,916	(35,699)	67,217
Post-employment benefits	(402,142)	(4,014)	(406,156)	(101,710)	(1,265)	(102,975)
Property, plant and equipment	105,888	22,222	128,110	26,659	5,753	32,412
Others	(2,796,105)	416,917	(2,379,188)	(718,464)	107,152	(611,312)
	(4,219,758)	570,929	(3,648,829)	(1,084,922)	123,363	(961,559)
Income taxes directly charged to equity						
Financial assets at fair value through other comprehensive income	(27,271,246)	7,195,880	(20,075,366)	(6,954,169)	1,834,941	(5,119,228)
Land revaluation	(560,919)	59	(560,860)	(123,145)	1,040	(122,105)
Remeasurements of net defined benefit liabilities	351,184	25,331	376,515	89,521	6,414	95,935
Cash flow hedges and others	22,458	49,900	72,358	5,733	11,638	17,371
	(27,458,523)	7,271,170	(20,187,353)	(6,982,060)	1,854,033	(5,128,027)
				(8,066,982)	1,977,396	(6,089,586)
Deferred foreign tax credit carryforward				57,196	(4,465)	52,731
				₩ (8,009,786)	₩ 1,972,931	₩ (6,036,855)

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26. Income Tax Expense (cont'd)

(in millions of Korean won)

	2023					
	Temporary differences			Deferred tax assets(liabilities)		
	Beginning balance	Increase /decrease	Ending balance	Beginning balance	Increase /decrease	Ending balance
Deferred taxes due to temporary differences						
Provisions and unsettled costs	₩ 2,782,238	₩ 230,436	₩ 3,012,674	₩ 708,685	₩ 56,801	₩ 765,486
Equity investments	(3,994,999)	(545,518)	(4,540,517)	(1,019,928)	(139,881)	(1,159,809)
Asset impairment	421,454	(21,010)	400,444	108,634	(5,718)	102,916
Post-employment benefits	(401,053)	(1,089)	(402,142)	(101,205)	(505)	(101,710)
Property, plant and equipment	113,793	(7,905)	105,888	28,354	(1,695)	26,659
Others	(3,257,825)	461,720	(2,796,105)	(836,159)	117,695	(718,464)
	(4,336,392)	116,634	(4,219,758)	(1,111,619)	26,697	(1,084,922)
Income taxes directly charged to equity						
Financial assets at fair value through other comprehensive income	(20,096,794)	(7,174,453)	(27,271,247)	(5,124,684)	(1,829,485)	(6,954,169)
Land revaluation	(560,919)	-	(560,919)	(122,074)	(1,071)	(123,145)
Remeasurements of net defined benefit liabilities	331,694	19,490	351,184	84,590	4,931	89,521
Cash flow hedges and others	16,251	6,207	22,458	4,146	1,587	5,733
	(20,309,768)	(7,148,756)	(27,458,524)	(5,158,022)	(1,824,038)	(6,982,060)
				(6,269,641)	(1,797,341)	(8,066,982)
Deferred foreign tax credit carryforward				51,340	5,856	57,196
				₩ (6,218,301)	₩ (1,791,485)	₩ (8,009,786)

The Group annually assesses its ability to recover deferred tax assets, and recognizes deferred tax assets to the extent that it is almost certain that benefits from such deferred tax assets will be realized. However, deferred tax assets have not been recognized for temporary differences arising from investments in subsidiaries, associates and joint ventures, as it is not probable that such differences will reverse in the foreseeable future due to disposal of equity shares or dividends. Deferred tax liabilities have been recognized for temporary differences arising from undistributed profits of subsidiaries, associates and joint ventures, considering the probability that such differences will subsequently reverse due to dividends.

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26. Income Tax Expense (cont'd)

Details of deductible (taxable) temporary differences unrecognized as deferred tax assets (liabilities) as of December 31, 2024 and 2023, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2024		December 31, 2023	
Gain on disposal from split-off	₩	47,553	₩	47,553
Investments in subsidiaries, associates, joint ventures and others		462,586		487,603
Financial guarantee liabilities		96		136
Others		(28,931)		(145,623)

Under the global minimum tax legislation that will apply from 2024, the Group must pay a top-up tax for the difference between their effective tax rate per jurisdiction and the 15% minimum rate. However, most jurisdictions have passed the transitional exemption provisions or have an effective tax rate of 15% or higher, so it is judged that a significant level of additional tax will not arise. Accordingly, the Group has not recognized any amount as current income tax expense related to the global minimum tax. In addition, the Group does not recognize deferred income tax assets and liabilities related to the global minimum tax and does not disclose information about them by applying the exception provisions for recognition and disclosure of deferred income tax assets and liabilities related to the global minimum tax.

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27. Earnings per Share

Basic earnings per ordinary share for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in Korean won and in shares)</i>	2024	2023
Profit for the year ¹	₩ 2,230,258 million	₩ 2,218,290 million
Profit for the year attributable to ordinary shares	2,210,183 million	2,198,323 million
Weighted average number of ordinary shares outstanding	162,168,262 shares	162,168,982 shares
Basic earnings per ordinary share	₩ 13,629	₩ 13,556

¹ The amount is the profit attributable to the owners of the Parent Company for the year.

Basic earnings per preferred share for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in Korean won and in shares)</i>	2024	2023
Profit for the year ¹	₩ 2,230,258 million	₩ 2,218,290 million
Profit for the year attributable to preferred shares	20,075 million	19,967 million
Weighted average number of preferred shares outstanding	1,467,590 shares	1,467,590 shares
Basic earnings per preferred share	₩ 13,679	₩ 13,606

¹ The amount is the profit attributable to the owners of the Parent Company for the year.

Since there is no dilutive potential ordinary share, the diluted earnings per ordinary share and the basic earnings per ordinary share are the same for each of the two years in the period ended December 31, 2024 respectively.

28. Related Party Transactions

As of December 31, 2024, the Group's related parties consist of 43 associates and joint ventures including Korea LNG Limited and other related parties. Meanwhile, the Large-scale Business group, which the Group belongs to, in accordance with the *Monopoly Regulation and Fair Trade Act* of the Republic of Korea, consists of 63 entities including Samsung Electronics Co., Ltd., as of December 31, 2024.

Significant transactions between the Parent Company and related parties (associates, joint ventures and other related parties) for each of the two years in the period ended December 31, 2024 and the related account balances as of December 31, 2024 and 2023 consist of the following:

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28. Related Party Transactions (cont'd)

(in millions of Korean won)

	Sales and others ²		Purchases and others		Receivables and others ⁴		Payables and others	
	2024	2023	2024	2023	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Associates								
Gangneung Eco Power Co., Ltd.	₩ 51,976	₩113,354	₩ 86	₩ 211	₩ 79,878	₩ 29,663	₩ 38,657	₩ 6,047
Gaziantep SPV	-	64	-	-	20,932	19,533	-	-
TOK Advanced Materials Co., Ltd.	5,482	5,141	136	94	879	819	-	-
Others ⁶	32,310	6,676	1,940	290	14,063	535	372	24
Joint ventures								
FCC Saudi LLC	-	3,125	-	-	-	18,266	-	-
Others	157	149	-	-	1,534	2,672	-	-
Other related parties⁴								
Samsung Electronics Co., Ltd.	5,780,576	5,649,293	12,796	23,226	1,781,431	1,876,745	181,822	190,443
Others	1,283,638	774,080	10,676	26,210	87,529	79,231	23,599	23,095
Others¹								
Samsung SDS Co., Ltd.	1,441	975	106,232	125,094	99	100	20,869	36,582
Samsung Life Insurance Co., Ltd. ³	111,918	93,777	18,238	18,790	10,890	10,031	61,130	61,602
Others	155,221	107,727	148,152	151,934	43,384	52,562	204,884	199,383

¹ The entities are not included in the scope of related parties in accordance with KIFRS 1024, but are included in the scope of Large-scale business group entities in accordance with the *Monopoly Regulation and Fair Trade Act* of the Republic of Korea.

² As of December 31, 2024, unbilled revenue from construction contracts based on the percentage of completion of ₩ 70,690 million (2023: ₩ (-)739,683 million) is excluded from sales. In addition, due from customer for contract work amounting to ₩ 697,138 million (2023: ₩ 465,872 million) and due to customers for contract work amounting to ₩ 759,753 million (2023: ₩ 599,069 million) are excluded from receivables and payables, respectively.

³ As of December 31, 2024, the Group deposited ₩ 903,106 million (2023: ₩ 867,476 million) in Samsung Life Insurance Co., Ltd. as plan assets. The amount contributed by the Group for the year ended December 31, 2024 is ₩ 88,000 million (2023: ₩ 90,900 million).

⁴ As of December 31, 2024, the Group recognized provision for impairment amounting to ₩ 7,002 million (2023: ₩ 4,620 million) for receivables from the related parties.

Significant transactions between the Group and the related parties (excluding the above transactions between the Parent Company and related parties) for each of the two years in the period ended December 31, 2024 and the related account balances as of December 31, 2024 and 2023 consist of the following:

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28. Related Party Transactions (cont'd)

(in millions of Korean won)	Sales and others ²		Purchases and others		Receivables and others ⁵		Payables and others	
	2024	2023	2024	2023	December 31, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Associates								
Bahrain LNG W.L.L	₩ 5,679	₩ 3,109	₩ -	₩ -	₩ 73,409	₩ 14,279	₩ -	₩ -
Others	9,503	4,272	-	-	13,807	1,091	-	-
Joint ventures								
FCC Saudi LLC	16,840	40,786	-	-	11,857	12,950	-	-
Kelar S.A.	2,090	2,443	-	-	36,675	35,577	-	-
Others	2,635	20,764	-	-	-	24,870	-	-
Other related parties⁴								
Samsung Electronics Co., Ltd.	779,741	744,515	38,983	67,504	125,761	105,865	21,663	25,005
Others	4,674,042	5,314,560	3,172	5,308	525,400	162,561	1,344	2,769
Others¹								
Samsung SDS Co., Ltd.	19,588	18,823	108,665	52,876	1,827	1,979	16,904	11,243
Samsung Life Insurance Co., Ltd. ³	21,404	20,277	1,119	1,924	1,255	1,455	2,820	1,410
Others ³	982,157	935,793	1,581,259	442,640	61,622	244,476	541,065	32,053

¹ The entities are not included in the scope of related parties in accordance with KIFRS 1024, but are included in the scope of Large-scale Business group entities in accordance with the *Monopoly Regulation and Fair Trade Act* of the Republic of Korea.

² As of December 31, 2024, unbilled revenue from construction contracts based on the percentage of completion of ₩ 343,322 million (2023: ₩ (-)351,325 million) is excluded from sales. In addition, due from customer for contract work amounting to ₩ 25,854 million (2023: ₩ 34,640 million) and due to customers for contract work amounting to ₩ 94,538 million (2023: ₩ 416,565 million) are excluded from receivables and payables, respectively.

³ As of December 31, 2024, the Group (except for the Parent Company) deposited ₩ 327,853 million (2023: ₩ 313,994 million), ₩ 61,423 million (2023: ₩ 50,610 million) and ₩ 43,346 million (2023: ₩ 38,403 million) as plan assets in Samsung Life Insurance Co., Ltd., Samsung Fire & Marine Insurance Co., Ltd. and Samsung Securities Co., Ltd., respectively.

⁴ For the year ended December 31, 2024, over 10% of the Group's revenue (including its subsidiaries' revenues) is derived from the customer. The revenue generated by the construction, trading, fashion, resort, and food and beverage segments of the Group from this customer amounted to ₩ 12,981,921 million (2023: ₩ 12,835,707 million), and the revenue adjustment amount based on the percentage of completion was included, amounting to ₩ 463,924 million (2023: ₩ 353,259 million).

⁵ As of December 31, 2024, there is no provision for impairment for receivables from the related parties recognized.

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28. Related Party Transactions (cont'd)

Major fund transactions with a related party for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in millions of Korean won)</i>	2024		2023	
	Loans	Collections	Loans	Collections
DSM Semichem LLC	₩ 10,355	₩ -	₩ -	₩ -

Details of dividends received and declared to be paid for each of the two years in the period ended December 31, 2024 are as follows.

a) Details of dividends received from the related parties and the entities included in the Large Enterprise Group for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in millions of Korean won)</i>	2024	2023
Associates and joint ventures		
South Kent Wind LP	₩ 17,112	₩ 16,855
Others	65,366	55,304
Other related parties		
Samsung Electronics Co., Ltd.	431,493	431,493
Large Enterprise Group		
Samsung Life Insurance Co., Ltd.	143,146	116,064
Others	36,082	42,441

b) The dividends decided to be paid to related parties for the year ended December 31, 2024 amount to ₩ 86,417 million.

Additional contributions and recovery of contribution principal for the related parties for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in millions of Korean won)</i>	2024	
	Contributions ¹	Recovery ¹
DAEGUNSOFT Co., Ltd	₩ 7,600	₩ -
Gimcheon Enervix Co.,Ltd.	-	5,476
SP Belle River LP	-	2,110
Others	27,015	-

¹ Details of contributions and recovery for the related parties were prepared based on changes in investments.

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28. Related Party Transactions (cont'd)

(in millions of Korean won)

	2023	
	Contributions ¹	Recovery
Gangneung Eco Power Co.,Ltd.	₩ 258,100	₩ -
SP Belle River LP	-	4,943
Others	29,443	16,704

¹Details of contributions and recovery for the related parties were prepared based on changes in investments.

As of December 31, 2024, the Group recognized lease liabilities of ₩ 59,819 million in relation to the lease of buildings from entities that are not related parties of the Group in accordance with KIFRS 1024, but included in the same Large-scale business group to which the Group also belongs in accordance with the *Monopoly Regulation and Fair Trade Act*. The lease payments in lease transactions with the related parties during the year ended December 31, 2024 are ₩ 18,103 million and interest expenses recognized by the Group amount to ₩ 2,409 million.

Payment guarantees for the liabilities of associates and joint ventures provided by the Group as of December 31, 2024 and 2023 are as follows:

(in millions of Korean won and in thousands of US dollars)

	Principal debtor	Guaranteed period	Currency	Guaranteed amount	
				December 31, 2024	December 31, 2023
Bahrain LNG W.L.L	ING and others	February 15, 2039	USD	9,232	9,283
Terminal KMS de GNL, S. de R.L. de C.V.	KEB Hana Bank and others	September 1, 2029	USD	31,843	38,826
Kelar S.A.	KEB Hana Bank and others	June 30, 2031	USD	15,474	17,574
Dongducheon Dream Power Co., Ltd. ¹	HANYANG SECURITIES CO.,LTD.	August 21, 2025	KRW	18,800	18,800

¹ The investments in Dongducheon Dream Power Co., Ltd., (Acquisition cost: ₩ 115,456 million), are pledged as collateral to a financial institution against the borrowings (total borrowing limit of ₩ 1,091,600 million) of Dongducheon Dream Power Co., Ltd., and the Group provides payment guarantees in relation to the debenture of Dongducheon Dream Power Co., Ltd. amounting to ₩ 18,800 million (see Note 12).

As of December 31, 2024, investments in its associates Gaziantep SPV (acquisition cost: ₩ 16,457 million), Qurayyah Investment Company (acquisition cost: ₩ 37,334 million), Gangneung Eco Power Co.,Ltd. (acquisition cost: ₩ 261,000 million) and Busan Green Energy Project (acquisition cost: ₩ 3,435 million), and investments in Terminal KMS de GNL, S. de R.L. de C.V., a joint venture (acquisition cost: ₩ 69,981 million), are provided as collateral against borrowings of investees (see Note 12).

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28. Related Party Transactions (cont'd)

The Group recognized salaries and post-employment benefits for the key management as expenses, amounting to ₩ 6,361 million (2023: ₩ 5,831 million) and ₩ 1,883 million (2023: ₩ 1,719 million, respectively). The key management includes directors (executive and non-executive), auditors and other managements. Meanwhile, the Group introduced long-term incentive plans for its executives based on a three-year management performance criteria. As of December 31, 2024, the Group has recorded the accumulated amounts expected to be paid in the future as accrued expenses and bonus reserve liabilities. For the year ended December 31, 2024, the Group recognized expenses totaling ₩ 1,891 million (2023: ₩ 3,396 million).

As of December 31, 2024, the contractual obligation of Samsung Biologics Co., Ltd., a subsidiary of the Group, in relation to acquisition of property, plant and equipment and intangible assets that have not been recognized as of December 31, 2024, amount to ₩ 1,134,897 million, of which the contractual obligation with Samsung E&A Co., Ltd., and others, related parties, amount to ₩ 701,777 million.

The Group has entered into a memorandum of understanding with Samsung Life Insurance Co., Ltd., a major shareholder of Beijing Samsung Real Estate Co., Ltd., to transfer all of the Group's investment in Beijing Samsung Real Estate Co., Ltd. upon completion of constructing Samsung Beijing Office. The sales price will be determined by the median value of appraised values given by appraisal companies appointed by each party.

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29. Consolidated Statements of Cash Flows

Reconciliation between operating profit and net cash inflow (outflow) from operating activities for each of the two years in the period ended December 31, 2024 is as follows:

<i>(in Korean won)</i>	2024	2023
Profit for the year	₩ 2,772,012,091,811	₩ 2,719,106,116,709
Addition or deduction for profit adjustment		
Income tax expense	950,454,516,464	830,390,532,609
Interest expense	223,836,702,965	254,960,231,958
Depreciation and amortization	933,089,150,967	820,917,050,173
Post-employment benefits	139,704,867,315	128,677,683,674
Impairment loss	11,582,001,028	41,784,929,722
Other impairment loss	107,124,792,156	23,322,529,978
Transfer in provision for construction losses	58,057,307,853	6,584,638,633
Transfer in provision for construction warranties	46,359,132,051	38,682,148,256
Loss on foreign currency translation	164,703,914,577	135,040,676,338
Loss on disposal of investments	-	2,436,056,179
Impairment loss on investments	-	12,915,846,597
Loss on valuation of financial assets at fair value through profit or loss	11,154,655,748	4,877,297,217
Loss on disposal of financial assets at fair value through profit or loss	24,156,589	45,666,501
Loss on disposal of property, plant and equipment	4,651,241,247	6,294,341,041
Impairment loss on property, plant and equipment	500,779,346	352,124,845
Loss on disposal of intangible assets	321,573,306	829,428,648
Impairment loss on intangible assets	61,095,600,025	-
Impairment loss on right-of-use assets	682,100,276	897,078,130
Share of loss of associates and joint ventures	24,801,291,359	8,156,505,013
Other expenses	137,488,329,344	145,297,344,684
Interest income	(224,830,026,753)	(249,949,977,803)
Dividend income	(637,747,076,775)	(608,051,863,802)
Gain on foreign exchange translation	(342,584,903,008)	(132,053,185,825)
Reversal of provision for construction losses	(50,753,002,018)	(29,513,460,150)
Reversal of provision for impairment	(94,125,118,882)	(10,119,867,706)
Gain on disposal of investments	(1,152,566,385)	(12,465,352,857)
Reversal of impairment loss on investments	-	(31,060,926,807)
Gain on valuation of financial assets at fair value through profit or loss	(26,932,047,283)	(3,164,648,526)
Gain on disposal of property, plant and equipment	(8,447,311,622)	(6,977,662,836)
Gain on disposal of intangible assets	(104,115,515)	(1,510,497,662)
Reversal of impairment loss on intangible assets	(600,000,000)	(9,900,000,000)
Share of profit of associates and joint ventures	(81,166,111,024)	(91,250,283,780)
Other income	(36,867,677,051)	(44,634,531,409)

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<i>(in Korean won)</i>	2024	2023
	1,370,322,156,300	1,231,809,851,033
Changes in operating assets and liabilities		
Decrease (increase) in trade receivables	(965,999,145,940)	110,734,806,955
Decrease (increase) in other current assets	300,462,240,229	(559,638,252,574)
Increase in inventories	(655,139,808,156)	(206,201,258,062)
Increase (decrease) in trade payables	(284,879,841,345)	369,059,562,546
Increase (decrease) in other current liabilities	1,037,038,152,283	(98,062,469,651)
Decrease in provisions for construction warranties	(26,560,740,234)	(16,986,124,208)
Increase in long-term unearned income	66,490,341,471	52,000,910,329
Decrease in long-term non-trade payables	(28,447,707,489)	(596,116,706,693)
Payment of defined benefit liability	(135,437,394,642)	(109,164,046,034)
Increase in plan assets	(31,795,887,103)	(50,656,483,808)
Transfer-in (out) of defined benefit liability	(2,814,776,480)	497,722,345
Others	24,883,015	41,992,677,801
	(727,059,684,391)	(1,062,539,661,054)
Cash flows generated from operations	₩ 3,415,274,563,720	₩ 2,888,376,306,688

Changes in liabilities arising from financial activities for each of the two years in the period ended December 31, 2024 are as follows:

	<i>(in millions of Korean won)</i>		Transactions without cash flows		As of December 31, 2024
			Amortization	Others ²	
	As of January 1, 2024	Cash flows from financial activities			
Short-term borrowings	₩ 1,376,715	₩ (597,826)	₩ -	₩ 43,173	₩ 822,062
Long-term borrowings ¹	1,994,522	(951,470)	-	3,019	1,046,071
Debentures ¹	1,081,581	916,203	1,016	864	1,999,664
	₩ 4,452,818	₩ (633,093)	₩ 1,016	₩ 47,056	₩ 3,867,797

¹ Long-term borrowings and debentures include current portion of borrowings and debentures.

² Others include changes due to exchange differences and others.

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29. Consolidated Statements of Cash Flows (cont'd)

(in millions of Korean won)

	As of January 1, 2023		Cash flows from financial activities	Transactions without cash flows		As of December 31, 2023				
				Amortization	Others ²					
Short-term borrowings	₩	2,129,418	₩	(757,742)	₩	-	₩	5,039	₩	1,376,715
Long-term borrowings ¹		2,198,148		(211,697)		-		8,071		1,994,522
Debentures ¹		1,287,447		(210,000)		1,129		3,005		1,081,581
	₩	5,615,013	₩	(1,179,439)	₩	1,129	₩	16,115	₩	4,452,818

¹ Long-term borrowings and debentures include current portion of borrowings and debentures.

² Others include changes due to exchange differences and others.

Meanwhile, cash outflows from financing activities due to the repayment of principal in relation to lease liabilities for the year ended December 31, 2024 amount to ₩ 257,884 million (2023: ₩ 259,142 million), and cash outflows from operating activities due to interest expenses amount to ₩ 18,870 million (2023: ₩ 18,814 million).

Significant non-cash transactions for each of the two years in the period ended December 31, 2024 are as follows:

(in millions of Korean won)

	2024	2023
Transfer of debentures to current portion	₩ 382,867	₩ 380,000
Increase in right-of-use assets and lease liabilities	301,745	269,413
Transfer between other comprehensive income and retained earnings due to disposal of financial assets at fair value through other comprehensive income	(49,599)	1,660
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	(7,136,659)	7,485,230
Changes in exchange differences – other comprehensive income	288,097	63,536
Changes in loss on derivatives – other comprehensive income	(184)	(2,201)
Changes in non-trade receivables due to disposal of investments in associates and joint ventures	-	(242,325)
Changes in non-trade payables due to acquisition of property, plant and equipment and intangible assets	512,670	(303,428)
Decrease in long-term non-trade receivables due to transfer of inventories	-	(154,307)

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30. Segment Information

The strategic steering committee is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the strategic steering committee for the purposes of allocating resources and assessing performance.

Also, the summarized information on the Group's operations by business segment as of and for the years ended December 31, 2024 and 2023 is prepared after elimination of intercompany transactions in operating profit, and liabilities of operating segments are not included as those are not periodically reported to the Group's management.

The summarized information on the Group's operations by business segment as of and for each of the two years in the period ended December 31, 2024 is as follows:

	2024						Total	
	Construction	Trading	Fashion	Resort	Food and beverages	Bio		Common
External sales	₩ 18,835,589	₩ 17,010,765	₩ 2,167,850	₩ 794,780	₩ 3,227,235	₩ 5,134,857	₩ -	₩ 47,171,076
Internal sales	(180,874)	(4,014,077)	(163,617)	(12,686)	(109,049)	(587,535)	-	(5,067,838)
Net sales	₩ 18,654,715	₩ 12,996,688	₩ 2,004,233	₩ 782,094	₩ 3,118,186	₩ 4,547,322	₩ -	₩ 42,103,238
Depreciation and amortization	₩ 106,843	₩ 41,841	₩ 62,103	₩ 65,868	₩ 32,143	₩ 624,290	₩ -	₩ 933,088
Operating profit	1,001,260	300,303	170,467	58,599	156,692	1,296,076	-	2,983,397
Total assets ¹	12,634,047	5,030,627	1,353,749	2,490,609	1,183,448	17,401,280	21,896,667	61,990,427

¹ For the total assets, the common amount is separately presented.

Samsung C&T Corporation and Subsidiaries
Notes to the Consolidated Financial statements
December 31, 2024 and 2023

30. Segment Information (cont'd)

	2023							Total
	Construction	Trading	Fashion	Resort	Food and beverages	Bio	Common	
External sales	₩ 19,504,237	₩ 17,043,717	₩ 2,214,647	₩ 789,901	₩ 2,908,146	₩ 4,020,821	₩ -	₩ 46,481,469
Internal sales	(194,167)	(3,777,674)	(163,620)	(14,681)	(109,414)	(326,232)	-	(4,585,788)
Net sales	₩ 19,310,070	₩ 13,266,043	₩ 2,051,027	₩ 775,220	₩ 2,798,732	₩ 3,694,589	₩ -	₩ 41,895,681
Depreciation and amortization	₩ 113,515	₩ 45,966	₩ 54,292	₩ 61,612	₩ 30,555	₩ 514,977	₩ -	₩ 820,917
Operating profit	1,034,261	360,281	193,388	66,075	128,269	1,087,900	-	2,870,174
Total assets ¹	11,478,501	4,732,245	1,132,177	2,454,394	1,014,159	16,148,093	29,167,460	66,127,029

¹ For the total assets, the common amount is separately presented.

30. Segment Information (cont'd)

The summarized information on the Group's operations by geographic areas for each of the two years in the period ended December 31, 2024 is as follows:

(in millions of
Korean won)

	2024					
	Domestic	Asia	Europe	The Americas	Others	Total
Total revenue	₩31,350,605	₩ 7,986,161	₩ 1,357,840	₩ 6,476,369	₩ 101	₩ 47,171,076
Intercompany revenue	<u>(3,047,507)</u>	<u>(1,076,228)</u>	<u>(252,772)</u>	<u>(691,230)</u>	<u>(101)</u>	<u>(5,067,838)</u>
Revenue from external customers	<u>₩28,303,098</u>	<u>₩ 6,909,933</u>	<u>₩ 1,105,068</u>	<u>₩ 5,785,139</u>	<u>₩ -</u>	<u>₩ 42,103,238</u>
Non-current assets ¹	₩15,607,649	₩ 226,515	₩ 126,677	₩ 56,764	₩ 1,606	₩ 16,019,211

¹ Financial instruments, deferred tax assets and investments in associates and joint ventures are excluded.

(in millions of
Korean won)

	2023					
	Domestic	Asia	Europe	The Americas	Others	Total
Total revenue	₩31,589,774	₩ 7,200,082	₩ 1,352,899	₩ 6,338,652	₩ 62	₩ 46,481,469
Intercompany revenue	<u>(2,932,246)</u>	<u>(808,125)</u>	<u>(253,165)</u>	<u>(592,190)</u>	<u>(62)</u>	<u>(4,585,788)</u>
Revenue from external customers	<u>₩28,657,528</u>	<u>₩ 6,391,957</u>	<u>₩ 1,099,734</u>	<u>₩ 5,746,462</u>	<u>₩ -</u>	<u>₩ 41,895,681</u>
Non-current assets ¹	₩14,097,594	₩ 184,128	₩ 63,356	₩ 64,977	₩ 9	₩ 14,410,064

¹ Financial instruments, deferred tax assets and investments in associates and joint ventures are excluded.

31. Financial Risk Management

31.1 Financial Risk Management

The Group is exposed to credit risk, liquidity risk and market risk. Market risk arises from currency risk, interest rate risk and fair value risk associated with investments and others. The Group has a risk management program in place to monitor and actively manage such risks.

The Group's financial assets that are under financial risk management are composed of cash and cash equivalents, trade receivables, other financial instruments at amortized costs, financial instruments at fair value through other comprehensive income, financial instruments at fair value through profit or loss and others. The Group's financial liabilities under financial risk management are composed of trade and other payables, borrowings, debentures and others.

(a) Market risk

i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from international operations and transactions with different foreign currencies. Most widely used foreign currencies are the US Dollar, Euro, Japanese Yen and others. Foreign exchange risk management is carried out by considering the nature of the businesses and using risk management tools. The Group operates a system to manage receivables and payables denominated in foreign currencies. The risks of foreign currency exposure to receivables and payables are periodically evaluated, managed and reported through the system.

Details of foreign assets and liabilities of the Group not denominated in functional currency as of December 31, 2024 and 2023 are as follows:

<i>(in millions of Korean won)</i>	December 31, 2024			
	USD	EUR	JPY	Others
Financial assets	₩ 3,555,889	₩ 247,986	₩ 203,131	₩ 780,785
Financial liabilities	1,530,669	272,148	180,735	252,141
<i>(in millions of Korean won)</i>	December 31, 2023			
	USD	EUR	JPY	Others
Financial assets	₩ 2,700,538	₩ 219,470	₩ 96,067	₩ 394,253
Financial liabilities	1,559,433	261,426	104,115	200,310

31. Financial Risk Management (cont'd)

The table below summarizes the impact of weakened/strengthened Korean won on the Group's profit before income tax. The analysis is based on the assumption that Korean won has weakened/strengthened by 5% with all other variables held constant.

(in millions of Korean won)

	December 31, 2024	
	Strengthened	Weakened
Financial assets	₩ (239,389)	₩ 239,389
Financial liabilities	111,785	(111,785)
Net effect	₩ (127,604)	₩ 127,604

(in millions of Korean won)

	December 31, 2023	
	Strengthened	Weakened
Financial assets	₩ (166,348)	₩ 166,348
Financial liabilities	101,710	(101,710)
Net effect	₩ (64,638)	₩ 64,638

ii) Equity price risk

The Group's investment portfolio consists of direct and indirect investments in listed and non-listed securities for utilization of finances and enhancement of enterprise value. As of December 31, 2024 and 2023, if listed share prices fluctuate by 1% without other variables changing, the effects on other comprehensive income and profit or loss are as follows:

(in millions of Korean won)

	2024	2023
Changes in other comprehensive income	₩ 161,522	₩ 215,340

iii) Interest rate risk

The Group is exposed to interest rate risk fluctuations since the value of financial statement line items (financial liabilities) and interest expenses changes as a result of investment risk. The Group's position with regard to interest rate risk exposure is mainly related to debt obligations such as debentures. To mitigate interest rate risk, the Group manages interest rate risk proactively by establishing and operating policies for minimizing interest risks, monitoring periodically interest rate trends in domestic and international markets and preparing countermeasures.

As of December 31, 2024 and 2023, financial liabilities exposed to interest rate risk are as follows:

(in millions of Korean won)

	December 31, 2024	December 31, 2023
Financial liabilities	₩ 1,548,554	₩ 1,287,112

31. Financial Risk Management (cont'd)

Interest sensitivity of the Group is determined based on the following assumption:

- Changes in market interest rate affecting interest expenses of floating rate financial instruments

As of December 31, 2024 and 2023, if interest rates fluctuate by 1% without other variables changing, the effects on expenses of floating rate financial instruments are as follows:

<i>(in millions of Korean won)</i>	December 31, 2024		December 31, 2023	
	1% increase	1% decrease	1% increase	1% decrease
Decrease (increase) in interest expense	₩ (15,486)	₩ 15,486	₩ (12,871)	₩ 12,871

(b) Credit risk

Credit risk arises in connection with the normal course of transactions and investing activities, where clients or other parties fail to discharge an obligation. The Group monitors and sets the counterparty's credit limit on a periodic basis based on the counterparty's financial conditions, default history and other important factors.

Credit risk arises from cash and cash equivalents, savings and derivative instruments transactions with financial institutions. To mitigate or eliminate certain of those exposures, the Group transacts only with highly rated financial institutions. The maximum amount exposed to credit risks by each financial instrument is its book amount.

i) Trade receivables and contract assets

The Group applies the simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables and contract assets. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as of December 31, 2024 is determined as follows; the expected credit losses below also include forward looking information.

<i>(in millions of Korean won)</i>	Less than 90 days past due and within due	Less than 180 days past due	Less than 270 days past due	Less than 1 year past due	More than 1 year past due	Impaired receivables	Total
Expected loss rate	0.60%	2.50%	2.69%	12.84%	57.14%	81.47%	3.24%
Total carrying amount	₩ 7,054,884	₩ 205,556	₩ 41,280	₩ 2,733	₩ 85,179	₩ 180,891	₩ 7,570,523
Loss allowance	(42,620)	(5,137)	(1,110)	(351)	(48,672)	(147,378)	(245,268)

31. Financial Risk Management (cont'd)

Movements in the loss allowance provision for trade receivables for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in millions of Korean won)</i>	2024		2023	
Beginning balance	₩	237,374	₩	205,803
Increase in loss allowance recognized in profit or loss during the year		7,490		39,803
Others ¹		404		(8,232)
Ending balance	₩	<u>245,268</u>	₩	<u>237,374</u>

¹ Others include the effect of exchange differences and consolidation adjustments.

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. For these receivables, the estimated impairment losses are recognized in a separate provision for impairment. The Group considers that there is an evidence of impairment if any of the following indicators are present:

- significant financial difficulties of the debtor;
- probability that the debtor will enter bankruptcy or financial reorganization; and
- default or delinquency in payments.

As of December 31, 2024, the gross carrying amount of trade receivables (including due from customer for contract work), reflecting the maximum exposure to credit risk, is ₩ 7,325,255 million (2023: ₩ 6,409,309 million).

The amounts recognized in profit or loss in relation to impaired receivables for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in millions of Korean won)</i>	2024		2023	
Impairment loss:				
Selling and administrative expenses	₩	7,490	₩	39,803

ii) Other financial assets at amortized costs

The loss allowance provision for other financial assets other than trade receivables, at amortized costs recognized is limited to 12 months expected loss when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. However, when credit risk is not low and a significant decrease in credit risk is identified, the loss allowance provision for lifetime expected credit losses should be recognized.

31. Financial Risk Management (cont'd)

Movements in loss allowance provision for other financial assets at amortized cost for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in millions of Korean won)</i>	2024		2023	
Beginning balance	₩	238,845	₩	478,071
Increase in loss allowance recognized in profit or loss during the year		16,963		14,823
Others ¹		4,828		(254,049)
Ending balance	₩	<u>260,636</u>	₩	<u>238,845</u>

¹ Others include the effect of exchange differences and consolidation adjustments.

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. For these receivables, the estimated impairment losses are recognized in a separate provision for impairment. The Group considers that there is an evidence of impairment if any of the following indicators are present:

- significant financial difficulties of the debtor;
- probability that the debtor will enter bankruptcy or financial reorganization; and
- default or delinquency in payments.

As of December 31, 2024, the gross carrying amount of other financial assets at amortized costs, reflecting the maximum exposure to credit risk, is ₩ 2,920,222 million (2023: ₩ 2,823,545 million).

The amounts recognized in profit or loss in relation to impaired receivables for each of the two years in the period ended December 31, 2024 are as follows:

<i>(in millions of Korean won)</i>	2024		2023	
Impairment loss				
- Other expenses	₩	16,963	₩	14,823

As of December 31, 2024 and 2023, the Group recognizes financial guarantee liabilities of ₩ 11,600 million and ₩ 17,954 million, respectively, in relation to providing the financial guarantee. The maximum exposure to credit risk from the provision of the financial guarantee as of December 31, 2024 and 2023, is ₩ 2,128,273 million and ₩ 2,424,988 million, respectively.

In addition, the Group has provided several agreements including the loan agreement for the members engaged in housing association, the supplemental funding agreement on borrowings to SOC entities, the debt acquisition agreement upon the breach of construction completion guarantee, the agreement to provide equity investments as collateral against the borrowings of investees. The maximum exposure to credit risk is the agreed amount (see Notes 5 and 18).

31. Financial Risk Management (cont'd)

(c) Liquidity risk

The Group manages its liquidity risk to maintain adequate net working capital by constantly managing projected cash flows. Beyond effective working capital and cash management, the Group mitigates liquidity risk by factoring and contracting with financial institutions with respect to bank overdrafts and others. In addition, for efficient application of funds, the Group monitors its cash flows through medium and long-term management planning and short-term management strategy.

As of December 31, 2024 and 2023, the financial liabilities are classified by their remaining contractual maturities as follows:

(in millions of Korean won)

	December 31, 2024					
	Book amount	Cash flows by terms of contract	Cash flow schedule until the expiration date			
			1 year or less	1 year ~ 2 years	2 years ~ 3 years	More than 3 years
Borrowings	₩ 1,868,133	₩ 1,918,294	₩ 1,783,596	₩ 51,808	₩ 61,697	₩ 21,193
Debentures	1,999,664	2,134,662	443,110	699,011	992,541	-
Derivative liabilities ¹	70,410	70,410	54,937	10,265	73	5,135
Financial guarantee liabilities ²	11,600	2,104,316	1,312,391	760,000	-	31,925
Trade payables	2,437,674	2,437,674	2,437,674	-	-	-
Other payables	5,427,740	5,427,740	4,790,509	633,967	382	2,882
Total	₩11,815,221	₩14,093,096	₩ 10,822,217	₩ 2,155,051	₩ 1,054,693	₩ 61,135

¹ The cash flow of derivative liability is estimated based on the net amount for payment, considering time value and others.

² The cash flow presented is principal amount of the borrowings for which the Group provides the financial guarantee. Contractual cash flows of the financial liabilities are analyzed into the relevant maturity groupings based on the remaining period to the contractual maturity date. As of December 31, 2024, the maximum liquidity exposure risk in relation to the financial guarantee is the total contractual cash flows.

31. Financial Risk Management (cont'd)

(in millions of Korean won)

	December 31, 2023					
	Book amount	Cash flows by terms of contract	Cash flow schedule until the expiration date			
			1 year or less	1 year ~ 2 years	2 years ~ 3 years	More than 3 years
Borrowings	₩ 3,371,237	₩ 3,501,636	₩ 2,549,602	₩ 942,379	₩ 2,220	₩ 7,435
Debentures	1,081,581	1,165,480	407,061	395,064	129,632	233,723
Derivative liabilities ¹	127,400	127,400	77,946	8,575	4,251	36,628
Financial guarantee liabilities ²	17,954	2,424,988	996,881	1,035,916	360,000	32,191
Trade payables	2,707,778	2,707,778	2,707,778	-	-	-
Other payables	4,868,741	4,868,741	4,432,665	432,666	357	3,053
Total	₩12,174,691	₩14,796,022	₩ 11,171,933	₩ 2,814,600	₩ 496,459	₩ 313,030

¹ The cash flow of derivative liability is estimated based on the net amount for payment, considering time value and others.

² The cash flow presented is principal amount of the borrowings for which the Group provides the financial guarantee. Contractual cash flows of the financial liabilities are analyzed into the relevant maturity groupings based on the remaining period to the contractual maturity date. As of December 31, 2023, the maximum liquidity exposure risk in relation to the financial guarantee is the total contractual cash flows.

31.2 Capital Risk Management

The objective of capital management is to maintain sound capital structure. The Group's capital management considers the Group's debt ratio, computed by dividing total liabilities by total equity disclosed in the consolidated financial statements.

As of December 31, 2024 and 2023, debt-to-equity ratio is as follows:

(in millions of Korean won)

	December 31, 2024	December 31, 2023
Liabilities (A)	₩ 24,731,887	₩ 26,229,920
Equity (B)	37,258,540	39,897,109
Debt-to-equity ratio (A/B)	66%	66%

31. Financial Risk Management (cont'd)

31.3 Assumptions in Determining Fair Value

The fair value of the financial instruments traded in wide market are estimated based on the publicly announced market price as of the reporting date. If there is no market for such financial instruments, the fair value is estimated by using certain valuation methods. For measuring the fair value, the Group uses various valuation methods, and establishes the assumptions based on the market condition as of the reporting date. For long-term liabilities, the official market price or dollar-asking price of the similar instruments is used. In addition, the Group uses various valuation methods such as estimated cash flows discount method to estimate fair value. Fair values of interest rate swap and currency swap are calculated by discounting future estimated cash flows. The fair values of metal futures and currency forward contract are estimated by using the official price and the official forward exchange rate as of the reporting date, respectively. The Group records the net book amount after deducting the provision for impairment from the gross amount as the approximate value of the trade receivables and other financial assets at amortized costs. The fair value of the financial liabilities is the discounted amount of the future cash flow under the terms of the contract by using current market interest rate applied on similar financial instruments.

Fair value hierarchy classifications of the financial instruments that are measured at fair value or its fair value is disclosed as of December 31, 2024 and 2023 are as follows:

(in millions of Korean won)

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets at fair value through other comprehensive income	₩ 21,680,828	₩ 1,880,372	₩ 192,736	₩ 23,753,936
Financial assets at fair value through profit or loss	-	389,564	568,932	958,496
Derivative financial instruments:				
Held for trading	-	5,946	42,479	48,425
Hedging	-	42,095	-	42,095
Total	<u>₩ 21,680,828</u>	<u>₩ 2,317,977</u>	<u>₩ 804,147</u>	<u>₩ 24,802,952</u>
Liabilities measured at fair value				
Derivative financial instruments:				
Held for trading	₩ -	₩ 5,791	₩ 14,951	₩ 20,742
Hedging	-	49,668	-	49,668
Total	<u>₩ -</u>	<u>₩ 55,459</u>	<u>₩ 14,951</u>	<u>₩ 70,410</u>

31. Financial Risk Management (cont'd)

(in millions of Korean won)

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets at fair value through other comprehensive income	₩ 28,904,632	₩ 1,961,524	₩ 187,274	₩ 31,053,430
Financial assets at fair value through profit or loss	-	375,300	394,285	769,585
Derivative financial instruments:				
Held for trading	-	11,393	30,868	42,261
Hedging	-	15,991	-	15,991
Total	₩ 28,904,632	₩ 2,364,208	₩ 612,427	₩ 31,881,267
Liabilities measured at fair value				
Derivative financial instruments:				
Held for trading	₩ -	₩ 7,038	₩ 36,628	₩ 43,666
Hedging	-	83,734	-	83,734
Total	₩ -	₩ 90,772	₩ 36,628	₩ 127,400

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- All inputs other than quoted prices included in level 1 that are observable (either directly that is, prices, or indirectly that is, derived from prices) for the asset or liability (Level 2).
- Unobservable inputs for the asset or liability (Level 3).

For the year ended December 31, 2024, there has been no significant change in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

Valuation techniques and the inputs used in the fair value measurement related to recurring and non-recurring fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy and disclosed fair value are as follows:

(in millions of Korean won)	Fair value	Level	Fair value measurements	Inputs
Financial assets measured at fair value				
Energy industry equities	₩ 36,743	3	Net asset value method, discounted cash flow method and others	Growth rate, discount rate and others
Cooperative contribution	80,359	3	Net asset value method, discounted cash flow method and others	Growth rate, discount rate and others
Other equities	644,566	3	Net asset value method, discounted cash flow method and others	Growth rate, discount rate and others
Investment bonds	2,269,936	2	Discounted cash flow method	Counterparty credit risk and others
Derivatives (assets)				
Currency forwards and others	48,041	2	Market approach	Currency forwards rate, discount rate and others
Option	42,479	3	Binominal model	Growth rate, discount rate, volatility and others
Derivatives (liabilities)				
Currency forwards and others	55,459	2	Market approach	Currency forwards rate, discount rate and others

Option	14,951	3	Binominal model	Growth rate, discount rate, volatility and others
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Valuation process of fair value measurements classified in level 3

The finance department of the Group's divisions is responsible for fair value measurements which contain fair value measurement categorized in Level 3 for the purpose of financial report and the said department reports periodically the fair value valuation process and its outcome on reporting schedule at the end of every year.

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 most unfavorable.

The results of the sensitivity analysis for the effect on profit or loss from changes in inputs for each financial instrument, which is categorized within Level 3 and subject to sensitivity analysis, are as follows:

(in millions of Korean won)

	2024					
	Favorable changes		Unfavorable changes			
	Profit or loss for the year	Equity	Profit or loss for the year	Equity		
Financial assets at fair value through other comprehensive income ¹	₩	-	₩ 4,410	₩	-	₩ (3,809)
Option assets		4,156	-		(3,765)	-
Option liabilities		106	-		(52)	-

¹ For equity securities, changes in their fair value are calculated by increasing or decreasing the discount rate (-1%~1%), which are significant unobservable inputs. Beneficiary certificates are excluded from sensitivity analysis, as sensitivity computation of parameters is impracticable.

32. Business Combination

(a) Business combination of Robocon Technologies Corp.

The Group acquired 34.92% of ownership interest in Robocon Technologies Corp. in October 2023 and acquired de facto control because the Group holds the contractual arrangement with the other voting right holders of the investee and 50% voting rights of the entity's Board of Directors. The consolidated financial statements include Robocon Technologies Corp.'s financial performance for two months from the acquisition date to December 31, 2023.

At the acquisition date, the fair values of identifiable assets acquired and the liabilities assumed and related goodwill are as follows:

<i>(in millions of Korean won)</i>	Book amount	Fair value adjustments	Fair value
Cash and cash equivalents	₩ 8,015	₩ -	₩ 8,015
Trade and other receivables	229	-	229
Inventories	449	-	449
Other assets	1,593	-	1,593
Property, plant and equipment and Intangible assets	20,628	3,597	24,225
Trade and other payables	(1,101)	-	(1,101)
Short-term and long-term borrowings	(6,427)	-	(6,427)
Other liabilities	(33,761)	-	(33,761)
Deferred tax liabilities	-	(950)	(950)
Total of fair value of identifiable net assets			<u>(7,728)</u>
Goodwill resulting from acquisition ¹			<u>₩ -</u>
Total consideration			<u>₩ 15,617</u>

¹ The Group acquired control of Robocon Technologies Corp. by acquiring redeemable convertible preferred shares classified as a financial liability, and all equity instruments issued by Robocon Technologies Corp. were classified as non-controlling interests. Additionally, the Group measured the non-controlling interest as the proportionate share of equity instruments in the acquiree's identifiable net assets in accordance with paragraph 19 of KIFRS 1103. Therefore, goodwill was not recognized in the business combination of Robocon Technologies Corp.

32. Business Combination (cont'd)

Net cash outflows due to the business combination having occurred for the year ended December 31, 2023 are as follows:

<i>(in millions of Korean won)</i>	Book fair value	
Consideration paid by cash	₩	15,617
Less : cash and cash equivalents acquired		<u>(8,015)</u>
Net cash outflows	<u>₩</u>	<u>7,602</u>

33. Events After the Reporting Period

The Group decided to retire its treasury shares (7,807,563 shares of ordinary shares) in accordance with the resolution of the Board of Directors made on January 22, 2025.

Audit opinion on internal control over financial reporting

The accompanying independent auditor's audit report on internal control over financial reporting is attached as a result of auditing the internal control over financial reporting of Samsung C&T Corporation and its subsidiaries (collectively referred to as the "Group") and the consolidated financial statements of the Group for the year ended December 31, 2024 in accordance with the Article 8 of the *Act on External Audit of Stock Companies*.

Attachments:

1. Independent auditor's audit report on internal control over financial reporting
2. Report on the Operation Status of the Internal Control over Financial Reporting (ICFR)



Shape the future
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Independent auditor's audit report on internal control over financial reporting

(English translation of a report originally issued in Korean)

Samsung C&T Corporation The Shareholders and Board of Directors

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting (“ICFR”) of Samsung C&T Corporation and its subsidiaries (collectively referred to as the “Group”) based on the *Conceptual Framework for Design and Operation of ICFR* established by the Operating Committee of ICFR in Korea (the “ICFR Committee”) as of December 31, 2024.

In our opinion, the Group’s ICFR has been effectively designed and operated, in all material respects, as of December 31, 2024 in accordance with the *Conceptual Framework for Design and Operation of ICFR*.

We also have audited, in accordance with Korean Standards on Auditing (“KSA”), the consolidated statement of financial position as of December 31, 2024 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 to the consolidated financial statements, including material accounting policy information of the Group and our report dated February 27, 2025 expressed an unqualified opinion thereon.

Basis for opinion on ICFR

We conducted our audit in accordance with KSA. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of ICFR section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of ICFR in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for ICFR

Management is responsible for designing, implementing, and maintaining an effective ICFR, and for assessing the effectiveness of the ICFR included in the accompanying Report on the Operation Status of the ICFR.

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

Auditor’s responsibilities for the audit of ICFR

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



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

ICFR definition and inherent limitations

ICFR of a company and its subsidiaries is implemented by those charged with governance, management, and other employees and is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS"). ICFR of the company and its subsidiaries includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company and its subsidiaries; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with KIFRS, and that receipts and expenditures of the company and its subsidiaries are being made only in accordance with authorizations of management and directors of the company and its subsidiaries; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of assets of the company and its subsidiaries that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, ICFR may not prevent or detect misstatements of the consolidated financial statements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that ICFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The engagement partner on the audit resulting in this independent auditor's report is Jong-Hun Sim.

February 27, 2025

This audit report is effective as of February 27, 2025, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the Group's ICFR and may result in modifications to report.

Report on the Operation Status of the Internal Control over Financial Reporting

(English translation of a report originally issued in Korean)

To Shareholders, Board of Directors and Audit Committee of Samsung C&T Corporation,

We, as the Chief Executive Officer and the Internal Accounting Manager assessed the operating status of the Company's Internal Control over Financial Reporting ("ICFR") for the year ending December 31, 2024. Design and operation of ICFR is the responsibility of the Company's management, including the Chief Executive Officer and the Internal Accounting Manager (collectively, "We", "Our" or "Us").

We evaluated whether the Company effectively designed and operated its ICFR to prevent and detect errors or frauds which may cause a misstatement in consolidated financial statements to ensure preparation and disclosure of reliable consolidated financial information.

We used the *Conceptual Framework for Design and Operation of Internal Control over Financial Reporting* established by the Operating Committee of Internal Control over Financial Reporting in Korea (the "ICFR Committee") as the criteria for design and operation of the Company's ICFR. In addition, we conducted an evaluation of ICFR based on the *Management Guideline for Evaluation and Reporting of Effectiveness of Internal Control over Financial Reporting* established by the ICFR Committee.

Based on our assessment, we concluded that the Company's ICFR is designed and operated effectively as of December 31, 2024, in all material respects, in accordance with the *Conceptual Framework for Design and Operation of Internal Control over Financial Reporting*.

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

February 12, 2025
Samsung C&T Corporation

President & CEO Sechul Oh

President & CEO Hailin Jeong

President & CEO Jae Eon Lee

Internal Accounting Manager Kue Jong Song

*For the signature of CEOs and Internal Accounting Manager, refer to the Report on the Operation Status of the Internal Control over Financial Reporting in Korean language attached below.

연결 내부회계관리제도 운영실태보고서

삼성물산주식회사 주주, 이사회 및 감사위원회 귀중

본 대표이사 및 내부회계관리자는 2024년 12월 31일 현재 동일자로 종료하는 회계연도에 대한 당사의 연결 내부회계관리제도의 설계 및 운영실태를 평가하였습니다. 연결 내부회계관리제도의 설계 및 운영에 대한 책임은 본 대표이사 및 내부회계관리자를 포함한 회사의 경영진에 있습니다.

본 대표이사 및 내부회계관리자는 회사의 연결 내부회계관리제도가 신뢰할 수 있는 연결 재무제표의 작성 및 공시를 위하여 연결 재무제표의 왜곡을 초래할 수 있는 오류나 부정행위를 예방하고 적발할 수 있도록 효과적으로 설계 및 운영되고 있는지의 여부에 대하여 평가하였습니다.



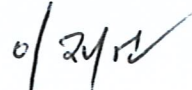
본 대표이사 및 내부회계관리자는 연결 내부회계관리제도의 설계 및 운영을 위해 내부회계관리제도운영위원회에서 발표한 ‘내부회계관리제도 설계 및 운영 개념체계’를 준거기준으로 사용하였습니다. 또한, 연결 내부회계관리제도의 설계 및 운영실태를 평가함에 있어 내부회계관리제도운영위원회에서 발표한 ‘내부회계관리제도 평가 및 보고 모범기준’을 평가기준으로 사용하였습니다.

본 대표이사 및 내부회계관리자의 연결 내부회계관리제도 운영실태 평가결과, 2024년 12월 31일 현재 당사의 연결 내부회계관리제도는 ‘내부회계관리제도 설계 및 운영 개념체계’에 근거하여 볼 때, 중요성의 관점에서 효과적으로 설계되어 운영되고 있다고 판단됩니다.

본 대표이사 및 내부회계관리자는 보고내용이 거짓으로 기재되거나 표시되지 아니하였고, 기재하거나 표시하여야 할 사항을 빠뜨리고 있지 아니함을 확인하였습니다. 또한 본 대표이사 및 내부회계관리자는 보고내용에 중대한 오해를 일으키는 내용이 기재되거나 표시되지 아니하였다는 사실을 확인하였으며, 충분한 주의를 다하여 보고 내용의 기재사항을 직접 확인·검토하였습니다.

2025년 2월 12일

삼성물산주식회사

대 표 이 사 오 세 철  대 표 이 사 정 해 란 
대 표 이 사 이 재 언  내부회계관리자 송 규 종 