

Samsung C&T Corporation

Separate Financial Statements
For the year ended December 31, 2022

Samsung C&T Corporation
Index
December 31, 2022 and 2021

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Ernst & Young Han Young
2-4F, 6-8F, Taeyoung Building, 111, Yeouigongwon-ro,
Yeongdeungpo-gu, Seoul 07241 Korea

Tel: +82 2 3787 6600
Fax: +82 2 783 5890
ey.com/kr

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 separate financial statements of Samsung C&T Corporation (the "Company"), which comprise the separate statement of financial position as of December 31, 2022, the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and the notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea ("KIFRS").

We also have audited the Company's internal control over financial reporting ("ICFR") as of December 31, 2022, based on criteria established in Conceptual Framework for designing and operating ICFR in accordance with Korean Standards on Auditing ("KSA") established by the Operating Committee of ICFR (the "ICFR Committee"), and our report dated March 3, 2023 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 separate financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the separate 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 matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate 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 through the input method

As discussed in Note 2 to the separate financial statements of the Company, the Company recognizes revenue arising from fulfilling performance obligations by using the input method, and revenue from construction contract recognized through the input method is affected by total contract revenue and total estimated contract cost described in Note 3 to the separate financial statements. Total contract revenue is affected by the future events, such as modification of construction contracts, compensation, incentives, penalties, and completion time, and the total estimated contract cost is estimated based on future estimates, such as estimates on material costs, labor costs, outsourcing costs, and construction period. Both total contract revenue and total estimated contract costs are subject to uncertainty of estimation that may change in the future.

We determined that uncertainty of estimation in recognizing revenue from construction contracts based on the input method may have a significant impact on the 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 revenue,

- We assessed the accounting policy on revenue recognition of the Company;
- We inspected documents related to major new contracts or contracts with changes in contract amount;
- We made inquiries about the progress status of major contracts and when there are any significant changes in progress, inspected the reason of such changes accordingly;
- We inspected the basis for the Group's estimation of variable consideration for contracts with delay; and
- We evaluated the design and operation of internal control over financial reporting ("ICFR") on signing of new contracts or changes in contract amount.

In relation to the estimation of the total contract costs,

- We compared the total cost actually incurred and total cost estimated for the contracts completed, and if there are any significant differences between such amounts, made inquiries about why the difference has incurred and inspected documents related thereto;
- We inspected the reasons of significant changes in estimated total contract cost for major contracts, if any;
- We confirmed whether changes in estimated total contract costs incurred if the amount of the contract has changed;
- We confirmed whether changes in estimated total contract costs incurred due to changes in construction periods;
- We made inquiries about the feasibility of some significant contracts without any changes in the total contract costs and inspected documents related thereto; and
- We evaluated the design and operation of the ICFR on the approval and changes of the estimated total contract cost.

In relation to the calculation of construction progress rate,

- We made inquiries about the reason of changes in major contracts with significant changes in the construction progress rate;
- We made inquiries about the contract progress status and the feasibility of the total contract cost estimation for the contracts without any changes in the construction progress rate;
- We compared the progress rate estimated by using the input method and the actual progress rate confirmed by other available information, and if there are any significant differences between such rates, made inquiries about the reason and inspected documents related thereto;
- We recalculated the construction progress rate by construction contract;
- We inspected documents proving that construction costs has incurred; and
- We evaluated the design and operation of the ICFR on the attribution of construction costs incurred on a contract basis.

In relation to the recoverability of unclaimed construction amounts,

- We identified contracts with significant unclaimed construction amount and made inquiries about the reason;
- We made inquiries about financial risks of the customer having ordered contracts with significant unclaimed construction amounts and inspected documents related thereto;
- We inspected contractual obligations for contracts with significant unclaimed construction amounts, 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 evaluated the design and operation of the ICFR on the identification of impaired unclaimed construction.

Other matter

The separate financial statements of the Company as of and for the year ended December 31, 2021 have been audited by Samil PricewaterhouseCoopers, whose report dated March 4, 2022 expressed an unqualified opinion thereon.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the separate 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 separate 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 separate 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Ernst & Young Han Young

March 3, 2023

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

Samsung C&T Corporation

Separate Financial Statements
December 31, 2022 and 2021

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

Jung Suk Koh, Sechul Oh, Seunghwan Han
Chief Executive Officer
Samsung C&T Corporation

Samsung C&T Corporation
Separate Statements of Financial Position
December 31, 2022 and 2021

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

	Notes	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Assets					
Current assets					
Cash and cash equivalents	7	₩ 1,149,042	₩ 1,102,651	\$ 906,685	\$ 870,079
Short-term financial instruments	7	87,985	88,013	69,427	69,449
Financial assets at fair value through profit or loss	7,11	800	289,440	631	228,391
Trade and other receivables	7,8	5,075,325	4,452,577	4,004,833	3,513,436
Other current assets	7,8	2,018,242	1,964,436	1,592,553	1,550,096
Inventories	6	633,352	605,565	499,765	477,838
Total current assets		<u>8,964,747</u>	<u>8,502,681</u>	<u>7,073,894</u>	<u>6,709,289</u>
Non-current assets					
Financial assets at fair value through profit or loss	7,11	245,212	237,082	193,492	187,077
Financial assets at fair value through other comprehensive income	7,11	21,593,948	28,499,387	17,039,334	22,488,272
Investments in subsidiaries, associates and joint ventures	12	4,465,174	2,777,630	3,523,376	2,191,770
Property, plant and equipment	13	2,040,137	2,081,281	1,609,829	1,642,295
Investment properties	14	90,521	91,189	71,428	71,955
Intangible assets	13	368,473	356,670	290,754	281,441
Right-of-use assets	13	238,746	221,889	188,390	175,088
Other non-current assets	7,8	1,629,371	1,413,109	1,285,703	1,115,055
Total non-current assets		<u>30,671,583</u>	<u>35,678,237</u>	<u>24,202,306</u>	<u>28,152,953</u>
Total assets		<u>₩ 39,636,330</u>	<u>₩ 44,180,918</u>	<u>\$ 31,276,201</u>	<u>\$ 34,862,241</u>

Samsung C&T Corporation
Separate Statements of Financial Position
December 31, 2022 and 2021

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

	Notes	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Liabilities					
Current liabilities					
Trade payables	7	₩ 1,121,548	₩ 1,348,384	\$ 884,990	\$ 1,063,982
Short-term borrowings	7,15	1,310,858	756,072	1,034,371	596,601
Current portion of long-term borrowings	7,15	864,004	231,622	681,767	182,768
Current tax liabilities		91,122	428,886	71,903	338,425
Other current liabilities	5,7,9,17	5,628,444	5,202,554	4,441,287	4,105,227
Total current liabilities		9,015,976	7,967,518	7,114,318	6,287,003
Non-current liabilities					
Debentures and long-term borrowings	7,15	1,085,910	257,026	856,869	202,814
Net defined benefit liability	16	5,912	6,005	4,665	4,738
Deferred tax liabilities	26	4,818,959	6,805,347	3,802,540	5,369,957
Provisions	5,17	404,252	439,425	318,987	346,741
Other non-current liabilities	7,9	381,696	297,571	301,188	234,807
Total non-current liabilities		6,696,729	7,805,374	5,284,249	6,159,057
Total liabilities		15,712,704	15,772,893	12,398,567	12,446,060

Samsung C&T Corporation
Separate Statements of Financial Position
December 31, 2022 and 2021

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

	Notes	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Equity					
Share capital	19	18,851	18,851	14,875	14,875
Capital surplus		10,039,470	10,039,470	7,921,937	7,921,937
Other components of equity	19,20	5,270,568	10,457,439	4,158,896	8,251,747
Retained earnings		8,594,735	7,892,264	6,781,926	6,227,621
Total equity		23,923,625	28,408,025	18,877,634	22,416,180
Total liabilities and equity		₩ 39,636,330	₩ 44,180,918	\$ 31,276,201	\$ 34,862,241

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

The above separate statements of financial position should be read in conjunction with the accompanying notes.

Samsung C&T Corporation
Separate Statements of Comprehensive Income
Years Ended December 31, 2022 and 2021

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

	Notes	2022		2021		2022		2021	
Net sales	30	₩	26,406,561	₩	21,120,591	\$	20,451,970	\$	16,357,969
Cost of sales			23,213,403		18,888,771		17,978,859		14,629,417
Gross profit			3,193,158		2,231,820		2,473,111		1,728,552
Selling and administrative expenses	22,24		2,253,745		1,982,546		1,745,533		1,535,489
Operating profit	30		939,413		249,274		727,578		193,063
Other income	23		2,107,832		2,773,900		1,632,523		2,148,395
Other expenses	23		1,147,177		598,789		888,493		463,764
Financial income	25		162,217		130,660		125,638		101,197
Financial expenses	25		176,195		119,627		136,464		92,651
Profit before income tax			1,886,090		2,435,418		1,460,782		1,886,240
Income tax expense	26		424,281		518,527		328,607		401,601
Profit for the year		₩	1,461,808	₩	1,916,891	\$	1,132,175	\$	1,484,639

Samsung C&T Corporation
Separate Statements of Comprehensive Income
Years Ended December 31, 2022 and 2021

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

	Notes	2022	2021	2022	2021
Other comprehensive income for the year, net of tax					
Items that may be subsequently reclassified to profit or loss					
Exchange differences		₩ (19,033)	₩ 39,254	\$ (14,741)	\$ 30,403
Cash flow hedges		2,137	(785)	1,655	(608)
Items that will not be reclassified to profit or loss					
Loss on valuation of financial assets at fair value through other comprehensive income	11	(4,943,468)	(1,131,614)	(3,828,733)	(876,439)
Remeasurements of net defined benefit liabilities	16	(65,832)	(30,832)	(50,987)	(23,879)
		<u>(5,026,196)</u>	<u>(1,123,975)</u>	<u>(3,892,806)</u>	<u>(870,523)</u>
Total comprehensive income (loss) for the year		<u>₩ (3,564,388)</u>	<u>₩ 792,916</u>	<u>(2,760,631)</u>	<u>614,116</u>
Earnings per share:					
	27				
Basic earnings per ordinary share		₩ 8,911	₩ 11,622	\$ 6.90	\$ 9.00
Basic earnings per preferred share		8,961	11,672	6.94	9.04

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

The above separate statements of comprehensive income should be read in conjunction with the accompanying notes.

Samsung C&T Corporation
Separate Statements of Changes in Equity
Years Ended December 31, 2022 and 2021

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

	Notes	Share capital	Capital surplus	Retained earnings	Other components of equity	Total	Share capital	Capital surplus	Retained earnings	Other components of equity	Total
Balance at January 1, 2021		₩ 18,851	₩10,039,470	₩ 6,385,539	₩ 11,550,666	₩ 27,994,527	\$ 14,875	\$ 7,921,937	\$ 5,038,696	\$ 9,114,389	\$ 22,089,897
Total comprehensive income:											
Profit for the year		-	-	1,916,891	-	1,916,891	-	-	1,512,579	-	1,512,579
Changes in the fair value of financial assets at fair value through other comprehensive income	11	-	-	-	(1,131,614)	(1,131,614)	-	-	-	(892,933)	(892,933)
Reclassification from disposal of financial assets at fair value through other comprehensive income	11	-	-	82	(82)	-	-	-	65	(65)	-
Exchange differences		-	-	-	39,254	39,254	-	-	-	30,975	30,975
Cash flow hedge	18	-	-	-	(785)	(785)	-	-	-	(620)	(620)
Remeasurements of the net defined benefit liabilities		-	-	(30,831)	-	(30,831)	-	-	(24,329)	-	(24,329)
Transactions with owners:											
Cash dividends		-	-	(379,417)	-	(379,417)	-	-	(299,390)	-	(299,390)
Balance at December 31, 2021		₩ 18,851	₩10,039,470	₩ 7,892,264	₩ 10,457,439	₩ 28,408,025	\$ 14,875	\$ 7,921,937	\$ 6,227,621	\$ 8,251,747	\$ 22,416,180

Samsung C&T Corporation
Separate Statements of Changes in Equity
Years Ended December 31, 2022 and 2021

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

	Notes	Share capital	Capital surplus	Retained earnings	Other components of equity	Total	Share capital	Capital surplus	Retained earnings	Other components of equity	Total
Balance at January 1, 2022		₩ 18,851	₩10,039,470	₩ 7,892,264	₩10,457,439	₩28,408,025	\$ 14,875	\$ 7,921,937	\$ 6,227,621	\$ 8,251,747	\$ 22,416,180
Total comprehensive income:											
Profit for the year		-	-	1,461,808	-	1,461,808	-	-	1,153,482	-	1,153,482
Changes in the fair value of financial assets at fair value through other comprehensive income	11	-	-	-	(4,943,468)	(4,943,468)	-	-	-	(3,900,788)	(3,900,788)
Reclassification from disposal of financial assets at fair value through other comprehensive income	11	-	-	(717)	717	-	-	-	(566)	566	-
Exchange differences		-	-	-	(19,033)	(19,033)	-	-	-	(15,019)	(15,019)
Cash flow hedge	18	-	-	-	2,137	2,137	-	-	-	1,687	1,687
Remeasurements of the net defined benefit liabilities		-	-	(65,832)	-	(65,832)	-	-	(51,946)	-	(51,946)
Transactions with owners:											
Cash dividends		-	-	(692,788)	-	(692,788)	-	-	(546,664)	-	(546,664)
Acquisition of treasury shares and others		-	-	-	(227,224)	(227,224)	-	-	-	(179,297)	(179,297)
Balance at December 31, 2022		₩ 18,851	₩10,039,470	₩ 8,594,735	₩ 5,270,568	₩23,923,625	\$ 14,875	\$ 7,921,937	\$ 6,781,926	\$ 4,158,896	\$ 18,877,634

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

The above separate statements of changes in equity should be read in conjunction with the accompanying notes.

Samsung C&T Corporation
Separate Statements of Cash Flows
Years Ended December 31, 2022 and 2021

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

	Notes	2022	2021	2022	2021
Cash flows from operating activities					
Cash generated from (used in) operations	29	₩ 388,867	₩ (378,210)	\$ 306,847	\$ (298,437)
Interest received		82,439	58,763	65,051	46,369
Interest paid		(87,263)	(69,461)	(68,858)	(54,811)
Dividends received		644,122	1,540,406	508,263	1,215,502
Income taxes paid		(686,397)	(175,610)	(541,622)	(138,570)
Net cash inflow from operating activities		<u>341,768</u>	<u>975,888</u>	<u>269,681</u>	<u>770,053</u>
Cash flows from investing activities					
Disposal of assets held for sale		245,906	41,262	194,039	32,559
Net decrease in short-term financial instruments		32	-	26	-
Decrease in short-term loans		3,007	10,187	2,373	8,038
Net decrease in current financial assets at fair value through profit or loss	11	288,645	-	227,764	-
Disposal of non-current financial assets at fair value through profit or loss	11	2	15	2	12
Disposal of financial assets at fair value through other comprehensive income	11	32	1,138	25	898
Disposal of investments in subsidiaries, associate and joint ventures	12	34,286	339,196	27,054	267,653
Decrease in long-term financial instruments		-	14,690	-	11,592
Decrease in long-term receivables		124,491	4,364	98,233	3,443
Decrease in deposits		20,083	65,787	15,847	51,911
Disposal of property, plant and equipment	13	16,194	31,726	12,778	25,034
Disposal of intangible assets	13	6,406	502	5,055	396
Settlement of derivative assets		-	137,617	-	108,591
Net increase in short-term financial instruments		-	(300)	-	(237)
Increase in short-term loans		(4,010)	(102,554)	(3,164)	(80,923)
Net increase in current financial assets at fair value through profit or loss	11	-	(239,358)	-	(188,872)
Acquisition of non-current financial assets at fair value through profit or loss	11	(6,079)	(2,224)	(4,797)	(1,755)
Acquisition of financial assets at fair value through other comprehensive income	11	(61,820)	(36,452)	(48,781)	(28,764)
Acquisition of investments in subsidiaries, associate and joint ventures	12	(1,455,856)	(85,795)	(1,148,785)	(67,699)
Increase in long-term receivables		(390,892)	(32,868)	(308,444)	(25,936)
Increase in deposits		(32,836)	(25,804)	(25,911)	(20,362)
Acquisition of property, plant and equipment	13	(77,190)	(73,086)	(60,909)	(57,671)
Acquisition of intangible assets	13	(50,613)	(25,583)	(39,938)	(20,187)
Net cash inflow (outflow) from investing activities		<u>₩ (1,340,212)</u>	<u>₩ 22,460</u>	<u>\$ (1,057,533)</u>	<u>\$ 17,721</u>

Samsung C&T Corporation
Separate Statements of Cash Flows
Years Ended December 31, 2022 and 2021

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

	Notes	2022	2021	2022	2021
Cash flows from financing activities					
Net increase in short-term borrowings	₩	563,421	₩	-	\$ 444,583
Issuance of debentures		498,451		-	393,317
Proceeds from long-term borrowings		1,000,000		-	789,079
Increase in leasehold deposits received		120	1,750	95	1,381
Net decrease in short-term borrowings		-	(22,586)	-	(17,822)
Dividends paid to shareholders		(692,788)	(379,417)	(546,664)	(299,390)
Repayment of current portion of long-term borrowings		(50,279)	(390,281)	(39,674)	(307,962)
Redemption of long-term borrowings		-	(430)	-	(339)
Acquisition of treasury shares and others		(198,680)	-	(156,774)	-
Principal elements of lease payments		(70,695)	(75,862)	(55,784)	(59,861)
Decrease in leasehold deposits received		(3)	(20,381)	(2)	(16,083)
Net cash inflow (outflow) from financing activities		<u>1,049,547</u>	<u>(887,207)</u>	<u>828,176</u>	<u>(700,076)</u>
Net increase in cash and cash equivalents					
		51,102	111,140	40,324	87,698
Cash and cash equivalents at the beginning of the year		1,102,651	959,742	870,079	757,312
Effects of exchange rate changes on cash and cash equivalents		<u>(4,711)</u>	<u>31,769</u>	<u>(3,717)</u>	<u>25,069</u>
Cash and cash equivalents at the end of the year		<u>₩ 1,149,042</u>	<u>₩ 1,102,651</u>	<u>\$ 906,685</u>	<u>\$ 870,079</u>

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

The above separate statements of cash flows should be read in conjunction with the accompanying notes.

Samsung C&T Corporation

Notes to the Separate Financial Statements

December 31, 2022 and 2021

1. General Information

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.

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2. Significant Accounting Policies

2.1 Basis of Preparation

The Company maintains its accounting records in Korean won and prepares statutory financial statements in the Korean language (Hangul) in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (KIFRS). The accompanying separate 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 Company's financial position, financial performance or cash flows, is not presented in the accompanying separate financial statements.

The separate financial statements of the Company have been prepared in accordance with KIFRS. These are the standards, subsequent amendments and related interpretations issued by the International Accounting Standards Board (IASB) that have been adopted by the Republic of Korea.

The 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 – 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 Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the separate financial statements are disclosed in Note 4.

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2.1.1 New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2022.

(a) Amendments to KIFRS 1103 Business Combination – Reference to the Conceptual Framework

The amendments update a reference of definition of assets and liabilities to be recognized in a business combination in revised Conceptual Framework for Financial Reporting. However, the amendments add an exception for the recognition of liabilities and contingent liabilities within the scope of Korea IFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets*, and KIFRS 2121 *Levies*. The amendments also clarify that contingent assets should not be recognized at the acquisition date. The amendment does not have a significant impact on the separate financial statements.

(b) Amendments to KIFRS 1016 Property, Plant and Equipment - Proceeds before intended use

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognize the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment does not have a significant impact on the separate financial statements.

(c) Amendments to KIFRS 1037 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts : Cost of Fulfilling a Contract

The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts when assessing whether the contract is onerous. The amendment does not have a significant impact on the separate financial statements.

(d) Annual improvements to KIFRS 2018-2020

Annual improvements of KIFRS 2018-2020 Cycle should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The amendment does not have a significant impact on the separate financial statements.

- KIFRS 1101 *First time Adoption of Korean International Financial Reporting Standards – Subsidiaries that are first-time adopters*
- KIFRS 1109 *Financial Instruments – Fees related to the 10% test for derecognition of financial liabilities*
- KIFRS 1041 *Agriculture – Measuring fair value*

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2.1.2 New standards and interpretations not yet adopted by the Company

The following new accounting standards and interpretations have been published that are not mandatory for December 31, 2022 reporting periods and have not been early adopted by the Company.

(a) Amendments to KIFRS 1001 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability includes the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments is met the definition of equity instruments and recognized separately from the liability. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Company does not expect that these amendments have a significant impact on the separate financial statements.

(b) KIFRS 1001 Presentation of Financial Statements - Disclosure of Accounting Policies

The amendments to KIFRS 1001 define and require entities to disclose their material accounting policies, and also require to disclose significant accounting policies in order to provide guidelines on how to apply the concept of 'materiality'. The amendments update 'significant' accounting policies to 'material' accounting policies with additional explanations on information of material accounting policies.

The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Company does not expect that these amendments have a significant impact on the separate financial statements.

(c) KIFRS 1008 Accounting policies, changes in accounting estimates and errors - Definition of Accounting Estimates

The amendments define accounting estimates and clarify how to distinguish them from changes in accounting policies. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Company does not expect that these amendments have a significant impact on the separate financial statements.

(d) KIFRS 1012 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments include an additional condition to the exemption to initial recognition of an asset or liability that a transaction does not give rise to equal taxable and deductible temporary differences at the time of the transaction. The amendments should be applied for annual periods

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beginning on or after January 1, 2023, and earlier application is permitted. The Company does not expect that these amendments have a significant impact on the separate financial statements.

(e) New Standard: KIFRS 1117 Insurance Contract

KIFRS 1117 *Insurance Contracts* replaces KIFRS 1104 *Insurance Contracts*. This Standard estimates future cash flows of an insurance contract and measures insurance liabilities using discount rates applied with assumptions and risks at the measurement date. The entity recognizes insurance revenue on an accrual basis including services (insurance coverage) provided to the policyholder by each annual period. In addition, investment components (Refunds due to termination/maturity) repaid to a policyholder even if an insured event does not occur, are excluded from insurance revenue, and insurance financial income or expense and the investment income or expense are presented separately to enable users of the information to understand the sources of income or expenses. This Standard should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted for entities that applied KIFRS 1109 *Financial Instruments*. The Company does not expect that these amendments have a significant impact on the separate financial statements.

2.2 Subsidiaries, Joint Ventures, and Associates

The financial statements of the Company are the separate financial statements prepared in accordance with KIFRS 1027 *Separate Financial Statements*. Investments in subsidiaries, joint ventures and associates are recognized at cost under the direct equity method. Management applied the carrying amounts under the previous K-GAAP at the time of transition to the KIFRS as deemed cost of investments. The Company recognizes dividend income from subsidiaries, joint ventures and associates in profit or loss when its right to receive the dividend is established. If there is an objective evidence of impairment for the investment in the subsidiaries, joint ventures and associates, the Company recognizes the difference between the recoverable amount of the subsidiaries, joint ventures and associates and its book amount as impairment loss.

Samsung C&T Corporation, the parent company in accordance with KIFRS 1110 '*Consolidated Financial Statements*', has 123 subsidiaries, including Samsung BioLogics Co., Ltd., and 40 joint ventures and associates, including Korea LNG Limited.

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2.3 Foreign Currency Translation

(a) Functional and presentation currency

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

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 separate 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 on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities held 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 Company 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 statement of profit or loss 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 statement of profit or loss where there is a loss of control.

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2.4 Cash and Cash Equivalents Financial Assets

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 Company 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.

(b) A performance obligation is satisfied over time

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

(c) Input methods for measuring progress

The Company 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 Company may not be able to reasonably measure the outcome of a performance obligation, but the Company expects to recover the cost incurred in satisfying the performance obligation, the Company 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 Company'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 Company 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 Company 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 Company estimates the amount of consideration to which the Company 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

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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 Company 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 Company 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.

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(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 Company presents contract assets and liabilities arising from a contract in the statements of financial position at net amount by offsetting each other.

2.6 Financial Assets

(a) Classification

The Company 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 Company'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 Company 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 Company 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.

(b) Measurement

At initial recognition, the Company 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 Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt

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instruments into one of the following three measurement categories:

- **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.
- **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'.
- **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 in the statement of comprehensive income as 'other income' or 'other expenses' as incurring.

Equity Instruments

The Company subsequently measures all equity investments at fair value. Where the Company'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 'other expenses' in the statement of comprehensive income. Impairment loss (or, 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.

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(c) Impairment

The Company 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 Company determines there has been a significant increase in credit risk.)

For trade receivables (including due from customer for contract work) and lease receivables, the Company 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 Company 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 Company has transferred substantially all the risks and rewards of ownership.

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

(e) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the separate statements 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 Company 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 Company’s accounting for trade receivables and Note 31 for a description of the Company’s accounting policy for impairment.

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2.8 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the specific identification method or moving average 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:

	Useful lives
Buildings, structures	20 - 50 years
Others	4 - 50 years

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 Company will comply with all attached conditions. Government grants related to assets are presented in the statement of financial position either by deducting the grant in arriving at the carrying amount of the asset, and government grants related to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

2.11 Intangible Assets

Goodwill arising on a business combination is cost of a business combination exceeding over the acquisition consideration to the fair value of the identifiable assets required, liabilities assumed and contingent liabilities at acquisition date. Goodwill is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

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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 Company 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 Company 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
Computer software	5 years

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 Company depreciates investment properties, except for land, using the straight-line method over their useful lives of 40 ~ 50 years.

2.13 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.

2.14 Financial Liabilities

(a) Classification and measurement

The Company'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

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or loss when they are acquired with a purpose to repurchase within a short period of time. A derivative that is not designated as hedging instruments and an embedded derivative that is separated from financial asset are also classified as financial liabilities at fair value through profit or loss.

The Company 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.

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

(b) Derecognition

Financial liabilities are removed from the 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.

2.15 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 statement 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*

2.16 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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2.17 Employee Benefits

(a) Post-employment benefits

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

For defined contribution plans, the Company pays contribution to publicly or privately administered pension insurance plans on mandatory, contractual or voluntary basis. The Company 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 or curtailments are recognized immediately in profit or loss as past service costs.

(b) Other long-term employee benefits

Certain entities within the Company 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 Company 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.

2.18 Provisions

Provisions for service warranties and legal claims are recognized when the Company 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.

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2.19 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 Company 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)
- 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 Company 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 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 as 'financial income (expenses)' in the statement of comprehensive income.

When option contracts are used to hedge forecast transactions, the Company 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 Company 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

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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 Company 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).
- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognized as profit or loss within 'financial expenses' in the statement of comprehensive income 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 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.

2.20 Dividend Distribution

Dividend distribution to the Company's shareholders is recognized when the dividends are approved.

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2.21 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 Company 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 separate 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 Company 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 Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. In addition, the Company 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 Company 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.

2.22 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.

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2.23 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.

2.24 Share Capital

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

When the Company 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.

2.25 Non-current Assets (or Disposal Company) Held for Sale

Non-current assets (or disposal company) 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.

2.26 Leases

(a) Lessor

Lease income from operating leases where the Company 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 statement of financial position based on their nature.

(b) Lessee

The Company 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 below.

Contracts may contain both lease and non-lease components. The Company 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

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used as security for borrowing purposes.

The Company 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 Company 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 (interest rate), initially measured using the index or a rate (interest rate) at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects 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.

To determine the incremental borrowing rate, the Company:

- 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
- 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 Company uses that rate as a starting point to determine the incremental borrowing rate.

The Company 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

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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 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 Company 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.

(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 Company. 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 Company and not by the respective lessor.

(e) Residual value guarantees

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

(f) Subleases

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The accounting treatment as a lessor did not change significantly from the one under KIFRS 1017 *Leases*. If the Company is an intermediate lessor, however, the Company 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 Company subleased some of the buildings, and the leases are classified as operating leases or finance leases in accordance with KIFRS 1116.

2.27 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 Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company 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:

- 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 Company 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 in accordance with that Standard.

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.

2.28 Approval of Issuance of the Financial Statements

The separate financial statements 2022 were approved for issue by the Board of Directors on February 1, 2023 and are subject to change with the approval of shareholders at their Annual General Meeting.

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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 reader. All Korean won amounts, other than those in statements of comprehensive income, have been translated into U.S. dollars at the exchange rate of ₩ 1267.30 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 ₩ 1,291.15 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.

4. Critical Accounting Estimates and Assumptions

The preparation of financial statements requires the Company to make estimates and assumptions concerning the future. Management also needs to exercise judgement in applying the Company'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.

Due to the spread of Coronavirus disease 2019 ("COVID-19") occurred since 2020, significant accounting estimates and assumptions applied in the preparation of the financial statements can be adjusted depending on changes in the uncertainty from COVID-19. Also, the ultimate effect of COVID-19 to the Company's business, financial position and financial performance cannot presently be determined.

Meanwhile, as of December 31, 2022, armed conflict between Russia and Ukraine is still ongoing and the international sanctions are imposed to Russia as well. Since Russian banks are not allowed to access to the SWIFT (Society for Worldwide Interbank Financial Telecommunication) payment system, the foreign exchange market of Russia lacks liquidity, the value of the Russian Rubles is currently reducing and so is that of Russian companies' securities. As a result, the Company may experience a decrease in value of financial assets or operating assets owned by the Company regarding the conflict, an increase in receivable payment terms, limitation to transfer funds, and a decrease in the profit.

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(a) Construction contract

- Uncertainty of the estimated total contract revenue

Total contract revenue is measured based on contractual amount initially agreed. The total 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 Company's fault. Therefore, this measurement of contract revenue is affected by the uncertainty of the occurrence of future events. The change in total 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 Company 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 total contract revenue can be decreased by the claims of liquidated damages when the completion of contract is delayed due to the Company'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 estimated total 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.

(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 Company 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 Company'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.

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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*, the Company 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 Company'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, 2022, the Company recognizes provisions for warranties, repairs and others as explained in Note 2.18. These provisions are estimated based on experience.

(f) Estimated impairment of goodwill

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

(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 exercised (or not exercised) or the Company 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 profit or loss for construction contracts for the years ended December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Buildings	₩	8,927,641	₩	6,074,737
Civil engineering		746,123		1,129,679
Plant		2,407,540		2,238,602
Landscaping		178,648		117,815
	₩	<u>12,259,952</u>	₩	<u>9,560,833</u>

As of December 31, 2022, the Company's remaining balance of construction contracts amounts to ₩ 23,588,593 million.

The account balances of outstanding construction contracts as of December 31, 2022 and 2021, are summarized as follows:

<i>(in millions of Korean won)</i>		December 31, 2022					December 31, 2021
		Civil					
		Buildings	engineering	Plant	Landscaping	Total	Total
Receivables ¹	Receivables from construction contracts	₩ 2,879,308	₩ 89,882	₩ 66,978	₩ 38,592	₩ 3,074,760	₩ 2,138,991
	Guarantee deposits	81,421	69,782	143,220	-	294,423	255,943
	Long-term receivables	759,824	-	-	-	759,824	545,411
	Short-term loans	82,417	-	-	-	82,417	110,986
Contract assets ¹	Due from customer for construction work	612,840	149,764	193,240	31,043	986,887	1,059,659
	Prepaid expenses	74,291	-	630	114	75,035	73,757
Contract liabilities	Advances received	171,746	25,727	303,163	-	500,636	299,512
	Due to customer for contract work	1,365,288	164,466	590,884	2,789	2,123,427	1,472,083
Other assets ¹	Advance payments	409,832	32,411	242,950	-	685,193	492,537

¹ The amount before deduction of provision for impairment.

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The Company is provided with payment guarantees amounting to ₩ 8,084,650 million (2021: ₩ 8,907,760 million) and ₩ 4,779,455 million (2021: ₩ 2,084,152 million) from financial institutions, and Construction Guarantee Cooperative, respectively, in relation to the construction performance and others.

As of December 31, 2022, construction sites are covered by construction work insurance amounting to ₩ 14,180,121 million (2021: ₩ 8,031,367 million) with Samsung Fire & Marine Insurance Co., Ltd. and others.

As of December 31, 2022, the Company has entered into a loan agreement with a limit of ₩ 4,870,020 million (2021: ₩ 4,814,827 million) with the developers of redevelopment and reconstruction projects for the financing of the developers' project expenditures. Certain amount of the loan is financed indirectly by arranging loans from financial institutions. The Company is severally and jointly liable for limit of ₩ 3,692,100 million (2021: ₩ 4,162,400 million) (balance of ₩ 2,129,170 million (2021: ₩ 2,612,286 million)) with regard to the housing finance in accordance with the agreements with the relevant financial institutions. Meanwhile, advances on housing finance temporarily received but not executed amounts to ₩ 469,143 million (2021: ₩ 902,160 million).

As of December 31, 2022 and 2021, information of each contract¹ where contract revenue for the years ended December 31, 2022 and 2021, is more than 5% of the previous year's revenues, is as follows:

<i>(in millions of Korean won)</i>				December 31, 2022							
Contract Name¹	Contract date	Contractual due date	Percentage of completion	Due from customers				Trade receivables (receivables from construction contracts)			
				Gross amount	Accumulated impairment loss			Gross amount	Provision for impairment		
Singapore Changi Airport Pkg. 1 ²	Oct. 2015	Dec. 2019	98.7%	₩	-	₩	-	₩	-	₩	-
Algeria Naama ²	Feb. 2014	Dec. 2020	96.9%		-		-		-		-
Saudi Riyadh Metro	Oct. 2013	Apr. 2024	94.9%		42,209		-		27,498		-
UAE nuclear power plant ²	Mar. 2010	Dec. 2020	99.3%		12,752		-		3,667		-
Pyeong-taek P2L Lower West End	Jan. 2020	Apr. 2022	100.0%		-		-		-		-
Pyeong-taek FAB 2	Dec. 2017	Sep. 2022	100.0%		-		-		-		-
Algeria Mostaghanem	Feb. 2014	Dec. 2025	62.6%		-		-		5,066		-
Singapore Thomson East Coast Line T307	Nov. 2015	Feb. 2023	91.6%		5,834		-		4,465		-
Sinbanpo Hanshin Complex 3 Reconstruction	May. 2019	Jul. 2023	62.5%		-		-		-		-
Gangneung Anin coal-fired power plant	Feb. 2014	Jun. 2023	94.5%		-		-		7,358		-

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December 31, 2022

Contract Name ¹	Contract date	Contractual due date	Percentage of completion	Due from customers		Trade receivables (receivables from construction contracts)	
				Gross amount	Accumulated impairment loss	Gross amount	Provision for impairment
UAE Fujairah F3 IPP	Apr. 2020	Dec. 2023	84.4%	-	-	20,761	-
Singapore Thomson East Coast Line T313	Mar. 2016	Feb. 2024	78.2%	-	-	4,334	-
Saeul nuclear power plant #3, 4 ³	Jun. 2015	Feb. 2025	95.1%	143,041	-	-	-
Bangladesh Dhaka Airport	Jan. 2020	Apr. 2025	42.4%	18,981	-	24,171	-
Oncheon District 4 Redevelopment	Jul. 2019	Sep. 2024	25.8%	-	-	-	-
Pyeong-taek FAB 3	Feb. 2020	Sep. 2023	100.0%	67,923	-	842,589	-
Qatar LNG Export Base Tank (overseas)	Mar. 2021	Nov. 2025	25.3%	-	-	161	-
Taiwan Taoyuan Airport Terminal 3	Jun. 2021	Sep. 2026	17.2%	81,851	-	-	-
UAE HVDC	Dec. 2021	Dec. 2025	15.5%	-	-	24,673	-
Pyeong-taek P4	Oct. 2021	Oct. 2024	21.3%	-	-	409,728	-
Pyeong-taek P3 Ph3	Mar. 2022	Dec. 2023	80.4%	-	-	984,610	-

¹ Construction projects that are practically completed as of December 31, 2021, are excluded.

² As of December 31, 2022, the contractual due dates have passed but the construction is still in process due to the customer's request for additional construction works. The Company is continuing the negotiation with the customer in relation to the extension of contractual due date.

³ Due to changes in construction title of the customer at October 2022, the name changed from Shin-Kori nuclear power plant #5, 6 to current construction title.

(in millions of Korean

December 31, 2021

Contract Name ¹	Contract date	Contractual due date	Percentage of completion	Due from customers		Trade receivables (receivables from construction contracts)	
				Gross amount	Accumulated impairment loss	Gross amount	Provision for impairment
Hong Kong Metro SCLC1109	Aug. 2012	Sep. 2018	100.0%	₩ 456	₩ -	₩ -	₩ -
Singapore Changi Airport Pkg.1 ²	Oct. 2015	Dec. 2019	96.4%	-	-	14,241	-
Algeria Naama ²	Feb. 2014	Dec. 2020	94.4%	-	-	-	-
Saudi Riyadh Metro ²	Oct. 2013	Dec. 2020	98.9%	122,623	-	20,935	-
UAE nuclear power plant ²	Mar. 2010	Dec. 2020	97.9%	-	-	-	-

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won)

December 31, 2021

Contract Name ¹	Contract date	Contractual due date	Percentage of completion	Due from customers		Trade receivables (receivables from construction contracts)	
				Gross amount	Accumulated impairment loss	Gross amount	Provision for impairment
Hwaseong E-PJT	Nov. 2017	Feb. 2021	100.0%	-	-	-	-
Pyeong-taek P2L Lower West End	Jan. 2020	Jan. 2022	99.4%	-	-	46,728	-
Pyeong-taek FAB 2	Dec. 2017	Feb. 2022	100.0%	122,341	-	-	-
Pyeong-taek FAB 3	Feb. 2020	Dec. 2022	65.6%	-	-	474,078	-
Singapore Thomson East Coast Line T307	Nov. 2015	Feb. 2023	85.2%	13,718	-	4,898	-
Gangneung Anin coal-fired power plant	Feb. 2014	Jun. 2023	82.2%	-	-	31,441	-
Sinbanpo Hanshin Complex 3 Reconstruction	May. 2019	Aug. 2023	24.0%	-	-	-	-
UAE Fujairah F3 IPP	Apr. 2020	Dec. 2023	60.1%	-	-	34,515	-
Singapore Thomson East Coast Line T313	Mar. 2016	Feb. 2024	69.0%	-	-	4,782	-
Oncheon District 4 Redevelopment	Jul. 2019	Mar. 2024	10.5%	78,787	-	-	-
Saeul nuclear power plant #3, 4 ³	Jun. 2015	May. 2024	84.2%	108,871	-	-	-
Bangladesh Dhaka Airport	Jan. 2020	Apr. 2025	19.8%	-	-	17,846	-
Qatar LNG Export Base Tank (overseas)	Mar. 2021	Nov. 2025	3.4%	-	-	19,991	-
Algeria Mostaghanem	Feb. 2014	Dec. 2025	57.1%	-	-	132	-
UAE HVDC	Dec. 2021	Dec. 2025	0.0%	24	-	-	-
Taiwan Taoyuan Airport Terminal 3	Jun. 2021	May. 2026	2.5%	26,892	-	-	-

¹ Construction projects that are practically completed as of December 31, 2020, are excluded.

² As of December 31, 2021, the contractual due dates have passed but the construction is still in process due to the customer's request for additional construction works. The Company is continuing the negotiation with the customer in relation to the extension of contractual due date.

³ Due to changes in construction title of the customer at October 2022, the name changed from Shin-Kori nuclear power plant #5, 6 to current construction title.

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Details of major joint venture construction as of December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	Total contract amount	Amount of the Company	Percentage of ownership	Representative company
UAE nuclear power plant	₩ 7,241,525	₩ 3,258,686	45.00%	Hyundai Engineering & Construction Co., Ltd.
Saudi Riyadh Metro	10,780,304	3,045,436	28.25%	FCC
Australia Westconnex Stage 3 - Tunnel Pkg	2,775,694	925,139	33.33%	Lendlease Engineering Pty limited
Singapore Changi Airport Pkg.1	1,016,789	711,753	70.00%	Samsung C&T Corporation
Saeul nuclear power plant #3, 4 ¹	1,730,229	882,417	51.00%	Samsung C&T Corporation
Bujeon-Masan DoubleTrack Electric Railway	426,120	303,312	71.18%	Samsung C&T Corporation
Singapore TuasFinger1	809,780	226,738	28.00%	Hyundai Engineering & Construction Co., Ltd.
Bangladesh Dhaka International Airport	2,525,174	2,269,003	89.86%	Samsung C&T Corporation
Taiwan Taoyuan Airport Terminal 3	1,836,685	1,285,680	70.00%	Samsung C&T Corporation

¹ Due to changes in construction title of the customer at October 2022, the name changed from Shin-Kori nuclear power plant #5, 6 to current construction title.

Changes in the estimated total contract revenue and estimated total contract costs by construction types for contracts in progress for the years ended December 31, 2022 and 2021, and its impact on the Company'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:

<i>(in millions of Korean won)</i>	2022					
	Changes in estimated total contract revenue	Changes in estimated total 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	₩ 7,044,562	₩ 5,965,452	₩ 726,588	₩ 352,522	₩ 726,588	₩ 254
Civil engineering	536,691	535,304	(11,035)	12,422	(11,035)	61,935
Plant	203,626	380,292	(110,273)	(66,393)	(110,273)	33,807
Landscaping	8,997	5,161	3,236	600	3,236	-
	<u>₩ 7,793,876</u>	<u>₩ 6,886,209</u>	<u>₩ 608,516</u>	<u>₩ 299,151</u>	<u>₩ 608,516</u>	<u>₩ 95,996</u>

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Construction type	2021					
	Changes in estimated total contract revenue	Changes in estimated total 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	₩ 2,997,622	₩ 2,590,961	₩ 270,274	₩ 136,387	₩ 270,274	₩ 3,254
Civil engineering	(134,608)	(15,879)	(117,614)	(1,115)	(117,614)	38,828
Plant	82,717	368,228	(249,320)	(36,191)	(249,320)	35,852
Landscaping	7,216	4,644	2,044	528	2,044	-
	<u>₩ 2,952,947</u>	<u>₩ 2,947,954</u>	<u>₩ (94,616)</u>	<u>₩ 99,609</u>	<u>₩ (94,616)</u>	<u>₩ 77,934</u>

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 Company'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 Company 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 Company. The Company will also undertake measures not to bear the damage claims from the delay.

For the year ended December 31, 2022, changes in provision for estimated warranty costs for the completed projects and provisions for construction losses from uncompleted construction contract are as follows:

(in millions of Korean won)

	Beginning	Increase	Decrease	Others ¹	Ending
Provision for construction warranties	₩ 158,728	₩ 34,773	₩ (23,555)	₩ 2,592	₩ 172,538
Provision for construction losses	77,934	25,573	(13,260)	5,749	95,996

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

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6. Inventories

Inventories as of December 31, 2022 and 2021, consist of the following:

<i>(in millions of Korean won)</i>	December 31, 2022			December 31, 2021		
	Acquisition cost	Valuation allowance	Book amount	Acquisition cost	Valuation allowance	Book amount
Merchandise	₩ 320,353	₩ (24,015)	₩ 296,338	₩ 289,229	₩ (31,033)	₩ 258,196
Finished goods	191,957	(18,822)	173,135	193,145	(21,842)	171,303
Raw materials	13,535	(1,154)	12,381	21,801	(2,866)	18,935
Land held for housing projects	62,448	(612)	61,836	62,445	(612)	61,833
Materials-in-transit	60,384	-	60,384	47,178	-	47,178
Semi-finished goods and work-in-progress	8,433	-	8,433	18,696	(112)	18,584
Others	20,845	-	20,845	29,536	-	29,536
	<u>₩ 677,955</u>	<u>₩ (44,603)</u>	<u>₩ 633,352</u>	<u>₩ 662,030</u>	<u>₩ (56,465)</u>	<u>₩ 605,565</u>

7. Financial Instruments by Category

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

<i>(in millions of Korean won)</i>	December 31, 2022			
	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	₩ -	₩ -	₩ 246,013	₩ 246,013
Financial assets at fair value through other comprehensive income	-	21,593,948	-	21,593,948
Cash and cash equivalents	1,149,042	-	-	1,149,042
Short-term financial instruments	87,985	-	-	87,985
Trade receivables ¹	1,194,895	2,780,192	143,228	4,118,315
Other current assets ²	1,017,055	-	-	1,017,055
Other non-current assets ²	1,516,211	-	-	1,516,211
Derivative instruments				
Held for trading	-	-	37,858	37,858
Hedging instruments	-	-	14,610	14,610
	<u>₩ 4,965,188</u>	<u>₩ 24,374,140</u>	<u>₩ 441,709</u>	<u>₩ 29,781,037</u>

¹ Due from customer for contract work amounting to ₩ 957,009 million is excluded.

² Current portion of long-term trade receivables and long-term trade receivables are included in

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other current assets and other non-current assets, respectively.

(in millions of Korean won)

	December 31, 2021			
	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	₩ -	₩ -	₩ 526,522	₩ 526,522
Financial assets at fair value through other comprehensive income	-	28,499,387	-	28,499,387
Cash and cash equivalents	1,102,651	-	-	1,102,651
Short-term financial instruments	88,013	-	-	88,013
Trade receivables ¹	1,636,202	1,715,943	69,822	3,421,967
Other current assets ²	1,142,732	-	-	1,142,732
Other non-current assets ²	1,373,716	-	-	1,373,716
Derivative instruments				
Held for trading	-	-	31,560	31,560
Hedging instruments	-	-	16,607	16,607
	<u>₩ 5,343,314</u>	<u>₩ 30,215,330</u>	<u>₩ 644,511</u>	<u>₩ 36,203,155</u>

¹ Due from customer for contract work amounting to ₩ 1,030,610 million is excluded.

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

Details of restricted financial instruments as of December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2022	December 31, 2021	Description
Short-term financial instruments and others	₩ 87,500	₩ 80,000	Deposit on Business Cooperation Fund
	2,707	32,978	Collateral for guarantees, management account for national project and others
	<u>77</u>	<u>77</u>	Deposit on checking account and others
	<u>₩ 90,284</u>	<u>₩ 113,055</u>	

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Details of financial liabilities by category as of December 31, 2022 and 2021, are as follows:

(in millions of Korean won)

	December 31, 2022			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other liabilities	Total
Trade payables	₩ 1,121,548	₩ -	₩ -	₩ 1,121,548
Short-term borrowings	939,838	-	371,020	1,310,858
Current portion of long-term liabilities	864,004	-	-	864,004
Other current liabilities	2,314,917	-	-	2,314,917
Debentures and long-term borrowings	1,085,910	-	-	1,085,910
Other non-current liabilities	131,295	-	-	131,295
Lease liabilities	-	-	241,056	241,056
Financial guarantee liabilities	-	-	15,542	15,542
Derivative instruments				
Held for trading	-	5,302	-	5,302
Hedging instruments	-	118,976	-	118,976
	<u>₩ 6,457,512</u>	<u>₩ 124,278</u>	<u>₩ 627,618</u>	<u>₩ 7,209,408</u>

(in millions of Korean won)

	December 31, 2021			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other liabilities	Total
Trade payables	₩ 1,348,384	₩ -	₩ -	₩ 1,348,384
Short-term borrowings	100,196	-	655,876	756,072
Current portion of long-term liabilities	231,622	-	-	231,622
Other current liabilities	2,571,636	-	-	2,571,636
Debentures and long-term borrowings	257,026	-	-	257,026
Other non-current liabilities	119,763	-	-	119,763
Lease liabilities	-	-	232,196	232,196
Financial guarantee liabilities	-	-	205,627	205,627
Derivative instruments				
Held for trading	-	1,313	-	1,313
Hedging instruments	-	3,554	-	3,554
	<u>₩ 4,628,627</u>	<u>₩ 4,867</u>	<u>₩ 1,093,699</u>	<u>₩ 5,727,193</u>

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

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Net gain or loss recognized from financial assets and liabilities for the years ended December 31, 2022 and 2021, is as follows:

<i>(in millions of Korean won)</i>	2022	2021
Dividend income		
Financial assets at fair value through other comprehensive income	₩ 598,719	₩ 1,041,716
Financial assets at fair value through profit or loss	894	838
Interest income/expense		
Financial assets at fair value through profit or loss	4,701	4,701
Amortized cost	(8,081)	(73)
Other current liabilities	(14,673)	(10,738)
Loss on disposal of financial assets at fair value through profit or loss		
Financial assets at fair value through profit or loss	(51,026)	(12,282)
Gain (loss) on valuation of financial assets at fair value through profit or loss		
Financial assets at fair value through profit or loss	2,136	24,630
Financial assets at fair value through other comprehensive income	(6,967,940)	(1,537,556)
Net impairment loss (reversal)		
Trade receivables	5,641	(19,199)
Financial assets at amortized cost	(107,544)	(181,777)
Financial guarantee liabilities	179,273	46,874
Derivative instruments		
Ineffective portion	(4,254)	4,181
Gain (loss) on valuation of committed transactions	(4,351)	200,884
Net gain on foreign currency translation	29,475	54,332
Net loss on foreign currency transaction	(5,601)	(8,796)
	<u>₩ (6,342,631)</u>	<u>₩ (392,265)</u>

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8. Trade Receivables and Other Assets

Trade receivables and other assets as of December 31, 2022 and 2021, are as follows:

(in millions of Korean won)

	December 31, 2022			December 31, 2021
	Gross amount	Provision for impairment	Net amount	Net amount
Trade receivables				
Financial assets at amortized cost	₩ 1,310,596	₩ (115,701)	₩ 1,194,895	₩ 1,636,202
Due from customer for contract work	986,887	(29,878)	957,009	1,030,610
Financial assets at fair value through profit or loss	143,228	-	143,228	69,822
Financial assets at fair value through other comprehensive income	2,780,192	-	2,780,192	1,715,943
	<u>5,220,903</u>	<u>(145,579)</u>	<u>5,075,324</u>	<u>4,452,577</u>
Other current assets				
Financial instruments:				
Short-term loans	105,195	(86,872)	18,323	38,010
Current portion of long-term receivables	154,330	(153,622)	708	10,261
Non-trade receivables	925,926	(168,905)	757,021	781,538
Accrued income	319,079	(185,699)	133,380	130,776
Deposits	113,673	(6,051)	107,622	182,147
Derivative instruments	25,738	-	25,738	44,737
	<u>1,643,941</u>	<u>(601,149)</u>	<u>1,042,792</u>	<u>1,187,469</u>
Advance payments	787,661	(6,337)	781,324	602,676
Prepaid expenses	150,492	(630)	149,862	156,041
Others	44,264	-	44,264	18,250
	<u>2,626,358</u>	<u>(608,116)</u>	<u>2,018,242</u>	<u>1,964,436</u>
Other non-current assets				
Financial instruments:				
Long-term receivables	1,507,398	(522,780)	984,618	1,007,823
Long-term financial instruments	65	-	65	65
Deposits	533,263	(1,733)	531,530	365,828
Overseas natural resources development	33,237	(33,237)	-	-
Derivative instruments	26,731	-	26,731	3,430
	<u>2,100,694</u>	<u>(557,750)</u>	<u>1,542,944</u>	<u>1,377,146</u>
Others	86,427	-	86,427	35,963
	<u>2,187,121</u>	<u>(557,750)</u>	<u>1,629,371</u>	<u>1,413,109</u>
	<u>₩ 10,034,382</u>	<u>₩ (1,311,445)</u>	<u>₩ 8,722,937</u>	<u>₩ 7,830,122</u>

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As of December 31, 2022, trade receivables amounting to ₩ 371,020 million (2021: ₩ 655,876 million), which were transferred to financial institutions but have not matured yet, are recognized as trade receivables and collateralized borrowings, respectively, due to a recourse in the event the debtor fails to pay (Note 15).

The Company 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, 2022 and 2021, 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.

For the year ended December 31, 2022, the Company transferred trade receivables to financial institutions and others for ₩ 4,243,482 million and derecognized the trade receivables from the financial statements on the date of the transfer as substantially all the risks and rewards are transferred.

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9. Other Liabilities

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

(in millions of Korean won)

	December 31, 2022	December 31, 2021
Other current liabilities		
Financial instruments at amortized costs:		
Non-trade payables	₩ 488,649	₩ 434,656
Accrued expenses	860,132	737,328
Guarantee deposits received	496,994	497,492
Advances received related to housing business	469,142	902,160
	<u>2,314,917</u>	<u>2,571,636</u>
Other financial instruments		
Derivative instruments	54,088	4,073
Finance guarantee contract	15,542	205,627
Lease liabilities (Note 13)	63,428	59,033
	<u>133,058</u>	<u>268,733</u>
Advances received	2,709,670	1,891,127
Withholdings	180,237	146,988
Provisions (Note 17)	244,675	251,532
Others	45,886	72,538
	<u>5,628,443</u>	<u>5,202,554</u>
Other non-current liabilities		
Financial instruments at amortized costs:		
Long-term non-trade payables	37,403	27,235
Long-term deposits	93,894	92,528
	<u>131,297</u>	<u>119,763</u>
Other financial instruments:		
Long-term lease liabilities (Note 13)	177,628	173,163
Derivative instruments	70,191	794
	<u>247,819</u>	<u>173,957</u>
Long-term unearned revenue	226	421
Others	2,354	3,430
	<u>381,696</u>	<u>297,571</u>
	<u>₩ 6,010,139</u>	<u>₩ 5,500,125</u>

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10. Contract Assets and Liabilities

The Company has recognized the following revenue-related contract assets and liabilities:

<i>(in millions of Korean won)</i>	December 31, 2022	December 31, 2021
Contract assets relating to construction contracts		
–due from customers ¹	₩ 986,887	₩ 1,059,659
Assets recognized for costs to fulfill contracts	<u>82,638</u>	<u>107,894</u>
Total contract assets	<u>₩ 1,069,525</u>	<u>₩ 1,167,553</u>
Contract liabilities relating to construction		
contracts - advances received for construction		
contracts	₩ 500,636	₩ 299,512
Contract liabilities relating to construction		
contracts - due to customers	2,123,427	1,472,083
Contract liabilities relating to customer loyalty		
program	18,221	16,157
Contract liabilities relating to subscription sales	<u>89,588</u>	<u>60,518</u>
Total contract liabilities	<u>₩ 2,731,872</u>	<u>₩ 1,848,270</u>

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, while indirect costs were recognized as selling and administrative expenses for the year ended December 31, 2022. 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 ₩ 1,544,004 million (2021: ₩ 1,797,874 million) was recognized in the current reporting period in relation to carried-forward contract liabilities (before offsetting contract assets).

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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 the years ended December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Beginning balance	₩	526,522	₩	260,649
Acquisition and disposal		(282,645)		241,243
Gain on valuation		2,136		24,630
Ending balance	₩	<u>246,013</u>	₩	<u>526,522</u>

Details of financial assets at fair value through profit or loss as of December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Non-current				
Equity instruments				
Domestic listed equities	₩	-	₩	2
Foreign non-listed equities		2,854		2,347
Debt instruments				
Beneficiary certificates		10		10
SOC shares		187,736		186,238
Others		54,613		48,485
		<u>245,213</u>		<u>237,082</u>
Current				
Beneficiary certificates		800		289,440
		<u>800</u>		<u>289,440</u>
	₩	<u>246,013</u>	₩	<u>526,522</u>

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Details of financial assets measured at fair value through profit or loss as of December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2022						December 31, 2021
	Number of shares owned	Percentage of ownership (%)	Acquisition cost	Net asset value or fair value	Book amount	Book amount	
MMT	-	-	₩ 785	₩ 800	₩ 800	₩ 289,440	
Badaro No.19 Ship Investment Company	750,000	4.93	3,023	2,232	2,232	2,224	
SAMBU CONSTRUCTION CO.,LTD	-	-	-	-	-	2	
POSCO INDIA CHENNAI STEEL PROCESSING CENTRE PVT.LTD. and others ^{1,2}	-	-	142,283	242,981	242,981	234,856	
			<u>₩ 146,091</u>	<u>₩ 246,013</u>	<u>₩ 246,013</u>	<u>₩ 526,522</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 ₩ 39,794 million).

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

The amount recognized in profit or loss from financial assets at fair value through profit or loss for the years ended December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022	2021
Profit or loss related to equity instruments at fair value through profit or loss	₩ 507	₩ 883
Profit or loss related to debt instruments at fair value through profit or loss	7,147	28,962
	<u>₩ 7,654</u>	<u>₩ 29,845</u>

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

Changes in equity and debt instruments at fair value through other comprehensive income for the years ended December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Beginning balance	₩	28,499,387	₩	30,002,629
Acquisition		62,534		36,452
Disposal		(32)		(1,138)
Transfer		-		(1,000)
Loss on valuation		(6,967,940)		(1,537,556)
Ending balance	₩	<u>21,593,949</u>	₩	<u>28,499,387</u>

Details of financial assets at fair value through other comprehensive income as of December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2022		December 31, 2021	
Listed equities	₩	21,393,394	₩	28,292,613
Non-listed equities and others		200,555		206,774
	₩	<u>21,593,949</u>	₩	<u>28,499,387</u>

Details of listed equities, including preferred shares, measured at fair value through other comprehensive income as of December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2022				December 31, 2021	
	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	₩16,524,641	₩16,524,641	₩ 23,397,457
Samsung Life Insurance Co., Ltd.	38,688,000	19.34	34,819	2,746,848	2,746,848	2,479,901
Samsung SDS Co., Ltd.	13,215,822	17.08	3,396,466	1,625,546	1,625,546	2,068,276
Samsung Engineering Co.,Ltd. and others	-	-	285,827	496,359	496,359	346,979
			<u>₩ 10,201,465</u>	<u>₩21,393,394</u>	<u>₩21,393,394</u>	<u>₩ 28,292,613</u>

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Details of non-listed equities measured at fair value through other comprehensive income as of December 31, 2022 and 2021, are as follows:

(in millions of Korean won)

	December 31, 2022				December 31, 2021
	Number of shares owned	Percentage of ownership (%)	Acquisition cost	Book amount	Book amount
Domestic Companies					
SECUI Co., Ltd.	1,000,000	8.70	₩ 500	₩ 15,553	₩ 12,957
The Korea Economic Daily	1,187,563	6.35	7,095	20,177	15,660
Samsung Venture Investment Corp. and others	1,000,000	16.67	6,456	32,728	22,651
Samsung Global Research and others ¹	-	-	21,139	11,622	17,385
			<u>35,190</u>	<u>80,080</u>	<u>68,653</u>
Overseas Companies					
Korea Ras Laffan LNG Ltd.	2,783,333	10.00	80,279	52,906	49,198
iMarket Asia	772,657	19.32	8,941	20,574	19,188
Samsung SDI (Hongkong) Limited	5,500,000	2.44	4,477	14,961	12,595
Samsung SDI America, Inc. and others	-	-	6,483	32,034	57,140
			<u>100,180</u>	<u>120,475</u>	<u>138,121</u>
			<u>₩ 135,370</u>	<u>₩ 200,555</u>	<u>₩ 206,774</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 the investee.

Changes in gain or loss on valuation of financial assets at fair value through other comprehensive income for the year ended December 31, 2022, recorded as other component of equity, consist of the following:

(in millions of Korean won)

	2022			
	Balance at January 1, 2022	Change for the year	Income tax allocated	Balance at December 31, 2022
Gain (loss) on valuation of financial assets at fair value	₩ 12,708,496	₩ (6,966,964)	₩ 2,024,212	₩ 7,765,744

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.

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Dividend income recognized from financial assets at fair value through other comprehensive income for year ended December 31, 2022, amounts to ₩ 598,719 million (2021: ₩ 1,041,716 million).

12. Investments in Subsidiaries, Associates and Joint Ventures

Changes in investments in subsidiaries, associates and joint ventures for the years ended December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Beginning balance	₩	2,777,630	₩	2,960,920
Acquisition and disposal		1,796,503		(189,669)
Impairment losses		(108,959)		5,379
Transfer		-		1,000
Ending balance	₩	<u>4,465,174</u>	₩	<u>2,777,630</u>

Details of changes in investments in subsidiaries, associates and joint ventures for the year ended December 31, 2022, are as follows:

<i>(in millions of Korean won)</i>	Location	Percentage of ownership (%)	Net assets	January 1, 2022	Increase (decrease)	December 31, 2022
Subsidiaries						
Seoul Lakeside Co., Ltd.	Korea	100.00%	₩ 389,514	₩ 350,000	₩ -	₩ 350,000
Samoo Architects & Engineers Co., Ltd.	Korea	100.00%	109,042	21,712	-	21,712
CVnet Corporation ¹	Korea	40.14%	9,807	6,181	-	6,181
Samsung C&T Japan Corporation	Japan	100.00%	90,300	50,541	-	50,541
Samsung C&T America Inc.	U.S.A	100.00%	232,987	153,699	-	153,699
Samsung E&C America, INC	U.S.A	100.00%	79,611	24,227	-	24,227
Samsung Renewable Energy Inc.	Canada	100.00%	316,508	200,890	-	200,890
Samsung C&T Lima S.A.C.	Peru	100.00%	2,897	567	650	1,217
QSSC, S.A. de C.V.	Mexico	80.00%	7,206	8,038	-	8,038
Samsung C&T Deutschland GmbH	Germany	100.00%	391,647	228,684	-	228,684
Samsung C&T U.K. Ltd.	United Kingdom	100.00%	11,983	13,290	(1,307)	11,983
Whessoe Engineering Limited	United Kingdom	100.00%	(5,908)	-	-	-
POSS-SLPC, s.r.o	Slovakia	50.00%	7,838	5,099	-	5,099
Samsung C&T (KL) Sdn., Bhd.	Malaysia	100.00%	(25,287)	37,331	-	37,331
Samsung C&T Malaysia Sdn.	Malaysia	100.00%	6,444	654	-	654

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<i>(in millions of Korean won)</i>	Location	Percentage of ownership (%)	Net assets	January 1, 2022	Increase (decrease)	December 31, 2022
Bhd.						
MSSC SDN.,BHD.	Malaysia	70.00%	7,150	3,591	-	3,591
Samsung C&T Singapore Pte. Ltd.	Singapore	100.00%	64,253	11,943	-	11,943
S&G Biofuel PTE.LTD.	Singapore	50.53%	54,076	7,788	-	7,788
VSSC Steel Center Limited Liability	Vietnam	70.00%	8,392	10,484	(2,020)	8,464
Samsung C&T HONGKONG Ltd.	Hong Kong	100.00%	120,953	11,825	-	11,825
Samsung Precision Stainless Steel(Pinghu) Co., Ltd.	China	55.00%	49,078	17,364	(11,592)	5,772
SAMSUNG C&T (SHANGHAI) CO., LTD.	China	100.00%	18,216	65,031	(33,542)	31,489
SAMSUNG C&T CORPORATION SAUDI ARABIA	Saudi Arabia	100.00%	(265,206)	-	-	-
SCNT Power Kelar Inversiones Limitada	Chile	100.00%	42,805	42,699	-	42,699
SAMSUNG C&T CORPORATION RUS LLC	Russia	100.00%	2,185	2,750	(1,197)	1,553
Samsung BioLogics Co., Ltd. ⁵	Korea	43.06%	3,941,310	852,943	1,590,040	2,442,983
Cheil Fashion Retail Co.,Ltd.	Korea	100.00%	13,292	-	11,468	11,468
Cheil Industries Corp., USA ⁸	U.S.A	-	-	469	(469)	-
CHEIL INDUSTRIES ITALY SRL	Italy	100.00%	8,500	2,991	-	2,991
Samsung Fashion Trading Co., Ltd.	China	100.00%	42,487	37,078	-	37,078
Samsung Welstory Inc.	Korea	100.00%	503,178	301,687	-	301,687
SAMSUNG C&T CORPORATION VIETNAM CO., LTD	Vietnam	100.00%	3,572	-	3,572	3,572
SVIC No. 53 New Technology Business Investment Association	Korea	99.00%	23,464	2,475	22,887	25,362
SVIC No. 54 New Technology Business Investment Association	Korea	66.00%	53,374	24,750	31,020	55,770
Associates						
Dongducheon Dream Power Co., Ltd. ²	Korea	31.52%	103,520	43,540	-	43,540
Starworld Corporation	Philippines	50.00%	7,451	6,548	-	6,548
Qurayyah Investment Company ⁶	Saudi Arabia	25.02%	110,334	37,334	-	37,334
Gimcheon Enervix Co., Ltd. ⁷	Korea	40.00%	4,848	3,191	-	3,191
Busan Green Energy Project ^{3,6}	Korea	19.00%	3,764	3,435	-	3,435
OilhubKoreaYeosu Co.,Ltd. ³	Korea	10.00%	21,152	14,410	-	14,410
TOK Advanced Materials Co.,	Korea	10.00%	17,939	9,000	-	9,000

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<i>(in millions of Korean won)</i>	Location	Percentage of ownership (%)	Net assets	January 1, 2022	Increase (decrease)	December 31, 2022
Ltd. ³						
Daikin Advanced Materials Korea Co., Ltd. ³	Korea	10.00%	5,804	6,000	-	6,000
Mirae Asset MAPS Professional Private Real Estate Investment Trust 65th	Korea	20.00%	72,340	39,600	33,200	72,800
Joint ventures						
KOREA LNG LTD	Bermuda	20.00%	33,529	26,824	2,094	28,918
SAM investment Manzanilo.B.Vt ⁴	Netherlands	53.33%	143,705	72,933	-	72,933
FCC Saudi LLC	Saudi Arabia	35.92%	28,044	146	-	146
Others ⁶		-	159,441	17,888	42,740	60,628
			<u>₩ 7,027,539</u>	<u>₩ 2,777,630</u>	<u>₩ 1,687,544</u>	<u>₩ 4,465,174</u>

¹ Although it has less than 50% ownership interest, 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 Company.

² As of December 31, 2022, 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 ₩ 1,285,000 million) of Dongducheon Dream Power Co., Ltd. In addition, the Company provides payment guarantees in relation to the debenture of Dongducheon Dream Power Co., Ltd. amounting to ₩ 18,800 million (Note 28).

³ Although the Company holds less than 20% of the entity's equity shares, it was classified as an associate since the Company can participate in the entity's financial and operating policy decisions through the Board of Directors or through the interchange of its managements.

⁴ These companies are excluded from subsidiaries since they are joint ventures under the joint arrangement although the percentage of ownership is over 50%.

⁵ Considering that the Company holds significantly more voting rights than any other vote holders, and the other shareholdings are widely dispersed, the Company is deemed to have de facto control although it has less than 50% ownership interest. In addition, the attendance rate, voting patterns at previous shareholders' meetings and other factors are also considered. Meanwhile, Samsung Biologics has entered into the share purchase agreement after the resolution of Board of Directors on January 28, 2022, to acquire 10,341,852 shares of Samsung Bioepis Co., Ltd. owned by Biogen Therapeutics Inc. in order to diversify its portfolio and enhance its business competitiveness as a biopharmaceutical company, and the Company acquired the entire 10,341,852 shares on April 20, 2022.

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⁶ Investments in Gaziantep SPV (acquisition cost: ₩ 16,457 million), Qurayah Investment Company (acquisition cost: ₩ 37,334 million), Gangneung Eco Power Co.,Ltd. (acquisition cost: ₩ 2,900 million, loan commitments: ₩ 261,000 million) and Busan Green Energy Project (acquisition cost: ₩ 3,435 million) are pledged as collateral against borrowings of the investees (Note 28).

⁷ Investments in Gimcheon Enervix Co.,Ltd. (acquisition cost: ₩ 6,140 million) are pledged as collateral to a financial institution against unsubordinated borrowings of Gimcheon Enervix Co.,Ltd. In addition, the Company provides payment guarantees in relation to the subordinated borrowings of Gimcheon Enervix Co.,Ltd. amounting to ₩ 15,350 million (Note 28).

⁸ Cheil Industries Corp., USA was liquidated during the year ended December 31, 2022.

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13. Property, Plant and Equipment, and Intangible Assets

Changes in property, plant and equipment for the years ended December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022					
	Land	Buildings and structures	Animals& Plants	Others	Construction in progress	Total
Beginning balance						
Acquisition cost	₩ 1,099,853	₩ 1,440,473	₩ 33,439	₩ 677,932	₩ 24,324	₩ 3,276,021
Accumulated impairment and depreciation	(11,597)	(655,345)	(2,281)	(525,517)	-	(1,194,740)
	1,088,256	785,128	31,158	152,415	24,324	2,081,281
Changes during the year						
Exchange differences	-	(61)	-	(686)	-	(747)
Transfer	1,135	29,559	8	31,675	(63,071)	(694)
Acquisition	764	1,746	82	24,465	51,726	78,783
Disposal and others	(3,373)	(4,107)	(132)	(3,772)	(16)	(11,400)
Depreciation	-	(40,806)	(175)	(65,981)	-	(106,962)
Impairment and reversal	-	-	-	(124)	-	(124)
Ending balance	₩ 1,086,782	₩ 771,459	₩ 30,941	₩ 137,992	₩ 12,963	₩ 2,040,137
Acquisition cost	₩ 1,086,782	₩ 1,466,620	₩ 33,334	₩ 692,210	₩ 12,963	₩ 3,291,909
Accumulated impairment and depreciation	-	(695,161)	(2,393)	(554,218)	-	(1,251,772)
	₩ 1,086,782	₩ 771,459	₩ 30,941	₩ 137,992	₩ 12,963	₩ 2,040,137

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	2021					
	Land	Buildings and structures	Animals& Plants	Others	Construction in progress	Total
<i>(in millions of Korean won)</i>						
Beginning balance						
Acquisition cost	₩ 1,118,292	₩ 1,423,518	₩ 33,076	₩ 709,920	₩ 22,734	₩ 3,307,540
Accumulated impairment and depreciation	(11,597)	(614,140)	(2,201)	(515,934)	-	(1,143,872)
	1,106,695	809,378	30,875	193,986	22,734	2,163,668
Changes during the year						
Exchange differences	-	-	-	1,268	-	1,268
Transfer	(18,195)	15,742	583	24,117	(44,184)	(21,937)
Acquisition	38	1,836	21	22,143	45,902	69,940
Disposal and others	(282)	(96)	(117)	(14,755)	(128)	(15,378)
Depreciation	-	(41,732)	(204)	(73,632)	-	(115,568)
Impairment and reversal	-	-	-	(712)	-	(712)
Ending balance	₩ 1,088,256	₩ 785,128	₩ 31,158	₩ 152,415	₩ 24,324	₩ 2,081,281
Acquisition cost	₩ 1,099,853	₩ 1,440,473	₩ 33,439	₩ 677,932	₩ 24,324	₩ 3,276,021
Accumulated impairment and depreciation	(11,597)	(655,345)	(2,281)	(525,517)	-	(1,194,740)
	₩ 1,088,256	₩ 785,128	₩ 31,158	₩ 152,415	₩ 24,324	₩ 2,081,281

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Changes in intangible assets for the years ended December 31, 2022 and 2021, are as follows:

(in millions of Korean won)

	2022															
	Memberships		Right to use property		Software		Customer relationships		Brands		Others		Goodwill		Total	
Beginning balance	₩	46,839	₩	977	₩	27,868	₩	2,567	₩	164,190	₩	57,069	₩	57,161	₩	356,671
Exchange differences		-		-		(7)		-		-		(335)		-		(342)
Transfer		412		-		6,775		-		-		(6,564)		-		623
Acquisition		3,302		-		1,022		-		-		48,301		-		52,625
Disposal		(2,754)		-		-		-		-		(224)		-		(2,978)
Amortization		-		(639)		(13,075)		(700)		-		(9,260)		-		(23,674)
Impairment and reversal		(51)		-		-		-		(14,400)		-		-		(14,451)
Ending balance	₩	47,748	₩	338	₩	22,583	₩	1,867	₩	149,790	₩	88,987	₩	57,161	₩	368,474

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	2021															
	Memberships		Right to use property		Software		Customer relationships		Brands		Others		Goodwill		Total	
Beginning balance	₩	45,182	₩	2,014	₩	30,988	₩	3,267	₩	171,990	₩	52,231	₩	57,161	₩	362,833
Exchange differences		-		-		1		-		-		(2)		-		(1)
Transfer		543		-		10,794		-		-		(10,721)		-		616
Acquisition		1,377		-		515		-		-		23,692		-		25,584
Disposal		(263)		-		-		-		-		(133)		-		(396)
Amortization		-		(1,037)		(14,384)		(700)		-		(7,997)		-		(24,118)
Impairment and reversal		-		-		(46)		-		(7,800)		(1)		-		(7,847)
Ending balance	₩	46,839	₩	977	₩	27,868	₩	2,567	₩	164,190	₩	57,069	₩	57,161	₩	356,671

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Goodwill is monitored by the management at the operating segment level. The following is a summary of goodwill allocation for each operating segment (cash-generating unit or groups of cash-generating units) as of December 31, 2022 and 2021:

<i>(in millions of Korean won)</i>	December 31, 2022	December 31, 2021
Fashion segment: acquisition of fashion business segment of Samsung SDI Co., Ltd.	₩ 57,161	₩ 57,161

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

<i>(in millions of Korean won)</i>	December 31, 2022	December 31, 2021
Right-of-use assets ¹		
Land	₩ 113,590	₩ 84,055
Buildings and structures	104,190	115,703
Animals & plants	9,043	10,319
Others	11,923	11,812
	<u>₩ 238,746</u>	<u>₩ 221,889</u>

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

<i>(in millions of Korean won)</i>	December 31, 2022	December 31, 2021
Lease liabilities ¹		
Current	₩ 63,428	₩ 59,033
Non-current	177,628	173,163
	<u>₩ 241,056</u>	<u>₩ 232,196</u>

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

Additions to the right-of-use assets for the year ended December 31, 2022 were ₩ 84,209 million.

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As of December 31, 2022, the lease liabilities are classified according to the remaining period of time to the expiration date of the contract.

	<i>(in millions of Korean won)</i>		December 31, 2022									
			Cash flow schedule until the expiration date									
			Book amount	Cash flows by terms of contract	1 year or less	1 year ~ 2 years	2 years ~ 3 years	More than 3 years				
Lease liabilities	₩	241,056	₩	287,747	₩	64,620	₩	44,295	₩	26,345	₩	152,487

For the years ended December 31, 2022 and 2021, the statement of comprehensive income shows the following amounts relating to leases:

<i>(in millions of Korean won)</i>	2022		2021	
Depreciation of right-of-use assets				
Land	₩	8,568	₩	6,819
Buildings and structures		43,710		45,485
Animals & plants		1,276		1,205
Others		11,298		13,957
	₩	64,852	₩	67,466
Depreciation of investment properties	₩	-	₩	7,438
Interest expense relating to lease liabilities (included in cost of sales and financial expenses)		5,493		7,939
Expense relating to short-term leases (included in cost of sales and selling and administrative expenses)		50,003		32,060
Expense relating to leases of low-value assets that are not short-term leases (included in selling and administrative expenses)		23,454		44,896
Expense relating to variable lease payments not included in lease liabilities (included in selling and administrative expenses)		289,290		246,407

The total cash outflow from lease agreements was ₩ 438,935 million (including short-term leases and others).

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

(a) Fashion segment: acquisition of fashion business segment of Samsung SDI Co., Ltd.

The recoverable amounts of cash generating unit (CGU) 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, 2022, are as follows:

	Key assumptions
Gross margin (% of revenue)	61.7%~61.9%
Sales growth rate ¹	(0.1)%~2.7%
Perpetual growth rate	-
Pre-tax discount rate ²	12.23%

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 and reflect specific risks relating to the relevant operating segments (post-tax WACC: 9.08%).

Meanwhile, the recoverable amount of the cash-generating unit of the Company is determined based on the key assumptions used for goodwill impairment test. The effects of the changes in the assumptions 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 excess of recoverable amount compared to the carrying amount of the cash-generating unit	₩ (150,295)	₩ 177,047

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(b) Construction segment: Raemian brand

The recoverable amount of the brand has been determined by income approach, which is based on the excess earnings of the relevant operating segment. These calculations use operating profit projections based on financial budgets covering five-year period. The key assumptions used for calculation of the brand value as of December 31, 2022, are as follows:

Key assumptions	
Excess earnings ratio	0.60%
Perpetual growth rate	1.00%
Pre-tax discount rate ¹	16.11%

¹ The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments (post-tax WACC: 12.15%).

Meanwhile, the recoverable amount of the cash-generating unit of the Company is determined based on the key assumptions used for brand impairment test. The effects of the changes in the assumptions 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	₩ (6,072)	₩ 6,946

As of December 31, 2022, the value of land owned by the Company, as determined by the local government in Korea for property tax assessment purposes, amounts to approximately ₩ 1,517,443 million.

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

Depreciation and amortization expenses are allocated to cost of sales and selling and general administrative expense amounting to ₩ 106,146 million and ₩ 89,340 million, respectively.

The total of research and development costs incurred during the year ended December 31, 2022 amounts ₩ 112,941 million.

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14. Investment Properties

Changes in investment properties for the years ended December 31, 2022 and 2021, are as follows:

(in millions of Korean won)

	2022			2021		
	Land	Building	Total	Land	Building	Total
Beginning balance	₩ 64,558	₩ 26,631	₩ 91,189	₩ 33,412	₩ 79,854	₩ 113,266
Depreciation	-	(668)	(668)	-	(7,513)	(7,513)
Others ¹	-	-	-	31,146	(45,710)	(14,564)
Ending balance	<u>₩ 64,558</u>	<u>₩ 25,963</u>	<u>₩ 90,521</u>	<u>₩ 64,558</u>	<u>₩ 26,631</u>	<u>₩ 91,189</u>

¹ Include a decrease of ₩ 66,060 million from the offsetting with related lease liabilities, as a result of the termination of the right of use asset contracts which satisfy the definition of investment properties during the year ended December 31, 2021.

As of December 31, 2022, fair value of the investment properties above is ₩ 106,474 million.

The rental income for the year ended December 31, 2022, arising from the investment properties above, amount to ₩ 2,502 million.

15. Debentures and Borrowings

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

(in millions of Korean won)

	December 31, 2022	December 31, 2021
Current liabilities		
Short-term borrowings	₩ 1,310,858	₩ 756,072
Current portion of long-term borrowings	694,176	181,661
Current portion of debentures	170,000	50,000
Less: Discount on debentures	(172)	(38)
	<u>2,174,862</u>	<u>987,695</u>
Non-current liabilities		
Long-term borrowings	507,322	7,601
Debentures	580,000	250,000
Less: Discount on debentures	(1,411)	(575)
	<u>1,085,911</u>	<u>257,026</u>
	<u>₩ 3,260,773</u>	<u>₩ 1,244,721</u>

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Short-term borrowings as of December 31, 2022 and 2021, consist of the following:

(in millions of Korean won)

	Creditors	Annual interest rate (%)	December 31, 2022	December 31, 2021
Loans in local currency	Korea Development Bank and others	1.10~4.60	₩ 886,989	₩ 31,223
Loans in foreign currency	BMG and others	3.90~5.40	41,022	50,368
Banker's usance	Woori Bank and others	Term SOFR+0.32~1.85	11,827	18,605
Secured loans (Note 8)	Woori Bank and others	Term SOFR+0.32~1.85	371,020	655,876
			<u>₩ 1,310,858</u>	<u>₩ 756,072</u>

As of December 31, 2022, the Company has entered into bank overdraft facility agreements amounting to ₩ 158,500 million and credit facility agreements amounting to ₩ 3,638,200 million with 22 banks, including Woori Bank. Also, the Company has entered into credit agreements using its notes receivables which are guaranteed, as collateral for up to ₩ 200,000 million with 2 banks, including Shinhan Bank.

Debentures as of December 31, 2022 and 2021, consist of the following:

(in millions of Korean won)

Non-guaranteed and publicly listed	Issue date	Maturity	Annual interest rate (%)	December 31, 2022	December 31, 2021
No. 112-2	Nov. 3, 2017	Nov. 3, 2022	2.94	₩ -	₩ 50,000
No. 113-1	Nov. 26, 2020	Nov. 24, 2023	1.29	170,000	170,000
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	-
No. 114-2	Apr. 5, 2022	Apr. 5, 2027	3.67	200,000	-
				<u>750,000</u>	<u>300,000</u>
Less: Current portion of debentures				<u>(170,000)</u>	<u>(50,000)</u>
				<u>₩ 580,000</u>	<u>₩ 250,000</u>

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Long-term borrowings (including foreign currency) as of December 31, 2022 and 2021, consist of the following:

(in millions of Korean won)

Creditors	Annual interest rate (%)	December 31, 2022	December 31, 2021
Denominated in Korean won			
Korea Housing & Urban Guarantee Corporation (Working capital loans)	-	₩ 6,141	₩ 6,420
Korea Development Bank and others (General loans)	3.07~5.06	1,000,000	-
		1,006,141	6,420
Less: Current portion of long-term borrowings		(500,279)	(279)
		<u>505,862</u>	<u>6,141</u>
Denominated in foreign currency			
Korea Energy Agency (Condition loans)	2.25~3.50	1,460	1,460
SMBC (General loans)	Libor + 0.60	193,897	181,382
		195,357	182,842
Less: Current portion of long-term borrowings		(193,897)	(181,382)
		1,460	1,460
		<u>₩ 507,322</u>	<u>₩ 7,601</u>

The annual maturities of long-term borrowings outstanding (excluding current portion) as of December 31, 2022, are as follows:

(in millions of Korean won)

	Debentures (face value)	Borrowings in Korean won	Borrowings in foreign currencies	Total
January 1, 2024~ December 31, 2024	₩ -	₩ 500,279	₩ -	₩ 500,279
January 1, 2025~ December 31, 2025	380,000	279	1,460	381,739
January 1, 2026~ December 31, 2026	-	279	-	279
After January 1, 2027	200,000	5,025	-	205,025
	<u>₩ 580,000</u>	<u>₩ 505,862</u>	<u>₩ 1,460</u>	<u>₩ 1,087,322</u>

The unused credit limits of the Company as of December 31, 2022 amount to ₩ 1,868,600 million (2021: ₩ 1,516,500 million).

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16. Net Defined Benefit Liabilities

Details of net defined benefit liabilities as of December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2022		December 31, 2021	
Defined benefit obligation	₩	828,528	₩	735,811
Less: Plan assets		(822,244)		(729,389)
Less: Contribution to National Pension Fund		(372)		(417)
	₩	<u>5,912</u>	₩	<u>6,005</u>

The Company 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 Company's policies on payment of post-employment benefits. Additionally, as of December 31, 2022, the Company is under contracts with Samsung Life Insurance Co., Ltd. and others for operations management and asset management of their defined benefit pension plans.

Details of defined benefit liabilities recognized in the separate statements of financial position as of December 31, 2022 and 2021, are determined as follows:

<i>(in millions of Korean won)</i>	December 31, 2022		December 31, 2021	
Present value of funded defined benefit obligations	₩	828,528	₩	735,811
Fair value of plan assets ¹		(822,616)		(729,806)
Net defined benefit liabilities	₩	<u>5,912</u>	₩	<u>6,005</u>

¹ The amount includes contributions to the National Pension Fund of ₩ 372 million (2021: ₩ 417 million).

Movements in the defined benefit obligations for the years ended December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Beginning balance	₩	735,811	₩	681,471
Current service cost		64,940		61,945
Interest expense		19,300		14,260
Remeasurement (before tax effect)				
Actuarial loss from change in demographic assumptions		20,867		-
Actuarial loss from change in financial assumptions		19,920		14,244
Actuarial loss from experience adjustments		42,479		26,932
Benefits paid		(71,496)		(64,789)
Transfer-in (out)		(3,293)		1,748
Ending balance	₩	<u>828,528</u>	₩	<u>735,811</u>

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

<i>(in millions of Korean won)</i>	2022		2021	
Beginning balance	₩	729,806	₩	642,353
Return on plan assets		18,175		12,440
Remeasurement (before tax effect)		(4,255)		(716)
Employer contributions		147,300		121,100
Benefits paid		(68,555)		(46,772)
Transfer-in		145		1,401
Ending balance	₩	<u>822,616</u>	₩	<u>729,806</u>

The amounts recognized in the separate statements of comprehensive income for the years ended December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Defined benefit plan				
Current service cost	₩	64,940	₩	61,945
Interest expense		19,300		14,260
Return on plan assets (excluding amounts included in interest expense)		(18,175)		(12,440)
Defined contribution plan				
Post-employment benefits		7,963		8,980
Others		32,269		23,602
	₩	<u>106,297</u>	₩	<u>96,347</u>

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Details of allocation of expenses for the years ended December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Cost of sales	₩	39,641	₩	40,821
Selling and administrative expenses (post-employment benefits)		57,910		47,472
Selling and administrative expenses (research and development)		5,307		4,942
Other assets		3,439		3,112
	₩	<u>106,297</u>	₩	<u>96,347</u>

The significant actuarial assumptions as of December 31, 2022 and 2021, are as follows:

<i>(in Percentage)</i>	December 31, 2022	December 31, 2021
Discount rate	6.07%	3.23%
Salary growth rate	8.05%	4.73%
Expected return on plan assets	6.07%	3.23%

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 Law 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 ₩ 247,231 million as of December 31, 2022 (2021: ₩ 181,399 million).

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

<i>(in percentage)</i>	Impact on defined benefit obligation	
	Changes in key assumption	Changes in liabilities
Discount rate	1%	5% decrease / 6% increase
Salary growth rate	1%	6% increase / 6% decrease

Plan assets as of December 31, 2022 and 2021, consist of:

<i>(in millions of Korean won)</i>	December 31, 2022		December 31, 2021	
	Amount	Percentage	Amount	Percentage
Equity and debt securities	₩ 430,692	52.36%	₩ 370,365	50.75%
Loans	353,154	42.93%	277,601	38.04%
Deposits and others	38,770	4.71%	81,840	11.21%
	₩ <u>822,616</u>	<u>100.00%</u>	₩ <u>729,806</u>	<u>100.0%</u>

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The estimated amount that the Company's management expects to contribute to plan assets within 12 months after the end of the reporting period is ₩ 102,446 million.

Actual income on plan assets for the year ended December 31, 2022, is ₩ 13,920 million.

Expected maturity analysis of undiscounted pension benefits as of December 31, 2022, 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	₩ 93,978	₩ 136,835	₩ 309,645	₩ 498,422	₩ 1,038,880

The weighted average duration of the defined benefit obligation as of December 31, 2022 is 5.71 years.

17. Provisions

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

<i>(in millions of Korean won)</i>	2022			
	Construction warranties¹	Provisions for construction losses²	Others³	Total
January 1, 2022	₩ 158,728	₩ 77,934	₩ 454,295	₩ 690,957
Additional provisions	34,773	25,573	67,940	128,286
Used and reversal	(23,555)	(13,260)	(143,647)	(180,462)
Exchange differences	2,592	5,749	1,805	10,146
December 31, 2022	₩ 172,538	₩ 95,996	₩ 380,393	₩ 648,927
Current (Note 9)	₩ 33,004	₩ 95,996	₩ 115,675	₩ 244,675
Non-current	139,534	-	264,718	404,252

¹ The Company recognizes expenses, which are expected to be spent for future repairs, as a provision based on historical experience.

² The Company recognizes losses, which are expected to occur in construction contract, as a provision.

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

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	2021			
	Construction warranties ¹	Provisions for construction losses ²	Others ³	Total
January 1, 2021	₩ 160,850	₩ 53,223	₩ 425,480	₩ 639,553
Additional provisions	26,413	43,970	94,901	165,284
Used and reversal	(31,655)	(19,259)	(75,331)	(126,245)
Exchange differences	3,120	-	9,245	12,365
December 31, 2021	₩ 158,728	₩ 77,934	₩ 454,295	₩ 690,957
Current (Note 9)	₩ 35,591	₩ 77,934	₩ 138,007	₩ 251,532
Non-current	123,137	-	316,288	439,425

¹ The Company recognizes expenses, which are expected to be spent for future repairs, as a provision based on historical experience.

² The Company recognizes losses, which are expected to occur in construction contract, as a provision.

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

18. Contingencies and Commitments

As of December 31, 2022, the Company has agreements with several financial institutions, including Woori Bank, for the guarantees of letters of credit related to the Company's export and import, totaling USD 412,899 thousand, for the guarantee of the performance of export contracts amounting to USD 227,629 thousand and for the guarantee of various trade finance with a limit of USD 2,818,763 thousand. In addition, the Company 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 292,764 thousand, are not yet due as of December 31, 2022.

As of December 31, 2022, the Company 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, 2022, the Company is contingently liable for loan guarantees, principally for foreign subsidiaries, associates and joint ventures amounting to USD 637,383 thousand and ₩ 34,150 million (Note 28). The Company provides performance guarantees on the construction contracts of its foreign operations limited to USD 5,392,082 thousand, and there are no guarantees provided by the Company for the performance of other construction companies' projects. Conversely, other construction companies provide guarantees for the performance of the Company's projects amounting to ₩ 675,556 million.

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As of December 31, 2022, the Company has been named as the defendant in certain lawsuits brought against it in the normal course of business. The aggregate amount of 203 claims brought against the Company, is approximately ₩ 627,846 million and USD 104,295 thousand. The Company also files 35 counterclaims amounting to ₩ 168,356 million and USD 314,126 thousand. The Company's management believes that the ultimate resolution of these cases will not have a material adverse effect on the operations or financial position of the Company.

On September 1, 2020, the current and former executives of the Parent Company were indicted for violating the Act on External Audit of Stock Companies charged with dereliction of duty. The charge mentioned above has not been confirmed yet, and the Company's management will continue to monitor the progress of the lawsuit.

As of December 31, 2022, the Company has 679 forward exchange contracts amounting to USD 1,470,324 thousand, EUR 24,366 thousand, JPY 4,455,474 thousand and TWD 1,061,155 thousand. In addition, the Company has entered into interest rate swap contracts amounting to ₩ 200,000 million and 881 commodity futures contracts with financial institutions with contract prices amounting to USD 136,435 thousand. For the year ended December 31, 2022, realized gains and losses from the contracts mentioned above, included in 'foreign exchange gain and loss' in the statement of comprehensive income, amount to approximately ₩ 133,585 million and ₩ 131,606 million, respectively.

As of December 31, 2022, details of gain (loss) on valuation of derivative instruments are as follows:

<i>(in millions of Korean won)</i>	Gain on valuation		Loss on valuation		Accumulated other comprehensive income
Currency forward contracts	₩	16,223	₩	(109,728)	₩ -
Interest rate swap contracts		-		-	1,323
Options		360,021		-	-

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Details of derivative assets and liabilities by instrument type as of December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2022		December 31, 2021	
	Assets	Liabilities	Assets	Liabilities
Currency forward contracts				
Current	₩ 17,155	₩ 38,533	₩ 15,386	₩ 2,368
Non-current	2,354	70,191	3,430	794
Interest rate swap contracts				
Current	1,775	-	-	-
Commodity futures contracts				
Current	147	15,555	337	1,705
Options				
Current	6,661	-	29,013	-
Non-current	24,376	-	-	-

The Company recognized valuation gain of ₩ 2,137 million (net of tax) as other comprehensive income in relation to the effective portion of changes in the fair value of cash flow hedge derivatives.

As of December 31, 2022, the Company has corporate purchase card agreements and collateral loan agreements using the trade receivables with a limit of ₩ 50,000 million with financial institutions, including Woori Bank.

The Company 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 Company'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 parties.

As of December 31, 2022, the Company's contract with the developer of the Teachers' Pension Seoul Center Reconstruction Project includes a conditional debt acquisition clause upon the breach of construction completion guarantee. In accordance with the contract, the Company has entered into a debt acquisition agreement with a limit of ₩ 260,000 million.

In the event of a loss in principal in a special asset investment trust for oil field overseas resource development related to the U.S. oilfield development, the Company has an obligation for preservation of preferential loss to pay all or part of the principal loss. The loss compensation paid by the Company to the above fund is the lesser of 5% of the insurable value stated in the fund's insurance contract (USD 301,894 thousand) or the fund's loss. In relation to this, the Company recognizes provisions amounting to ₩ 19,130 million.

As of December 31, 2022, the Company has provided supplemental funding agreement and construction completion guarantee amounting to ₩ 400,830 million (total: ₩ 1,637,816 million) of the Company's share for Smart Rail Co.,Ltd. and other SOC companies during the construction and operation period. Smart Rail Co.,Ltd., is waiting for completion of other construction section

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after the actual completion of the construction section of the Company.

As of December 31, 2022, the Company has entered into a put option agreement with Qurayyah Project Company, a shareholder of Qurayyah Investment Company, to purchase the its shares if the obligation to hold shares is met.

As of December 31, 2022, the Company has entered into a put option agreement with the Korea Teachers' Credit Union, which is the shareholder of Gimcheon Enervix Co.,Ltd., to sell the shares to the Company.

Greenhouse gas emission allowances held to settle the obligations

As of December 31, 2022, freely allocated emission allowances for the 3rd planning period (2021~2025) are as follows.

<i>(in tons (tCO₂-eq))</i>	2021	2022	2023	2024	2025	Total
Freely allocated emission allowances	120,861	120,714	120,714	119,584	119,584	601,457

The Company estimated that it emitted 83,345 tons for the year ended December 31, 2022. Emission obligations are not recognized since the Company expects that the estimates do not exceed the number of freely allocated emission allowances for the current compliance year.

As of December 31, 2022, in relation to the United Kingdom Tees project, the developer made a claim to Credit Agricole Corporate and Investment Bank, a guarantee institution for the performance of the contract, for 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 Company paid the following amount on May 27 and July 22, 2021. In addition, the Company 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.

As of December 31, 2022, the Company's contract with the developer of Hanam IDC New Construction includes a conditional debt acquisition clause upon the breach of construction completion guarantee. In accordance with the contract, the Company has entered into a debt acquisition agreement with a limit of ₩ 217,000 million.

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As of December 31, 2022, the Company entered into an investment agreement with its subsidiaries, SVIC No. 54 New Technology Business Investment Association and SVIC No. 53 New Technology Business Investment Association and its associates, Mirae Asset MAPS Professional Private Real Estate Investment Trust 65th and Gangneung Eco Power Co.,Ltd. Details of investment agreement amount and investment amount are as follows:

<i>(in millions of Korean won)</i>	Investment agreement		Investment amount	
		amount		Investment amount
SVIC No. 54 New Technology Business Investment Association	₩	99,000	₩	55,770
SVIC No. 53 New Technology Business Investment Association		49,500		25,362
Mirae Asset MAPS Professional Private Real Estate Investment Trust 65th		72,800		72,800
Gangneung Eco Power Co.,Ltd.		261,000		2,900

As of December 31, 2022, the Company's contract with the developer of Pangyo 641 PSM Tower construction includes conditions for construction completion and lease contract guarantee. The Company will confirm the detailed conditions before starting the construction, and submit the commitments for construction completion and lease guarantee.

19. Share Capital

The Company is authorized to issue 500 million shares with a par value of ₩ 100 per share. As of December 31, 2022, 186,887,081 shares of ordinary share and 1,627,425 shares of preferred share are issued and outstanding.

On September 14, 2015, the Company 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 Company is able to issue convertible bonds which can be converted into ordinary shares and preferred shares of the Company, and bonds with warrants which grant the right to purchase new preferred shares to the amount of ₩ 850 billion each. As of December 31, 2022, there are no convertible bonds and bonds with warrants issued under these terms.

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

<i>(in millions of Korean won, except number of shares)</i>	December 31, 2022		December 31, 2021	
	Preferred share	Ordinary share¹	Preferred share	Ordinary share
Number of shares	159,835	24,718,099	159,835	23,422,688
Acquisition cost	₩ 16,977	₩ 2,045,981	₩ 16,977	₩ 1,692,938

¹ According to the Supreme Court's decision (April 14, 2022) related to the call option right, treasury shares for the new agreement of ILSUNG PHARMACEUTICAL CO.,LTD were received.

20. Other Components of Equity

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

<i>(in millions of Korean won)</i>	December 31, 2022		December 31, 2021	
Treasury shares (Note 19) ¹	₩	(2,062,958)	₩	(1,709,915)
Other capital adjustments ¹		(245)		(244,997)
Loss on capital reduction ¹		(321,247)		(202,313)
Gain on valuation of financial instruments at fair value through other comprehensive income (Note 11)		7,765,744		12,708,496
Exchange differences		(112,049)		(93,017)
Cash flow hedge (Note 18)		1,323		(815)
	₩	<u>5,270,568</u>	₩	<u>10,457,439</u>

¹ According to the Supreme Court's decision on the share purchase price of the former Samsung C&T Corporation's shares on April 14, 2022, the additional payment was recognized as treasury shares, other capital adjustment and loss on capital reduction.

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21. Retained Earnings

Retained earnings as of December 31, 2022 and 2021, consist of:

<i>(in millions of Korean won)</i>	December 31, 2022	December 31, 2021
Legal reserves ¹	₩ 9,566	₩ 9,566
Discretionary reserves	7,189,910	5,996,556
Retained earnings before appropriation	<u>1,395,259</u>	<u>1,886,142</u>
	<u>₩ 8,594,735</u>	<u>₩ 7,892,264</u>

¹ The Korean Commercial Code requires the Company 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.

The retained earnings for the year ended December 31, 2022, is expected to be appropriated at the shareholders' meeting on March 17, 2023. The appropriation date for the year ended December 31, 2021, was March 18, 2022.

The appropriation of retained earnings for the years ended December 31, 2022 and 2021, are as follows:

<i>(in Korean won)</i>	2022	2021
Retained earnings before appropriation		
Actuarial loss	₩ (65,831,669,877)	₩ (30,831,922,259)
Reclassification due to disposal of financial assets at fair value through other comprehensive income	(716,829,469)	82,077,723
Profit for the year	<u>1,461,807,708,663</u>	<u>1,916,891,322,701</u>
	<u>1,395,259,209,317</u>	<u>1,886,141,478,165</u>
Appropriation of retained earnings		
Legal reserve	-	-
Reserve for overseas market development and others	1,018,821,714,217	1,193,353,770,065
Cash dividends		
Ordinary share: ₩ 2,300 (2,300%) per share in 2022		
₩ 4,200 (4,300%) per share in 2021		
Preferred share: ₩ 2,350 (2,350%) per share in 2022		
₩ 4,250 (4,250%) per share in 2021	<u>376,437,495,100</u>	<u>692,787,708,100</u>
	<u>1,395,259,209,317</u>	<u>1,886,141,478,165</u>
Unappropriated retained earnings to be carried forward	<u>₩ -</u>	<u>₩ -</u>

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22. Selling and Administrative Expenses

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

<i>(in millions of Korean won)</i>	2022	2021
Salaries and others	₩ 659,449	₩ 591,690
Welfare	133,576	90,563
Depreciation	89,410	93,358
Travel	27,108	12,073
Commission	552,950	501,576
Rent	304,684	259,206
Taxes and dues	31,422	26,503
Advertising	46,552	35,566
Research and development	112,941	110,181
Impairment loss (reversal)	(5,641)	19,199
Others	301,294	242,631
	<u>₩ 2,253,745</u>	<u>₩ 1,982,546</u>

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23. Other Income and Expenses

Other income and expenses for the years ended December 31, 2022 and 2021, consist of:

<i>(in millions of Korean won)</i>	2022		2021	
Other income				
Dividend income	₩	639,918	₩	1,546,083
Foreign exchange gain		449,175		212,352
Gain on translation of foreign currency		103,996		91,117
Gain on valuation of financial assets at fair value through profit or loss		22,967		24,631
Gain on disposal of investments		1,702		560,082
Reversal of impairment loss on investments		37,249		31,481
Reversal of impairment loss on property, plant and equipment		-		131
Gain on disposal of property, plant and equipment		6,088		17,979
Gain on disposal of intangible assets		3,804		345
Gain on disposal of assets held for sale		-		7,145
Gain on termination of leases		1,271		4,606
Reversal of provision for impairment		55,218		15,485
Gain on insurance settlement		69		74
Others ^{1,2}		786,375		262,389
	₩	<u>2,107,832</u>	₩	<u>2,773,900</u>
Other expenses				
Foreign exchange loss	₩	466,724	₩	224,546
Loss on translation of foreign currency		171,383		29,944
Loss on disposal of financial assets at fair value through profit or loss		77		324
Loss on valuation of financial assets at fair value through profit or loss		20,831		1
Loss on disposal of investments		-		316
Impairment loss on investments		146,207		26,102
Loss on disposal of property, plant and equipment		1,290		1,630
Impairment loss on property, plant and equipment		124		843
Loss on disposal of intangible assets		374		113
Impairment loss on intangible assets		14,451		7,847
Impairment loss on right-of-use assets		6		1,638
Loss on termination of leases		7		66
Other impairment loss		164,575		197,214
Loss on disposal of trade receivables		50,949		11,958
Donations		5,542		8,762
Others		104,637		87,485
	₩	<u>1,147,177</u>	₩	<u>598,789</u>

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¹ During the year ended December 31, 2022, gain on stock warrants amounting to ₩ 373,231 million is included.

² During the year ended December 31, 2021, gain on settlement of preemption rights amounting to ₩ 114,685 million is included.

24. Breakdown of Expenses by Nature

Expenses recorded by nature as cost of sales, selling and administrative expenses in the separate statements of comprehensive income for the years ended December 31, 2022 and 2021, consist of:

<i>(in millions of Korean won)</i>	2022		2021	
Changes in finished goods and work-in-process	₩	13,880,741	₩	11,825,149
Construction outsourcing		6,422,389		4,508,757
Employee benefit expenses		1,922,299		1,694,769
Commission		1,322,531		1,177,627
Freight		393,977		299,423
Heavy construction equipment usage		50,308		54,087
Rent		361,277		323,945
Taxes and dues		118,671		112,550
Depreciation and amortization		131,302		147,199
Depreciation of right-of-use assets		64,852		67,466
Insurance		52,151		41,084
Outsourcing fee		222,114		187,264
Others		524,537		431,997
	₩	<u>25,467,149</u>	₩	<u>20,871,317</u>

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25. Financial Income and Expenses

Financial income and expenses for the years ended December 31, 2022 and 2021, consist of:

<i>(in millions of Korean won)</i>	2022		2021	
Interest income	₩	84,086	₩	59,698
Foreign exchange gain		22,054		11,366
Gain on translation of foreign currency		56,077		59,596
Total financial income		<u>162,217</u>		<u>130,660</u>
Interest expense		102,138		65,807
Foreign exchange loss		23,362		11,193
Loss on translation of foreign currency		50,695		42,627
Total financial expenses		<u>176,195</u>		<u>119,627</u>
Financial income (expenses), net	₩	<u>13,978</u>	₩	<u>(11,033)</u>

26. Income Tax Expense

Income tax expense for the years ended December 31, 2022 and 2021, consists of:

<i>(in millions of Korean won)</i>	2022		2021	
Current income taxes	₩	375,725	₩	510,269
Deferred taxes from changes of temporary differences		(1,979,398)		(411,456)
Deferred taxes from tax credits		(6,990)		(5,798)
Total current tax		<u>(1,610,663)</u>		<u>93,015</u>
Income tax directly charged to equity		2,034,944		425,512
Income tax expense	₩	<u>424,281</u>	₩	<u>518,527</u>

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

<i>(in millions of Korean won)</i>	2022		2021	
Profit before income tax	₩	1,886,089	₩	2,435,418
Tax at domestic tax rates applicable to profits in the respective countries		508,312		659,378
Tax effect of:				
- Income not taxable for tax purposes		(45,435)		(60,716)
- Tax credits and reductions		(31,875)		(125,909)
Net adjustment items		<u>(6,721)</u>		<u>45,774</u>
Income tax expense	₩	<u>424,281</u>	₩	<u>518,527</u>

The analysis of deferred tax assets and liabilities as of December 31, 2022 and 2021, is as follows:

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(in millions of Korean won)

	December 31, 2022		December 31, 2021	
Deferred tax assets				
Deferred tax assets to be recovered after more than 12 months	₩	861,620	₩	833,061
Deferred tax assets to be recovered within 12 months		154,312		199,670
Deferred tax liabilities				
Deferred tax liabilities to be recovered after more than 12 months		(5,824,225)		(7,822,837)
Deferred tax liabilities to be recovered within 12 months		(10,666)		(15,241)
	₩	<u>(4,818,959)</u>	₩	<u>(6,805,347)</u>

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

(in millions of Korean won)

	2022					
	Temporary differences			Deferred tax assets (liabilities)		
	Beginning Balance ¹	Increase /decrease	Ending balance	Beginning balance	Increase /decrease	Ending balance
Deferred taxes						
Provisions and unsettled costs	₩ 2,056,111	₩ (196,667)	₩ 1,859,444	₩ 542,813	₩ (68,655)	₩ 474,158
Equity investments	(1,317,179)	23,346	(1,293,833)	(347,735)	17,808	(329,927)
Asset impairment	335,155	108,735	443,890	88,481	24,711	113,192
Post-employment benefits	(240,461)	(85,480)	(325,941)	(63,482)	(19,633)	(83,115)
Property, plant and equipment	70,946	30,364	101,310	18,730	7,104	25,834
Others	26,663	(65,261)	(38,598)	7,039	(16,881)	(9,842)
	931,235	(184,963)	746,272	245,846	(55,546)	190,300
Income taxes directly charged to equity						
Financial assets at fair value through other comprehensive income	(27,044,126)	6,947,287	(20,096,839)	(7,139,649)	2,014,955	(5,124,694)
Land revaluation	(95,131)	15	(95,116)	(25,115)	860	(24,255)
Remeasurements of net defined benefit liabilities	246,466	85,387	331,853	65,067	19,556	84,623
Cash flow hedges	15,735	(1,119)	14,616	4,154	(427)	3,727
	(26,877,056)	7,031,570	(19,845,486)	(7,095,543)	2,034,944	(5,060,599)
Deferred foreign tax credit carryforward	-	-	-	44,350	6,990	51,340
	₩ (25,945,821)	₩ 6,846,607	₩ (19,099,214)	₩ (6,805,347)	₩ 1,986,388	₩ (4,818,959)

¹Temporary differences in gains and losses on valuation amounting to ₩ (-)9,596,439 million (2021:

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₩ (-)9,563,189 million), which were transferred from the merger of the former Samsung C&T Co., Ltd. for the year ended December 31, 2022, are included.

(in millions of Korean won)

	2021					
	Temporary differences			Deferred tax assets (liabilities)		
	Beginning balance	Increase /decrease	Ending balance	Beginning balance	Increase /decrease	Ending balance
Deferred taxes						
Provisions and unsettled costs	₩ 2,077,599	₩ (21,488)	₩ 2,056,111	₩ 548,486	₩ (5,673)	₩ 542,813
Equity investments	(1,441,256)	124,077	(1,317,179)	(380,492)	32,757	(347,735)
Asset impairment	318,292	16,863	335,155	84,029	4,452	88,481
Post-employment benefits	(154,876)	(85,585)	(240,461)	(40,887)	(22,595)	(63,482)
Property, plant and equipment	70,728	218	70,946	18,672	58	18,730
Others	113,992	(87,329)	26,663	30,094	(23,055)	7,039
	<u>984,479</u>	<u>(53,244)</u>	<u>931,235</u>	<u>259,902</u>	<u>(14,056)</u>	<u>245,846</u>
Income taxes directly charged to equity						
Financial assets at fair value through other comprehensive income	(28,613,610)	1,569,484	(27,044,126)	(7,553,993)	414,344	(7,139,649)
Advanced depreciation provision for land	(96,200)	1,069	(95,131)	(25,397)	282	(25,115)
Remeasurements of net defined benefit liabilities	204,575	41,891	246,466	54,008	11,059	65,067
Cash flow hedges	16,391	(656)	15,735	4,327	(173)	4,154
	<u>(28,488,844)</u>	<u>1,611,788</u>	<u>(26,877,056)</u>	<u>(7,521,055)</u>	<u>425,512</u>	<u>(7,095,543)</u>
Deferred foreign tax credit carryforward	-	-	-	38,552	5,798	44,350
	<u>₩ (27,504,365)</u>	<u>₩ 1,558,544</u>	<u>₩ (25,945,821)</u>	<u>₩ (7,222,601)</u>	<u>₩ 417,254</u>	<u>₩ (6,805,347)</u>

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

(in millions of Korean won)

	December 31, 2022	December 31, 2021
Gain on disposal from split-off	₩ 47,553	₩ 47,553
Investments in subsidiaries, associates and joint ventures and others	31,649	312,664
Financial guarantee liabilities	137	102,419
Others	81,831	84,170

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The Organization for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) addresses the tax challenges arising from the digitalization of the global economy. Global Minimum Tax (Pillar Two) were released and they apply to Multinational Enterprises (MNEs) with revenue in excess of EUR 750 million per their consolidated financial statements.

National Assembly of South Korea passed into law new Global Minimum Tax rules to align with the OECD BEPS Pillar Two in December 2022. The regulation will be included in the Adjustment of International Taxes Act and will be effective for fiscal years beginning on or after January 1, 2024. However, the Enforcement Decrees that provide further detail on the application of the legislation has not yet been finalized as of December 31, 2022.

In South Korea, Pillar Two legislation is not yet considered substantively enacted as of December 31, 2022 for financial reporting purposes. The Group therefore has not recognized any tax effect arising from the Global Minimum Tax in its consolidated financial statements as of December 31, 2022 and for the year then ended.

27. Earnings per Share

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

<i>(in Korean won and in shares)</i>	2022		2021	
Profit for the year	₩	1,461,808 million	₩	1,916,891 million
Profit for the year attributable to ordinary shares		1,448,657 million		1,899,762 million
Weighted average number of ordinary shares outstanding		162,577,125 shares		163,464,393 shares
Basic earnings per ordinary share	₩	8,911	₩	11,622

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

<i>(in Korean won and in shares)</i>	2022		2021	
Profit for the year	₩	1,461,808 million	₩	1,916,891 million
Profit for the year attributable to preferred shares		13,151 million		17,129 million
Weighted average number of preferred shares outstanding		1,467,590 shares		1,467,590 shares
Basic earnings per preferred share	₩	8,961	₩	11,672

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 the years ended December 31, 2022 and 2021, respectively.

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28. Related Party Transactions

As of December 31, 2022, the Company's related parties consist of 123 subsidiaries, including Seoul Lakeside Co., Ltd. and 40 associates and joint ventures, including Korea LNG Limited and other related parties (Note 12.2). Meanwhile, the Enterprise Group, which the Company belongs to, in accordance with the Monopoly Regulation and Fair Trade Act of the Republic of Korea, consists of 61 entities including Samsung Electronics Co., Ltd., as of December 31, 2022.

As of December 31, 2022, the subsidiaries of the Company are as follows:

Subsidiaries

Domestic	CVnet Corporation
	Seoul Lakeside Co., Ltd.
	Samoo Architects & Engineers Co., Ltd.
	Samsung BioLogics Co., Ltd.
	Samsung Bioepis Co., Ltd.
	Cheil Fashion Retail Co.,Ltd.
	Samsung Welstory Inc.
	SVIC No. 53 New Technology Business Investment Association
	SVIC No. 54 New Technology Business Investment Association
	Overseas
Samsung C&T America, Inc.	
Meadowland Distribution	
Samsung Renewable Energy, Inc.	
Samsung Green Repower, LLC	
Samsung E&C America, Inc.	
Samsung Solar Construction, Inc.	
QSSC, S.A, de C.V.	
Samsung C&T Oil & Gas Parallel Corp.	
Parallel Petroleum LLC	
Monument Power, LLC	
SRE GRW EPC GP Inc.	
SRE GRW EPC LP	
SRE SKW EPC GP Inc.	
SRE SKW EPC LP	
PLL Holdings LLC	
SRE WIND PA GP Inc.	
SRE WIND PA LP	
PLL E&P LLC	
SRE GRS Holdings GP Inc.	
SRE GRS Holdings LP	
SRE K2 EPC GP Inc.	
SRE K2 EPC LP	

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SRE KS Holdings GP Inc.
SRE KS Holdings LP
SRE Armow EPC GP Inc.
SRE Armow EPC LP
SAMOO AUSTIN Inc.
SRE Wind GP Holdings, Inc.
SRE North Kent 2 LP Holdings LP
SRE Solar Development GP Inc.
SRE Solar Development LP
SRE Windsor Holdings GP Inc.
SRE Southgate Holdings GP Inc.
SRE Solar Construction Management GP Inc.
SRE Solar Construction Management LP
SRE BRW EPC GP Inc.
SRE BRW EPC LP
SRE North Kent 1 GP Holdings Inc.
SRE North Kent 2 GP Holdings Inc.
SRE Belle River GP Holdings Inc.
SRE NK1 EPC GP Inc.
SRE NK1 EPC LP
SRE Summerside Construction GP Inc.
SRE Summerside Construction LP
Samsung Solar Energy LLC
Samsung Solar Energy 1 LLC
Samsung Solar Energy 2 LLC
Samsung Solar Energy 3 LLC
Equipment Trading Solutions Group, LLC
Samsung C&T Lima S.A.C
Samsung C&T Deutschland GmbH
Samsung C&T U.K. Ltd.
Samsung C&T ECUK Limited
Whessoe Engineering Limited
SAMOO HU Kft.
SungEel Recycling Park Thuringen GmbH
POSS-SLPC S.R.O.
Solluce Romania 1 B.V.
Samsung C&T (KL) Sdn. Bhd.
Samsung C&T Malaysia Sdn. Bhd.
Erdsam Co., Ltd.
Samsung Chemtech VINA
Samsung C&T (Thailand) Co., Ltd.
PT. Insam Batubara Energy
Samsung C&T India Private Limited

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Samsung C&T Corporation India Private Ltd.
MSSC Sdn.,Bhd.
Samsung C&T Singapore Pte. Ltd.
S&G Bio Fuel Pte. Ltd.
PT Gandaerah Hendana
PT Inecda
SAMSUNG C&T Mongolia LLC
Samsung C&T Eng.&Const. Mongolia LLC
S&Woo Construction Philippines, Inc.
SAMOO DESIGNERS & ENGINEERS INDIA PRIVATE LIMITED
SAMOO (KL) SDN. BHD.
VSSC Steel Center Limited Liability
Vista Contracting and Investment Global Pte. Ltd.
Vista Contracting and Development Bangladesh Ltd.
Samsung C&T Renewable Energy Australia Pty Ltd
Samsung Trading (Shanghai) Co., Ltd.
Samsung C&T Hongkong Limited
Samsung C&T Taiwan Co., Ltd.
Samsung Precision Stainless Steel (Pinghu) Co., Ltd.
Samsung C&T (Shanghai) Co., Ltd.
Samsung C&T (Xi'an) Co., Ltd.
SAMOO Design Consulting Co.,Ltd
Waris Gigih Eng. & Tech. Sdn Bhd.
Samsung C&T Corporation Saudi Arabia
SAM Gulf Investment Limited
Samsung C&T Chile Copper SpA
SCNT Power Kelar Inversiones LTDA
S.C. Otelinox S.A.
Samsung Corporation Rus LLC
Samsung Bioepis United States Inc.
Samsung Bioepis UK Limited
Samsung Bioepis CH GmbH
Samsung Bioepis PL Sp z o.o.
Samsung Bioepis BR Pharmaceutical LTDA
Samsung Bioepis AU Pty Ltd
Samsung Bioepis NZ LIMITED
Samsung Bioepis IL LTD
Samsung Bioepis NL B.V.
Samsung Bioepis TW Limited
Samsung Bioepis HK Limited
Samsung Biologics America
Cheil Industries Italy S.R.L.
Samsung Fashion Trading(Shanghai) Co., Ltd.

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Samsung C&T Corporation Vietnam Co., Ltd.
Welstory Vietnam Co., Ltd.
Samsung C&T Corporation UEM Construction JV Sdn Bhd.
Shanghai Ever Hongjun Business Management Service Co., Ltd.
Shanghai Welstory Food Company Limited

Significant transactions between the Company and its subsidiaries, associates, and joint ventures for the years ended December 31, 2022 and 2021, and the related account balances as of December 31, 2022 and 2021, consist of the following:

(in millions of Korean won)	Sales and others ²		Purchases and others		Receivables and others		Payables and others		
					⁵				
	2022	2021	2022	2021	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021	
Subsidiaries									
Samsung C&T America Inc.	₩760,549	₩843,134	₩ 7,038	₩ 13,242	₩ 76,586	₩ 154,162	₩ 8,491	₩ 10,341	
Samsung C&T Deutschland GmbH	454,206	343,395	15,315	49,492	96,319	138,787	947	1,206	
Samsung C&T Japan Corporation	261,652	258,798	391,530	387,570	11,491	15,517	53,534	70,191	
Samsung C&T Singapore Pte. Ltd.	677,122	473,556	686,026	328,212	88,684	100,104	26,275	62,588	
Samsung Welstory Inc.	9,067	13,457	41,522	29,926	11,375	8,339	2,653	2,490	
Samsung Bioepis Co., Ltd. ⁶	170	16,993	-	-	-	3,841	-	-	
Samsung C&T India Private Limited and others	747,042	707,243	881,713	557,194	1,250,461	1,163,211	29,397	24,175	
Associates									
Gangneung Eco Power Co., Ltd.	581,246	1,350,487	11	-	7,828	31,982	17,141	22,212	
Gaziantep SPV	-	130	-	-	20,261	1,383	14,154	12,908	
TOK Advanced Materials Co., Ltd.	5,331	4,186	87	3,512	877	-	-	-	
Others	1,799	1,298	3,428	853	225	-	-	-	
Joint ventures									
FCC Saudi LLC	11,826	5,461	-	-	14,681	12,105	-	-	
Others	454	1,062	-	-	3,207	14,844	-	-	
Other related party⁴									
Samsung Electronics Co., Ltd.	7,105,620	3,982,655	44,359	66,745	2,718,294	1,640,615	194,539	195,356	
Others	754,149	399,561	7,088	45,143	64,946	99,381	23,279	25,195	
Others¹									
Samsung SDS Co., Ltd.	1,040	897	117,163	112,256	4,295	4,294	31,349	26,865	
Samsung Life Insurance Co., Ltd. ³	36,995	25,543	3,370	3,451	1,599	7,640	41,770	41,776	
Others	111,825	38,421	115,231	111,349	56,183	34,079	169,216	153,175	

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¹ The entities are not included in the scope of related parties in accordance with KIFRS 1024, but are included in the scope of Enterprise Group in accordance with the Monopoly Regulation and Fair Trade Act of the Republic of Korea.

² Unbilled revenue from construction contracts based on the percentage of completion of ₩ (-)1,057,784 million (2021: ₩ (-)531,662 million) is excluded from sales. In addition, due from customer for contract work amounting to ₩ 222,222 million (2021: ₩ 389,390 million) and due to customers for contract work amounting to ₩ 1,103,067 million (2021: ₩ 267,486 million) are excluded from receivables and payables, respectively.

³ As of December 31, 2022, the Company deposited ₩ 822,244 million (2021: ₩ 729,389 million) in Samsung Life Insurance Co., Ltd. as plan assets. The amount contributed by the Company for the year ended December 31, 2022, is ₩ 147,300 million (2021: ₩ 121,100 million).

⁴ For the year ended December 31, 2022, over 10% of the Company's revenue is derived from the customer. The revenue (including revenue adjustment based on the percentage of completion of ₩ (-)928,568 million) derived from the customer amounting to ₩ 6,965,543 million (2021: ₩ 4,334,099 million) is reported from Construction and Trading segments of the Company.

⁵ As of December 31, 2022, the Company recognized provision for impairment amounting to ₩ 716,614 million (2021: ₩ 607,385 million) for related party receivables.

⁶ On April 20, 2022, as Samsung BioLogics Co., Ltd., a subsidiary, acquired 100% of ownership interest in the investee company by acquiring an additional 50% minus one share of ownership interest in Samsung Bioepis Co., Ltd., it was transferred from an associate to a subsidiary. The transactions with the related party for the year ended December 31, 2022, were occurred before the transition to a subsidiary.

Major fund transactions with a related party for the years ended December 31, 2022 and 2021, are as follows:

(in millions of Korean won)

	2022		2021	
	Loans	Collections	Loans	Collections
LJG Green Source Energy Alpha S.R.L.	₩ -	₩ 9,396	₩ -	₩ -
Parallel Holdings LLC	100,649	-	49,554	-
Gaziantep SPV	-	-	6,157	-

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Details of dividends received and declared dividends for the years ended December 31, 2022 and 2021, are as follows.

a) Details of dividends received from the related parties and the entities included in the Large Enterprise Group for the years ended December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Subsidiaries, associates and joint ventures				
KOLNG	₩	21,161	₩	9,180
Others		13,721		494,348
Other related parties				
Samsung Electronics Co., Ltd.		431,493		900,937
Large Enterprise Group				
Samsung Life Insurance Co., Ltd.		116,064		96,720
Others		31,868		31,868

b) For the years ended December 31, 2022 and 2021, there are no declared dividends to related parties and entities in the Large Enterprise Group.

Additional contributions to the related parties for the years ended December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022			
	Contribution		Recovery	
Samsung BioLogics Co., Ltd.	₩	1,216,809	₩	-
Samsung C&T ECUK Limited		114,395		-
Others		124,652		30,564

<i>(in millions of Korean won)</i>	2021	
Mirae Asset MAPS Professional Private Real Estate Investment Trust 65th SVIC No. 54 New Technology Business Investment Association	₩	39,600
Others		24,750
		21,494

There is no recovered amount from the related parties for the year ended December 31, 2021.

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As of December 31, 2022, the Company recognized lease liabilities of ₩ 7,432 million in relation to the lease of buildings from entities that are not related parties of the Company in accordance with KIFRS 1024, but included in the same Large Enterprise Group to which the Company also belongs in accordance with the Monopoly Regulation and Fair Trade Act. The lease payments during the year ended December 31, 2022 are ₩ 10,262 million and interest expenses recognized by the Company amount to ₩ 354 million.

Payment guarantees for the liabilities of subsidiaries, associates and joint ventures provided by the Company as of December 31, 2022 and 2021, are as follows:

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

	Principal debtor	Guaranteed period	Currency	Guaranteed amount	
				December 31, 2022	December 31, 2021
Subsidiaries					
PLL Holdings LLC	CITI and others	January 31, 2024	USD	35,000	130,000
Samsung C&T Japan Corporation	NSSC	March 31, 2023	USD	3,610	70,003
Samsung C&T U.K. Ltd.	KEB HANA and others	November 30, 2023	USD	57,000	57,000
Samsung C&T India Private Limited	SHINHAN	November 27, 2023	USD	11,477	12,766
Others			USD	459,185	458,128
Associates/Joint ventures					
Bahrain LNG W.L.L	ING and others	February 15, 2039	USD	9,341	9,461
Terminal KMS de GNL, S. de R.L. de C.V.	KEB HANA and others	September 1, 2029	USD	41,921	44,872
Kelar S.A.	KEB HANA and others	June 30, 2031	USD	19,849	22,229
Dongducheon Dream Power Co., Ltd. ¹	BNK Securities Co.,Ltd.	August 24, 2023	KRW	18,800	18,800
Gimcheon Enervix Co.,Ltd. ¹	KTCU	Redemption date of debts	KRW	15,350	15,350

¹ The Company provides payment guarantees in relation to the debenture of Dongducheon Dream Power Co., Ltd. amounting to ₩ 18,800 million and payment guarantees in relation to the subordinated borrowings of Gimcheon Enervix Co.,Ltd. amounting to ₩ 15,350 million (Note 12).

As of December 31, 2022, investments in Gaziantep SPV (acquisition cost: ₩ 16,457 million), Qurayyah Investment Company (acquisition cost: ₩ 37,334 million), Gangneung Eco Power Co.,Ltd. (acquisition cost: ₩ 2,900 million, loan commitments: ₩ 261,000 million), Gimcheon Enervix Co.,Ltd. (acquisition cost: ₩ 6,140 million) and Busan Green Energy Project (acquisition cost: ₩ 3,435 million) are provided as collateral against borrowings of investees (Note 12).

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The Company recognized salaries and post-employment benefits for the key management as expenses, amounting to ₩ 4,538 million (2021: ₩ 4,766 million) and ₩ 638 million (2021: ₩ 767 million), respectively. The key management includes directors (executive and non-executive), auditors and other managements. Meanwhile, the Company introduced long-term incentive plans for its executives based on a three-year management performance criteria. For the year ended December 31, 2022, the Company recognized expenses amounting to ₩ 987 million (2021: ₩ 3,285 million).

The Company 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 Company'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.

29. Statement of Cash Flows

Reconciliation between operating profit and net cash inflow (outflow) from operating activities is as follows:

<i>(in Korean won)</i>	2022	2021
Profit for the year	₩ 1,461,807,708,663	₩ 1,916,891,322,701
Addition		
Income tax expense	424,281,338,013	518,526,540,160
Interest expense	102,138,413,560	65,807,467,499
Depreciation and amortization	196,153,519,342	214,666,139,942
Post-employment benefits	66,064,854,135	63,765,890,218
Impairment loss	(5,641,335,835)	19,199,373,119
Other impairment loss	164,575,087,193	197,213,692,947
Transfer in provision for construction losses	25,572,682,787	43,969,389,225
Transfer in provision for construction warranties	34,773,123,436	26,412,911,584
Loss on foreign currency translation	222,078,118,286	72,569,778,071
Loss on valuation of financial assets at fair value through profit or loss	20,831,349,353	796,250
Loss on disposal of financial assets at fair value through profit or loss	76,527,797	324,389,517
Loss on disposal of investments	-	315,759,318
Impairment loss on investments	146,207,404,131	26,102,141,087
Loss on disposal of property, plant and equipment	1,290,291,432	1,629,953,693
Impairment loss on property, plant and equipment	124,392,209	842,538,730
Loss on disposal of intangible assets	374,233,534	112,828,616
Impairment loss on intangible assets	14,451,443,635	7,846,582,432
Impairment loss on right-of-use assets	6,343,782	1,637,682,670
Other expenses	81,377,565,964	36,479,684,304

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<i>(in Korean won)</i>	2022	2021
	<u>1,494,735,352,754</u>	<u>1,297,423,539,382</u>
Deduction		
Interest income	(84,086,205,709)	(59,698,061,222)
Dividend income	(639,917,858,678)	(1,546,083,387,548)
Gain on foreign exchange translation	(160,072,760,673)	(150,713,626,094)
Reversal of provision for construction losses	(13,259,794,018)	(19,258,749,676)
Reversal of provision for impairment	(55,218,340,476)	(15,484,542,884)
Gain on valuation of financial assets at fair value through profit or loss	(22,967,156,209)	(24,630,961,364)
Reversal of impairment loss on investments	(37,249,127,682)	(31,480,757,098)
Gain on disposal of investments	(1,701,845,338)	(560,081,879,214)
Gain on disposal of property, plant and equipment	(6,087,733,859)	(17,978,696,502)
Reversal of impairment loss on property, plant and equipment	-	(130,716,312)
Gain on disposal of intangible assets	(3,804,380,908)	(345,042,957)
Gain on disposal of assets held for sale	-	(7,145,276,953)
Other income	(478,940,524,327)	(189,294,922,731)
	<u>(1,503,305,727,877)</u>	<u>(2,622,326,620,555)</u>
Changes in operating assets and liabilities		
Increase in trade receivables	(695,465,266,396)	(599,939,983,076)
Increase in other current assets	(571,466,356,581)	(309,211,413,839)
Increase in inventories	(27,787,635,784)	(26,564,833,616)
Decrease (increase) in long-term prepaid expenses	(10,771,659,979)	12,384,495,831
Increase (decrease) in trade payables	(206,907,613,442)	244,164,300,320
Increase (decrease) in other current liabilities	623,942,478,899	(215,550,208,192)
Decrease in provisions for construction warranties	(23,555,153,390)	(31,654,540,451)
Decrease in other provisions	(143,022,113,774)	(78,471,451,831)
Decrease in long-term unearned income	(194,446,036)	(194,446,036)
Increase (decrease) in long-term non-trade payables	55,729,503,663	(10,040,757,370)
Payment of defined benefit liability	(71,496,047,579)	(64,788,547,675)
Increase in plan assets	(78,745,425,337)	(74,328,014,896)
Transfer-in (out) of defined benefit liability	(3,436,540,319)	346,707,248
Others	88,806,406,629	183,650,763,649
	<u>(1,064,369,869,426)</u>	<u>(970,197,929,934)</u>
Cash generated from (used in) operations	<u>₩ 388,867,464,114</u>	<u>₩ (378,209,688,406)</u>

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Changes in liabilities arising from financial activities for the years ended December 31, 2022 and 2021, are as follows:

(in millions of Korean won)

	At January 1, 2022		Cash flows from financial activities	Transactions without cash flows		At December 31, 2022				
				Amortization	Others ²					
Short-term borrowings	₩	756,072	₩	563,421	₩	-	₩	(8,635)	₩	1,310,858
Long-term borrowings ¹		189,262		999,721		-		12,515		1,201,498
Debentures ¹		299,387		448,451		578		-		748,416
	₩	1,244,721	₩	2,011,593	₩	578	₩	3,880	₩	3,260,772

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

² Others include changes due to exchange differences and others.

(in millions of Korean won)

	At January 1, 2021		Cash flows from financial activities	Transactions without cash flows		At December 31, 2021				
				Amortization	Others ²					
Short-term borrowings	₩	782,552	₩	(22,586)	₩	-	₩	(3,894)	₩	756,072
Long-term borrowings ¹		296,447		(100,711)		-		(6,474)		189,262
Debentures ¹		588,955		(290,000)		432		-		299,387
	₩	1,667,954	₩	(413,297)	₩	432	₩	(10,368)	₩	1,244,721

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 (financing activities) from principal repayment in relation to lease liabilities during the year ended December 31, 2022 were ₩ 70,695 million (2021: ₩ 75,862 million), and cash outflows from interest expenses (operating activities) were ₩ 5,493 million (2021: ₩ 7,939 million).

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

<i>(in millions of Korean won)</i>	2022	2021
Increase in right-of-use assets and lease liabilities	₩ 84,209	₩ 40,763
Transfer between other comprehensive income and retained earnings due to disposal of financial assets at fair value through other comprehensive income	717	(82)
Loss on valuation of financial assets at fair value through other comprehensive income	(6,967,942)	(1,537,557)
Changes in exchange differences – other comprehensive income	(19,033)	39,254
Changes in gain (loss) on derivatives – other comprehensive income	2,869	(1,067)
Changes in non-trade receivables due to disposal of investments in subsidiaries, associates and joint ventures	(245,906)	488,230
Changes in non-trade payables due to acquisition of property, plant and equipment and intangible assets	3,603	3,146

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30. Segment Information

The strategic steering committee is the Company'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, a summary of information on the Company's operations by business segment as of and for the years ended December 31, 2022 and 2021, is prepared after the elimination of intercompany transactions in operating profit, and liabilities of operating segments are not included as those are not periodically reported to the Company's management.

Summary of information on the Company's operations by business segment as of and for the years ended December 31, 2022 and 2021, is as follows:

	2022					
	Construction	Trading	Fashion	Resort	Common	Total
<i>(in millions of Korean won)</i>						
Net sales	₩ 12,253,528	₩11,604,021	₩ 1,842,898	₩ 706,114	₩ -	₩ 26,406,561
Depreciation and amortization	76,200	11,238	51,866	56,850	-	196,154
Operating profit (loss)	681,486	66,002	159,171	32,753	-	939,412
Total assets ¹	9,427,990	2,550,660	1,022,711	2,447,206	24,187,763	39,636,330

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

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	2021					
	Construction	Trading	Fashion	Resort	Common	Total
Net sales	₩ 9,592,614	₩ 9,445,484	₩ 1,614,514	₩ 467,979	₩ -	₩ 21,120,591
Depreciation and amortization	87,614	10,365	56,699	59,988	-	214,666
Operating profit (loss)	230,990	(6,623)	79,978	(55,071)	-	249,274
Total assets ¹	7,818,406	2,797,278	974,107	2,404,453	30,186,674	44,180,918

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

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Summary of information on the Company's operations by geographic areas for the years ended December 31, 2022 and 2021, is as follows:

(in millions of Korean won)

	2022					
	Domestic	Asia	Europe	The Americas	Others	Total
Total revenue	₩12,728,975	₩ 8,704,881	₩ 1,420,416	₩ 1,869,917	₩ 1,682,372	₩ 26,406,561
Non-current assets ¹	2,711,953	23,998	31	-	1,895	2,737,877

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

(in millions of Korean won)

	2021					
	Domestic	Asia	Europe	The Americas	Others	Total
Total revenue	₩10,054,646	₩ 7,171,407	₩ 925,430	₩ 1,921,732	₩ 1,047,376	₩ 21,120,591
Non-current assets ¹	2,724,117	22,513	-	-	4,399	2,751,029

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

31. Financial Risk Management

31.1 Financial Risk Management

The Company 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 Company has a risk management program in place to monitor and actively manage such risks.

The Company'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 Company's financial liabilities under financial risk management are composed of trade and other payables, borrowings, debentures and others.

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(a) Market risk

i) Foreign exchange risk

The Company 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 Company 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 Company as of December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2022			
	USD	EUR	JPY	Others
Financial assets	₩ 1,272,202	₩ 138,608	₩ 6,889	₩ 72,107
Financial liabilities	761,719	153,068	7,070	86,597

<i>(in millions of Korean won)</i>	December 31, 2021			
	USD	EUR	JPY	Others
Financial assets	₩ 1,557,854	₩ 169,650	₩ 106,327	₩ 314,342
Financial liabilities	1,086,180	176,545	33,039	91,142

The table below summarizes the impact of weakened/strengthened Korean won on the Company'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.

<i>(in millions of Korean won)</i>	December 31, 2022	
	Strengthened	Weakened
Financial assets	₩ (74,490)	₩ 74,490
Financial liabilities	50,423	(50,423)
Net effect	₩ (24,067)	₩ 24,067

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<i>(in millions of Korean won)</i>	December 31, 2021			
	Strengthened		Weakened	
Financial assets	₩	(107,409)	₩	107,409
Financial liabilities		69,345		(69,345)
Net effect	₩	(38,064)	₩	38,064

ii) Equity price risk

The Company's investment portfolio consists of direct and indirect investments in listed and non-listed securities for utilization of finances and enhancement of enterprise value (Note 11). As of December 31, 2022 and 2021, if listed share prices fluctuate by 1% without other variables changing, the effects on other comprehensive income and profit or loss for the year are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Changes in other comprehensive income	₩	157,455	₩	208,234
Changes in profit or loss		16		16

iii) Interest rate risk

The Company is exposed to interest rate risk fluctuations since the value of financial statement line items and interest expenses changes as a result of investment risk. The Company's position with regard to interest rate risk exposure is mainly related to debt obligations such as debentures. To mitigate interest rate risk, the Company 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, 2022 and 2021, financial liabilities exposed to interest rate risk are as follows:

<i>(in millions of Korean won)</i>	December 31, 2022		December 31, 2021	
Financial liabilities	₩	597,902	₩	886,849

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

- Changes in market interest rate which influence interest expense related to floating interest rate financial instruments.

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As of December 31, 2022 and 2021, under the assumption above, if interest rates fluctuate by 1% without other variables changing, the effects on expenses related to borrowings with variable interest rates are as follows:

<i>(in millions of Korean won)</i>	December 31, 2022		December 31, 2021	
	1% increase	1% decrease	1% increase	1% decrease
Decrease (increase) of interest expense	₩ (5,979)	₩ 5,979	₩ (8,868)	₩ 8,868

(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 Company 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 Company 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 Company 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 and contract assets have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as of December 31, 2022 is determined as follows; the expected credit losses below also include forward looking information.

	<i>(in millions of Korean won)</i> Less than 90		Less than 180				Impaired receivables	Total
	and within	days past	Less than 270	Less than 1	More than 1			
	due	due	days past due	year past due	year past due			
Expected loss rate	0.4%	0.6%	3.4%	7.8%	18.3%	100.0%	2.8%	
Total carrying amount	₩ 5,053,234	₩ 22,620	₩ 1,429	₩ 2,331	₩ 18,784	₩ 122,506	₩ 5,220,904	
Loss allowance	(19,280)	(125)	(49)	(182)	(3,437)	(122,506)	(145,579)	

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Movements in the loss allowance provision for trade receivables and contract assets for the years ended December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022	2021
Beginning balance	₩ 152,638	₩ 136,407
Increase (decrease) in loss allowance recognized in profit or loss during the year	(7,059)	16,263
Receivables written off during the year as uncollectible	-	(32)
Ending balance	<u>₩ 145,579</u>	<u>₩ 152,638</u>

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 Company considers that there is 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, 2022, the gross carrying amount of trade receivables (including due from customer for contract work and financial assets at fair value through profit or loss), reflecting the maximum exposure to credit risk, is ₩ 5,075,325 million (2021: ₩ 4,452,577 million).

The amounts recognized in profit or loss in relation to impaired receivables for the years ended December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022	2021
Impairment loss		
- Selling and administrative expenses	₩ (7,059)	₩ 16,263

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.

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Movements in loss allowance provision for other financial assets at amortized cost for the years ended December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Beginning balance	₩	1,050,384	₩	888,016
Increase in loss allowance recognized in profit or loss during the year		109,045		184,713
Receivables written off during the year as uncollectible		-		(22,345)
Others		(530)		-
Ending balance	₩	<u>1,158,899</u>	₩	<u>1,050,384</u>

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 Company considers that there is 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, 2022, the gross carrying amount of other financial assets at amortized costs, reflecting the maximum exposure to credit risk, is ₩ 2,585,735 million (2021: ₩ 2,564,615 million).

The amounts recognized in profit or loss in relation to impaired receivables for the years ended December 31, 2022 and 2021, are as follows:

<i>(in millions of Korean won)</i>	2022		2021	
Impairment loss				
- Other expenses	₩	109,045	₩	180,611

iii) Financial guarantee liabilities

As of December 31, 2022 and 2021, the Company recognizes financial guarantee liabilities of ₩ 15,542 million and ₩ 205,627 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, 2022 and 2021, is ₩ 2,311,793 million and ₩ 3,055,390 million, respectively.

In addition, the Company has provided several agreements including the loan agreement for the members engaged in housing association, the supplemental funding agreement on borrowings to SOC companies, 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 (Notes 5 and 18).

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(c) Liquidity risk

The Company manages its liquidity risk to maintain adequate net working capital by constantly managing projected cash flows. Beyond effective working capital and cash management, the Company 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 Company monitors its cash flows through medium and long-term management planning and short-term management strategy.

As of December 31, 2022 and 2021, the financial liabilities are classified according to the remaining period of time to the expiration date of the contract.

(in millions of Korean won)

	December 31, 2022					
	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	₩ 2,512,356	₩ 2,561,274	₩ 2,030,789	₩ 515,996	₩ 138	₩ 14,351
Debentures	748,416	811,701	190,992	19,037	391,916	209,756
Derivative liabilities ¹	124,279	129,482	54,088	59,413	10,447	5,534
Financial guarantee liabilities ²	15,542	2,311,793	1,574,593	177,200	560,000	-
Trade payables	1,121,548	1,121,548	1,121,548	-	-	-
Other payables	2,446,212	2,446,212	2,314,917	131,295	-	-
	<u>₩ 6,968,353</u>	<u>₩ 9,382,010</u>	<u>₩ 7,286,927</u>	<u>₩ 902,941</u>	<u>₩ 962,501</u>	<u>₩ 229,641</u>

¹ The cash flow of derivative liability is estimated based on the net amount for payment.

² The cash flow presented is principal amount of the borrowings for which the Company provides the financial guarantee. These financial guarantees include financial guarantees related to loan agreement for financing of the expenditures of developers of redevelopment and reconstruction projects. The execution of funds under the loan agreement will take place over the project periods.

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	December 31, 2021					
	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	₩ 945,334	₩ 952,750	₩ 944,967	₩ 279	₩ 279	₩ 7,225
Debentures	299,387	310,323	54,664	173,232	1,211	81,216
Derivative liabilities ¹	4,867	4,867	4,073	478	255	61
Financial guarantee liabilities ²	205,627	3,055,390	1,363,490	1,164,700	27,200	500,000
Trade payables	1,348,384	1,348,384	1,348,384	-	-	-
Other payables	2,691,399	2,691,399	2,571,636	119,763	-	-
	<u>₩ 5,494,998</u>	<u>₩ 8,363,113</u>	<u>₩ 6,287,214</u>	<u>₩ 1,458,452</u>	<u>₩ 28,945</u>	<u>₩ 588,502</u>

¹ The cash flow of derivative liability is estimated based on the net amount for payment.

² The cash flow presented is principal amount of the borrowings for which the Company 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, 2021, the maximum liquidity exposure risk in relation to the financial guarantee is the total contractual cash flows.

In addition, the Company has provided several agreements including the supplemental funding agreement on borrowings to SOC companies, 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 (Note 18).

31.2 Capital Risk Management

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

As of December 31, 2022 and 2021, debt-to-equity ratios are as follows:

(in millions of Korean won)

	December 31, 2022	December 31, 2021
Liabilities (A)	₩ 15,712,704	₩ 15,772,893
Equity (B)	<u>23,923,625</u>	<u>28,408,025</u>
Debt-to-equity ratio (A/B)	<u>66%</u>	<u>56%</u>

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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 Company 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 Company 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 Company 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, 2022 and 2021, are as follows:

(in millions of Korean won)

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets at fair value through other comprehensive income	₩ 21,393,394	₩ 2,780,192	₩ 200,554	₩ 24,374,140
Financial assets at fair value through profit or loss	2,231	144,038	242,971	389,240
Derivative financial instruments:				
Held for trading	-	6,820	31,038	37,858
Hedging	-	14,610	-	14,610
	<u>₩ 21,395,625</u>	<u>₩ 2,945,650</u>	<u>₩ 474,573</u>	<u>₩ 24,815,848</u>
Liabilities measured at fair value				
Derivative financial instruments:				
Held for trading	₩ -	₩ 5,302	₩ -	₩ 5,302
Hedging	-	118,976	-	118,976
	<u>₩ -</u>	<u>₩ 124,278</u>	<u>₩ -</u>	<u>₩ 124,278</u>

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(in millions of Korean won)

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets at fair value through other comprehensive income	₩ 28,292,613	₩ 1,715,943	₩ 206,774	₩ 30,215,330
Financial assets at fair value through profit or loss	2,226	359,262	234,856	596,344
Derivative financial instruments:				
Held for trading	-	2,547	29,013	31,560
Hedging	-	16,607	-	16,607
	<u>₩ 28,294,839</u>	<u>₩ 2,094,359</u>	<u>₩ 470,643</u>	<u>₩ 30,859,841</u>
Liabilities measured at fair value				
Derivative financial instruments:				
Held for trading	₩ -	₩ 1,313	₩ -	₩ 1,313
Hedging	-	3,554	-	3,554
	<u>₩ -</u>	<u>₩ 4,867</u>	<u>₩ -</u>	<u>₩ 4,867</u>

- 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).

During the year ended December 31, 2022, there has been no significant change in the business or economic circumstances that affect the fair value of the entity's financial assets and financial liabilities.

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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:

<i>(in millions of Korean won)</i>	Fair value	Level	Fair value measurements	Inputs
Financial assets measured at fair value				
Energy industry equities	₩ 52,906	3	Net asset value method, discounted cash flow method and others	Growth rate, discount rate and others
Cooperative contribution	44,479	3	Net asset value method, discounted cash flow method and others	Growth rate, discount rate and others
Other equities	346,140	3	Net asset value method, discounted cash flow method and others	Growth rate, discount rate and others
Investment bonds	2,924,230	2	Discounted cash flow method	Counterparty credit risk and others
Derivatives (assets)				
Currency forwards and others	21,430	2	Market approach	Currency forwards rate, discount rate and others
Option	31,038	3	Binominal model	Growth rate, discount rate, volatility and others
Derivatives (liabilities)				
Currency forwards and others	124,278	2	Market approach	Currency forwards rate, discount rate and others

Valuation process of fair value measurements classified in level 3

The finance department of the Company'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)

	2022			
	Favorable changes		Unfavorable changes	
	Profit or loss for the year	Equity	Profit or loss for the year	Equity
Financial instruments at fair value through other comprehensive income ¹	₩	-	₩ 3,601	₩ (3,249)

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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. Events After the Reporting Period

The Company decided to retire the treasury shares (1,295,411 shares of ordinary shares) in accordance with the resolution of the Board of Directors on February 1, 2023.

In accordance with the resolution of the Corporate Management Committee held on February 15, 2023, the Company increased the headquarters' guarantee limit (USD 20 million) for the increase in the borrowing limit of overseas companies and extended the headquarters' guarantee (USD 315 million) related to financial transactions of overseas companies. In addition, the Company entered into a new agreement (₩ 600 billion, USD 112 million) with respect to the limits of the Company's borrowings and foreign exchange transactions, and extended the existing agreement (₩ 1,082 billion, USD 1,152 million).

Independent auditor's report on internal control over financial reporting

The Shareholders and Board of Directors Samsung C&T Corporation

Opinion on internal control over financial reporting

We have audited Samsung C&T Corporation's (referred to as the "Company") internal control over financial reporting ("ICFR") based on the Conceptual Framework for designing and operating ICFR established by the Operating Committee of ICFR (the "ICFR Committee") as of December 31, 2022

In our opinion, the Company's ICFR has been effectively designed and operated, in all material respects, as of December 31, 2022 in accordance with the Conceptual Framework for designing and operating ICFR.

We also have audited, in accordance with the Korean Auditing Standards ("KGAAS"), the separate statement of financial position as of December 31, 2022 and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies, and our report dated March 3 2023 expressed an unqualified opinion thereon.

Basis for opinion on ICFR

We conducted our audit in accordance with KGAAS. 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 Company 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 effectiveness of the ICFR.

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

Auditor's responsibilities for the audit of ICFR

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

An audit of 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

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

Because of its inherent limitations, ICFR may not prevent or detect misstatements of the separate 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 partner in charge of the audit resulting in this independent auditor's report is Jong-Hun Sim.



March 3, 2023

This audit report is effective as of the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from independent the auditor's report date to the time this report is used. Such events and circumstances could significantly affect the Company'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, 2022. 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 financial statements to ensure preparation and disclosure of reliable financial information.

We used the 'Conceptual Framework for Designing and Operating 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 Evaluating and Reporting 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, 2022, in all material respects, in accordance with the Conceptual Framework for Designing and Operating 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 15, 2023
Samsung C&T Corporation

President & CEO	Jung Suk Koh
President & CEO	Se Chul Oh
President & CEO	Seung Hwan Han
Internal Accounting Manager	Kue Jong Song