

Samsung C&T Corporation

Separate Financial Statements
December 31, 2021 and 2020

Samsung C&T Corporation
Index
December 31, 2021 and 2020

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Independent Auditor's Report

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of
Samsung C&T Corporation

Opinion

We have audited the accompanying separate financial statements of Samsung C&T Corporation (the Company), which comprise the separate statements of financial position as at December 31, 2021 and 2020, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years then ended, and 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 separate financial position of Samsung C&T Corporation as at December 31, 2021 and 2020, and its separate financial performance and its separate cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

We also have audited, in accordance with Korean Standards on Auditing, the Company's Internal Control over Financial Reporting as at December 31, 2021, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*, and our report dated March 4, 2022 expressed an unqualified opinion.

Basis for Opinion

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

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 4 to the separate financial statements of the Company. Note 4 to the separate financial statements describes management's plans and action taken to resolve uncertainty relating to the impact of Coronavirus disease 2019 (COVID-19) on the Company's productivity and ability to satisfy customer's orders.

Key Audit Matters

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

Revenue recognition based on the input method and collectability of the gross amount due from customer for contract work on construction contracts

Why it is determined to be a Key Audit Matter

As discussed in Note 2, the Company recognizes revenue based on input methods for the extent of progress towards completion when:

- ① the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- ② 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.

As explained in Note 4 to the separate financial statements, total contract revenue is affected by the uncertainty of the occurrence of future events such as additional contract work, claims, incentives and penalty. Total contract cost is estimated based on future estimates such as design changes, material costs, labor costs, outsourcing costs and construction period that are uncertainties which can fluctuate in the future. In addition, there is uncertainty in the collection of the gross amount due from customer for contract work due to delays in payment of the ordering party, changes in conditions and occurrence of claims. With the consideration of the significant impact of the result of the uncertainties on the separate financial statements; we determined key contracts that may have high uncertainty in the accuracy of revenue recognized based on input method and collectability of the gross amount due from customer as the key audit matters.

How our audit addressed the Key Audit Matter

- Revenue recognition based on input method

In respect of the revenue recognition based on the input method on the Company's separate financial statements, we have performed the following audit procedures.

(i) Appropriateness of total contract revenue

- We obtained an understanding and evaluated internal control of the Company in relation to entering new contract and modifying the amount of contract revenue
- We inspected the contract amount and terms and conditions by reviewing new or amended contracts
- We made inquiries about reason for significant change in total contract amount and inspected the amended contracts
- We obtained an understanding of the Company's accounting policies for estimation of liquidated damages due to delay of completion, and evaluated the design and operating effectiveness of internal control
- We made inquiries and inspected related documents about the possibility of liquidated damages with regard to the construction sites that are likely to be delayed

(ii) Uncertainty of the estimated total contract cost

- With regards to the projects where the estimated total contract costs have changed significantly, we made inquiries and inspected related documents on reasons for the significant changes in the estimated total contract costs.
- With regards to the projects that have been completed during the current period, where there are significant differences between the estimated total contract costs and cumulative actual contract costs, we made inquiries and inspected related documents on reasons for the difference.
- We obtained an understanding of and evaluated the Company's internal control over approval of initial registration and amendment of estimated total contract costs.
- We obtained an understanding of and evaluated the Company's internal control over monitoring the possibility of amendment of estimated total contract costs.
- We tested the effectiveness of the Company's internal control over monitoring whether the result of project performance review was reflected during the Company's financial reporting process.
- We made inquiries and reviewed relevant documents of major construction contracts regarding the appropriateness of differences between the percentage of completion for accounting purpose and the percentage of completion reported to the customer.

(iii) Measurement of percentage of completion

- We obtained an understanding and the Company's internal control over summarizing and approving the contract cost incurred from each construction site
- We inspected related documents whether the contract costs incurred are accurate, are recognized in proper period, and are attributed to an appropriate project
- We obtained an understanding of and evaluated whether the process of summarizing contract costs incurred are accurate, and the process of altering costs among projects are appropriate
- We recalculated the percentage of completion for each project

- Collectability of the gross amount due from customer for contract work

We have performed the following audit procedures for the projects whose due from customer for contract work have increased significantly for the year ended December 31, 2021.

- We made inquiries and inspected related contracts on payment terms, conditions of liquidated damages, duration of contract and other requirements.
- We evaluated the reasonableness of management's assessment on the collectability of due from customer for contract work.
- We obtained understanding and evaluated the Company's internal control over identifying abnormal due from customer for contract work.

Other Matters

The accompanying separate financial statements as at and for the years ended December 31, 2021 and 2020, have been translated into U.S. dollars solely for the convenience of the reader and have been translated on the basis set forth in Note 3 to the separate financial statements.

Auditing standards and their application in practice vary among countries. The procedures and practices used in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 Korean Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Seung-Whan Lee, Certified Public Accountant.

Seoul, Korea
March 4, 2022

This report is effective as of March 4, 2022, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying separate financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Samsung C&T Corporation
Separate Statements of Financial Position
December 31, 2021 and 2020

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

	Notes	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Assets					
Current assets					
Cash and cash equivalents	7	₩ 1,102,651	₩ 959,742	\$ 930,115	\$ 809,567
Short-term financial instruments	7	88,013	87,764	74,241	74,032
Financial assets at fair value through profit or loss	7,11	289,440	50,061	244,150	42,228
Trade receivables	7,8	4,452,577	3,883,657	3,755,864	3,275,966
Other current assets	7,8	1,964,436	1,872,767	1,657,053	1,579,727
Inventories	6	605,565	619,874	510,810	522,880
Total current assets		8,502,682	7,473,865	7,172,233	6,304,400
Assets held for sale	12	-	17,239	-	14,541
Non-current assets					
Financial assets at fair value through profit or loss	7,11	237,082	210,588	199,985	177,636
Financial assets at fair value through other comprehensive income	7,11	28,499,387	30,002,629	24,039,972	25,307,996
Investments in subsidiaries, associates and joint ventures	12	2,777,630	2,960,920	2,343,003	2,497,613
Property, plant and equipment	13	2,081,281	2,163,669	1,755,614	1,825,111
Investment properties	14	91,189	113,266	76,920	95,543
Intangible assets	13	356,670	362,833	300,861	306,059
Right-of-use assets	13	221,889	290,094	187,169	244,702
Other non-current assets	7,8	1,413,109	846,489	1,191,994	714,035
Total non-current assets		35,678,237	36,950,488	30,095,518	31,168,695
Total assets		₩ 44,180,919	₩ 44,441,592	\$ 37,267,750	\$ 37,487,635

Samsung C&T Corporation
Separate Statements of Financial Position
December 31, 2021 and 2020

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

	Notes	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Liabilities					
Current liabilities					
Trade payables	7	1,348,384	₩ 1,100,597	\$ 1,137,397	\$ 928,382
Short-term borrowings	7,15	756,072	782,552	637,767	660,103
Current portion of long-term borrowings	7,15	231,622	456,588	195,380	385,144
Current tax liabilities	26	428,886	85,301	361,776	71,953
Other current liabilities	5,7,9,17	5,202,554	5,445,425	4,388,489	4,593,357
Total current liabilities		7,967,518	7,870,463	6,720,809	6,638,939
Non-current liabilities					
Debentures and long-term borrowings	7,15	257,026	428,814	216,808	361,716
Net defined benefit liability	16	6,005	39,118	5,065	32,997
Deferred tax liabilities	26	6,805,347	7,222,600	5,740,486	6,092,451
Provisions	5,17	439,425	416,904	370,667	351,669
Other non-current liabilities	7,9	297,571	469,167	251,009	395,755
Total non-current liabilities		7,805,374	8,576,603	6,584,035	7,234,588
Total liabilities		15,772,892	16,447,066	13,304,844	13,873,527

Samsung C&T Corporation
Separate Statements of Financial Position
December 31, 2021 and 2020

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

	Notes	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Equity					
Share capital	19	18,851	18,851	15,902	15,902
Capital surplus		10,039,470	10,039,470	8,468,554	8,468,554
Other components of equity	19,20	10,457,439	11,550,666	8,821,121	9,743,286
Retained earnings		7,892,264	6,385,539	6,657,329	5,386,368
Total equity		<u>28,408,024</u>	<u>27,994,526</u>	<u>23,962,906</u>	<u>23,614,110</u>
Total liabilities and equity		<u>₩ 44,180,916</u>	<u>₩ 44,441,592</u>	<u>\$ 37,267,750</u>	<u>\$ 37,487,637</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 financial position should be read in conjunction with the accompanying notes.

Samsung C&T Corporation
Separate Statements of Comprehensive Income
Years Ended December 31, 2021 and 2020

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

	Notes	2021		2020		2021		2020	
Net sales	30	₩	21,120,591	₩	19,088,823	\$	18,460,442	\$	16,684,576
Cost of sales	24		18,888,771		17,052,162		16,509,721		14,904,433
Gross profit			2,231,820		2,036,661		1,950,721		1,780,143
Selling and administrative expenses	22,24		1,982,546		1,758,505		1,732,843		1,537,021
Operating profit	30		249,274		278,156		217,878		243,122
Other income	23		2,773,900		1,114,465		2,424,526		974,098
Other expenses	23		598,789		882,387		523,371		771,250
Financial income	25		130,660		103,780		114,204		90,709
Financial expenses	25		119,627		122,605		104,560		107,163
Profit before income tax			2,435,418		491,409		2,128,677		429,516
Income tax expense	26		518,527		171,179		453,218		149,619
Profit for the year		₩	1,916,891	₩	320,230	\$	1,675,459	\$	279,897

Samsung C&T Corporation
Separate Statements of Comprehensive Income
Years Ended December 31, 2021 and 2020

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

	Notes	2021	2020	2021	2020
Other comprehensive income for the year, net of tax					
Items that may be subsequently reclassified to profit or loss					
Exchange differences		₩ 39,254	₩ (31,930)	\$ 34,310	\$ (27,909)
Cash flow hedges	18	(785)	173	(686)	151
Items that will not be reclassified to profit or loss					
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	11	(1,131,614)	5,467,763	(989,086)	4,779,095
Remeasurements of net defined benefit liabilities	16	(30,832)	9,486	(26,949)	8,291
		<u>(1,123,976)</u>	<u>5,445,492</u>	<u>(982,411)</u>	<u>4,759,629</u>
Total comprehensive income for the year		<u>₩ 792,915</u>	<u>₩ 5,765,722</u>	<u>\$ 693,048</u>	<u>\$ 5,039,526</u>
Earnings per share:	27				
Basic earnings per ordinary share		₩ 11,622	₩ 1,941	\$ 10.16	\$ 1.70
Basic earnings per preferred share		<u>11,672</u>	<u>1,991</u>	<u>10.20</u>	<u>1.74</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 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, 2021 and 2020

(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, 2020		₩ 19,132	₩10,039,470	₩ 6,382,774	₩ 6,117,367	₩ 22,558,743	\$ 16,138	\$ 8,468,554	\$ 5,384,035	\$ 5,160,158	\$ 19,028,885
Total comprehensive income:											
Profit for the year		-	-	320,230	-	320,230	-	-	270,122	-	270,122
Changes in the fair value of financial assets at fair value through other comprehensive income	11	-	-	-	5,467,763	5,467,763	-	-	-	4,612,200	4,612,200
Reclassification from disposal of financial assets at fair value through other comprehensive income	11	-	-	2,987	(2,987)	-	-	-	2,520	(2,520)	-
Exchange differences		-	-	-	(31,930)	(31,930)	-	-	-	(26,934)	(26,934)
Cash flow hedge	20	-	-	-	172	172	-	-	-	146	146
Remeasurements of the net defined benefit liabilities	16	-	-	9,485	-	9,485	-	-	8,002	-	8,002
Transactions with owners:											
Cash dividends		-	-	(329,937)	-	(329,937)	-	-	(278,311)	-	(278,311)
Retirement of treasury shares		(281)	-	-	281	-	(236)	-	-	236	-
Balance at December 31, 2020		₩ 18,851	₩10,039,470	₩ 6,385,539	₩ 11,550,666	₩ 27,994,526	\$ 15,902	\$ 8,468,554	\$ 5,386,368	\$ 9,743,286	\$ 23,614,110

Samsung C&T Corporation
Separate Statements of Changes in Equity
Years Ended December 31, 2021 and 2020

(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	₩ 27,994,526	\$ 15,902	\$ 8,468,554	\$ 5,386,368	\$ 9,743,286	\$ 23,614,110
Total comprehensive income:											
Profit for the year		-	-	1,916,891	-	1,916,891	-	-	1,616,948	-	1,616,948
Changes in the fair value of financial assets at fair value through other comprehensive income	11	-	-	-	(1,131,614)	(1,131,614)	-	-	-	(954,545)	(954,545)
Reclassification from disposal of financial assets at fair value through other comprehensive income	11	-	-	82	(82)	-	-	-	69	(69)	-
Exchange differences		-	-	-	39,254	39,254	-	-	-	33,111	33,111
Cash flow hedge	20	-	-	-	(785)	(785)	-	-	-	(662)	(662)
Remeasurements of the net defined benefit liabilities	16	-	-	(30,831)	-	(30,831)	-	-	(26,008)	-	(26,008)
Transactions with owners:											
Cash dividends		-	-	(379,417)	-	(379,417)	-	-	(320,048)	-	(320,048)
Balance at December 31, 2021		₩ 18,851	₩10,039,470	₩ 7,892,264	₩ 10,457,439	₩ 28,408,024	\$ 15,902	\$ 8,468,554	\$ 6,657,329	\$ 8,821,121	\$ 23,962,906

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, 2021 and 2020

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

	Notes	2021	2020	2021	2020
Cash flows from operating activities					
Cash generated from operations	29	₩ (378,210)	₩ 572,720	\$ (319,030)	\$ 483,104
Interest received		58,763	19,888	49,568	16,776
Interest paid		(69,461)	(56,642)	(58,593)	(47,779)
Dividends received		1,540,406	593,206	1,299,373	500,385
Income taxes paid		(175,610)	(168,232)	(148,132)	(141,908)
Net cash inflow from operating activities		<u>975,888</u>	<u>960,940</u>	<u>823,186</u>	<u>810,578</u>
Cash flows from investing activities					
Disposal of assets held for sale		41,262	10,700	34,806	9,026
Net decrease in short-term financial instruments		-	316	-	267
Decrease in short-term loans		10,187	303	8,593	255
Disposal of non-current financial assets at fair value through profit or loss	11	15	9,205	13	7,764
Disposal of financial assets at fair value through other comprehensive income	11	1,138	8,697	960	7,336
Disposal of investments in subsidiaries, associate and joint ventures	12	339,196	100	286,121	85
Decrease in long-term financial instruments		14,690	-	12,391	-
Decrease in long-term receivables		4,364	37,227	3,681	31,402
Decrease in deposits		65,787	44,344	55,493	37,405
Disposal of property, plant and equipment	13	31,726	33,991	26,762	28,672
Disposal of intangible assets	13	502	1,333	423	1,124
Settlement of derivative assets		137,617	-	116,083	-
Net increase in short-term financial instruments		(300)	-	(253)	-
Increase in short-term loans		(102,554)	(27,403)	(86,507)	(23,116)
Acquisition of current financial assets at fair value through profit or loss	11	(239,358)	(50,060)	(201,904)	(42,227)
Acquisition of non-current financial assets at fair value through profit or loss	11	(2,224)	(4,015)	(1,876)	(3,387)
Acquisition of financial assets at fair value through other comprehensive income	11	(36,452)	(900)	(30,749)	(759)
Acquisition of investments in subsidiaries, associate and joint ventures	12	(85,795)	(93,633)	(72,370)	(78,982)
Increase in long-term financial instruments		-	(6,507)	-	(5,489)
Increase in long-term receivables		(32,868)	(121,758)	(27,725)	(102,706)
Increase in deposits		(25,804)	(19,311)	(21,767)	(16,289)
Acquisition of property, plant and equipment		(73,086)	(95,404)	(61,650)	(80,476)
Acquisition of intangible assets	13	(25,583)	(20,392)	(21,580)	(17,201)
Net cash inflow (outflow) from investing activities		<u>₩ 22,460</u>	<u>₩ (293,167)</u>	<u>\$ 18,945</u>	<u>\$ (247,296)</u>

Samsung C&T Corporation
Separate Statements of Cash Flows
Years Ended December 31, 2021 and 2020

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

	Notes	2021	2020	2021	2020
Cash flows from financing activities					
Issuance of debentures	₩	-	₩ 249,171	\$ -	\$ 210,182
Proceeds from long-term borrowings		-	150,000	-	126,529
Increase in leasehold deposits received		1,750	-	1,476	-
Net decrease in short-term borrowings		(22,586)	(142,388)	(19,052)	(120,108)
Dividends paid to shareholders		(379,417)	(329,937)	(320,048)	(278,311)
Repayment of current portion of long-term borrowings		(390,281)	(350,000)	(329,212)	(295,234)
Early redemption of long-term borrowings		(430)	(52,711)	(363)	(44,463)
Principal elements of lease payments		(75,862)	(97,839)	(63,991)	(82,530)
Decrease in leasehold deposits received		(20,381)	(2,650)	(17,192)	(2,235)
Net cash outflow from financing activities		(887,207)	(576,354)	(748,382)	(486,170)
Net increase in cash and cash equivalents		111,140	91,417	93,749	77,112
Cash and cash equivalents at the beginning of the year		959,742	912,585	809,567	769,789
Effects of exchange rate changes on cash and cash equivalents		31,769	(44,260)	26,799	(37,334)
Cash and cash equivalents at the end of the year		<u>₩ 1,102,651</u>	<u>₩ 959,742</u>	<u>\$ 930,115</u>	<u>\$ 809,567</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, 2021 and 2020

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

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

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 (Korean IFRS). The accompanying separate financial statements have been condensed, restructured and translated into English from the Korean language financial statements.

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 Korean IFRS. 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 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.

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, 2021.

(a) Amendments to Korean IFRS 1109 Financial Instruments, Korean IFRS 1039 Financial Instruments: Recognition and Measurement, Korean IFRS 1107 Financial Instruments: Disclosure, Korean IFRS 1104 Insurance Contracts and Korean IFRS 1116 Lease – Interest Rate Benchmark Reform (Phase 2 amendments)

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In relation to interest rate benchmark reform, the amendments provide exceptions including adjust effective interest rate instead of book amounts when interest rate benchmark of financial instruments at amortized costs is replaced, and apply hedge accounting without discontinuance although the interest rate benchmark is replaced in hedging relationship. The amendment does not have a significant impact on the separate financial statements.

(b) Amendment to Korean IFRS 1116 Lease - Covid-19 - Related Rent Concessions beyond June 30, 2021

The application of the practical expedient, a lessee may elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification, is extended to lease payments originally due on or before June 30, 2022. A lessee shall apply the practical expedient consistently to eligible contracts with similar characteristics and in similar circumstances. With early adoption of Korean IFRS 1116 *Lease*, the Company has changed the accounting policy for all the rent concessions that meet the requirements. The amendment does not have a significant impact on the separate financial statements.

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, 2021 reporting periods and have not been early adopted by the Company.

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

The amendments update a reference of definition of assets and liabilities qualify for recognition 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 Korean IFRS 2121 *Levies*. The amendments also confirm that contingent assets should not be recognized at the acquisition date. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Company does not expect that these amendments have a significant impact on the separate financial statements.

(b) Amendments to Korean IFRS 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 amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Company does not expect that these amendments have a significant impact on the separate financial statements.

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(c) Amendments to Korean IFRS 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 amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Company does not expect that these amendments have a significant impact on the separate financial statements.

(d) Amendments to Korean IFRS 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 include 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 is in review for the impact of these amendments on the separate financial statements.

(e) New Standard: Korean IFRS 1117 Insurance Contract

Korean IFRS 1117 *Insurance Contracts* replaces Korean IFRS 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 Korean IFRS 1109 *Financial Instruments*. The Company is in review for the impact of this new standard on the separate financial statements.

(f) Korean IFRS 1001 Presentation of Financial Statements - Disclosure of Accounting Policies

The amendments to Korean IFRS 1001 define and require entities to disclose their material accounting policies. The IASB amended IFRS Practice Statement 2 *Disclosure of Accounting Policies* to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Company is in review for the impact of these amendments on the separate financial statements.

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(g) Korean IFRS 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 is in review for the impact of these amendments on the separate financial statements.

(h) Korean IFRS 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 beginning on or after January 1, 2023, and earlier application is permitted. The Company is in review for the impact of these amendments on the separate financial statements.

(i) Annual improvements to Korean IFRS 2018-2020

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

- Korean IFRS 1101 *First time Adoption of Korean International Financial Reporting Standards* – Subsidiaries that are first-time adopters
- Korean IFRS 1109 *Financial Instruments* – Fees related to the 10% test for derecognition of financial liabilities
- Korean IFRS 1116 *Leases* – Lease incentives
- Korean IFRS 1041 *Agriculture* – Measuring fair value

2.2 Subsidiaries, Joint Ventures, and Associates

The financial statements of the Company are the separate financial statements prepared in accordance with Korean IFRS 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 Korean IFRS 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.

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Samsung C&T Corporation, the parent company in accordance with Korean IFRS 1110 'Consolidated Financial Statements', has 108 subsidiaries, including Samsung BioLogics Co., Ltd., and 51 joint ventures and associates, including Samsung Bioepis Co., Ltd.

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).

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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.

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.

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(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 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.

(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.

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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 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

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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 net in the statement of profit or loss within 'other income or expenses' in the year in which it arises.

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

(c) Impairment

The 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.

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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.

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:

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	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.

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

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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. A financial liability is held for trading if it is incurred principally for the purpose of repurchasing in the near term. A derivative that is not a designated as hedging instruments and an embedded derivative that is separated are also classified as held for trading.

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 profit or loss as 'financial expenses', together with interest expenses recognized from other financial liabilities.

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

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(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 Korean IFRS 1109 *Financial Instruments* and
- the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with Korean IFRS 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.

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

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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.

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)

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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 in 'financial income (expenses)'.

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 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).

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- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognized in profit or loss within 'financial expenses' at the same time as the interest expense on the hedged borrowings.

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

Changes in the fair value of derivatives that are designated as fair value hedging instruments are recorded in 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.

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

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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.

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

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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 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;
- 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

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- 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 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

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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

The accounting treatment as a lessor did not change significantly from the one under Korean IFRS 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 Korean IFRS 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:

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- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with K-IFRS 1012 *Income Taxes* and K-IFRS 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 K-IFRS 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 2021 were approved for issue by the Board of Directors on January 26, 2022 and are subject to change with the approval of shareholders at their Annual General Meeting.

3. United States Dollar Amounts

The Company and its domestic subsidiaries operate primarily in Korean won and their official accounting records are maintained in Korean won. The U.S. dollar amounts, provided herein, represent supplementary information solely for the convenience of the 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 ₩ 1,185.50 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 ₩ 1,144.10 to US\$ 1. Such presentation is not in accordance with generally accepted accounting principles in either the Republic of Korea or the United States, and should not be construed as a representation that the Korean won amounts shown could be readily converted, realized or settled in U.S. dollars at this or any other rate.

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4. 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.

During 2021, the spread of Coronavirus disease 2019 ("COVID-19") has a material impact on the global economy. It may have a negative impact; such as, decrease in productivity, decrease or delay in sales, collection of existing receivables and others. Accordingly, it may have a negative impact on the financial position and financial performance of the Company.

Significant accounting estimates and assumptions applied in the preparation of the separate 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.

(a) Construction contract

- Uncertainty of the estimated total contract revenue

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

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- 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 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.

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 at December 31, 2021, 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.

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(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, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021		2020	
Buildings	₩	6,074,737	₩	6,215,050
Civil engineering		1,129,679		1,291,890
Plant		2,238,602		2,423,582
Landscaping		117,815		103,864
	₩	<u>9,560,833</u>	₩	<u>10,034,386</u>

As at December 31, 2021, the Company's remaining balance of construction contracts amounts to ₩ 22,313,678 million.

The account balances of outstanding construction contracts as at December 31, 2021 and 2020, are summarized as follows:

<i>(in millions of Korean won)</i>		December 31, 2021					December 31, 2020
		Civil					
		Buildings	engineering	Plant	Landscaping	Total	Total
Receivables	Receivables from construction contracts	₩ 1,901,643	₩ 102,716	₩ 126,652	₩ 7,980	₩ 2,138,991	₩ 1,329,707
	Guarantee deposits	41,633	78,346	135,960	4	255,943	240,689
	Long-term receivables	545,411	-	-	-	545,411	253,252
	Short-term loans	110,986	-	-	-	110,986	102,322
Contract assets	Due from customer for construction work	685,621	228,772	128,350	16,916	1,059,659	1,816,102
	Prepaid expenses	72,998	-	630	129	73,757	80,744
Contract liabilities	Advances received	247,870	18,229	33,412	1	299,512	316,936
	Due to customer for contract work	748,500	195,210	528,147	226	1,472,083	1,697,424
Other assets	Advance payments	316,491	78,238	97,808	-	492,537	529,896

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The Company is provided with payment guarantees amounting to ₩ 8,907,760 million (2020: ₩ 9,376,373 million) and ₩ 2,084,152 million (2020: ₩ 1,052,093 million) from financial institutions, and Construction Guarantee Cooperative, respectively, in relation to the construction performance and others.

As at December 31, 2021, construction sites are covered by construction work insurance amounting to ₩ 8,031,367 million with Samsung Fire & Marine Insurance Co., Ltd. and others.

As at December 31, 2021, the Company has entered into a loan agreement with a limit of ₩ 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 ₩ 4,162,400 million (balance of ₩ 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 ₩ 902,160 million.

As at December 31, 2021 and 2020, information of each contract¹ where contract revenue for the years ended December 31, 2021 and 2020, is more than 5% of the previous year's revenues, is as follows:

(in millions of Korean
won)

Contract Name ¹	Contract date	Contractual due date	Percentage of completion	December 31, 2021							
				Due from customers				Trade receivables (receivables from construction contracts)			
				Gross amount	Accumulated impairment loss	Gross amount	Provision for impairment	Gross amount	Provision for impairment	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%	-	-	-	-	-	-	-	-
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	-	-	-	-	-

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(in millions of Korean

December 31, 2021

won)

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
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	-	-	-
Shin-Kori nuclear power plant #5, 6	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 at December 31, 2021, are excluded.

² As at 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.

(in millions of Korean

December 31, 2020

won)

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 ²	Aug. 2012	Sep. 2018	98.1%	₩ -	₩ -	₩ -	₩ -
Australia Westconnex Stage 1b (M4 East)	Jun. 2015	Mar. 2019	100.0%	45	-	-	-
Singapore Changi Airport Pkg.1 ²	Oct. 2015	Dec. 2019	93.1%	-	-	1,331	-
Algeria Naama ²	Feb. 2014	Feb. 2020	95.1%	-	-	8,573	-
Gaepo Siyoung	Jul. 2016	Aug. 2020	100.0%	-	-	-	-
Australia Westconnex Stage2 (M5 Main Tunnel)	Nov. 2015	Oct. 2020	100.0%	808	-	-	-
Saudi Riyadh Metro ²	Oct. 2013	Dec. 2020	94.6%	67,718	-	7,338	-
UAE nuclear power plant ²	Mar. 2010	Dec. 2020	93.4%	-	-	-	-
Hwaseong E-PJT	Nov. 2017	Feb. 2021	100.0%	111,124	-	208,670	-

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(in millions of Korean

December 31, 2020

won)

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
Pyeong-taek FAB 2	Dec. 2017	Mar. 2021	90.8%	408,125	-	297,770	-
Pyeong-taek P2L Lower West End	Jan. 2020	Apr. 2021	66.4%	-	-	-	-
Algeria Mostaghanem	Feb. 2014	Apr. 2021	55.7%	-	-	2,754	-
Singapore Thomson East Coast Line T307	Nov. 2015	Feb. 2023	76.5%	5,510	-	-	-
Gangneung Anin coal-fired power plant	Feb. 2014	Mar. 2023	60.6%	335,572	-	61,822	-
UAE Fujairah F3 IPP	Apr. 2020	Apr. 2023	12.2%	-	-	11,783	-
Sinbanpo Hanshin Complex 3 Reconstruction	May. 2019	Aug. 2023	7.8%	87,898	-	-	-
Singapore Thomson East Coast Line T313	Mar. 2016	Feb. 2024	60.4%	25,488	-	5,802	-
Shin-Kori nuclear power plant #5, 6	Jun. 2015	May. 2024	75.7%	100,605	-	-	-
Bangladesh Dhaka Airport	Jan. 2020	Apr. 2025	5.0%	-	-	10,123	-

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

² As at December 31, 2020, 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.

Details of major joint venture construction as at December 31, 2021, are as follows:

(in millions of Korean won)	Total contract amount	Amount of the Company	Percentage of ownership	Representative company
UAE nuclear power plant	₩ 7,558,103	₩ 3,401,147	45.00%	Hyundai Engineering & Construction Co., Ltd.
Saudi Riyadh Metro	10,172,896	2,873,843	28.25%	FCC
Bangladesh Dhaka International Airport	2,419,106	2,173,695	89.86%	Samsung C&T Corporation
Taiwan Taoyuan Airport Terminal 3	1,816,946	1,271,862	70.00%	Samsung C&T Corporation
Australia Westconnex Stage 3 - Tunnel Pkg	2,791,692	930,471	33.33%	Lendlease Engineering Pty limited
Shin-Kori nuclear power plant #5, 6	1,580,571	806,091	51.00%	Samsung C&T Corporation
Singapore Changi Airport Pkg.1	1,089,861	762,902	70.00%	Samsung C&T Corporation
Hong Kong Metro SCLC1109	1,032,948	619,769	60.00%	Samsung C&T Corporation

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<i>(in millions of Korean won)</i>	Total contract amount	Amount of the Company	Percentage of ownership	Representative company
Hong Kong, Tung Chung New Town reclamation	1,136,854	557,058	49.00%	BUILD KING
Bujeon-Masan DoubleTrack Electric Railway	426,120	303,312	71.18%	Samsung C&T Corporation
Suseo-Pyeongtaek High-speed Railway Area 5	306,416	275,775	90.00%	Samsung C&T Corporation
Singapore TuasFinger1	843,532	236,189	28.00%	Hyundai Engineering & Construction Co., Ltd.

Changes in the estimated total contract revenue and estimated total contract costs by construction types for contracts in progress for the year ended December 31, 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>		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
Construction type							
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.

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For the year ended December 31, 2021, changes in provision for estimated warranty costs for the projects and provisions for construction losses from construction contract are as follows:

<i>(in millions of Korean won)</i>	Beginning	Increase	Decrease	Ending
Provision for construction warranties	₩ 160,850	₩ 26,413	₩ 28,535	₩ 158,728
Provision for construction losses	53,223	43,969	19,258	77,934

6. Inventories

Inventories as at December 31, 2021 and 2020, consist of the following:

<i>(in millions of Korean won)</i>	December 31, 2021			December 31, 2020		
	Acquisition cost	Valuation allowance	Book amount	Acquisition cost	Valuation allowance	Book amount
Merchandise	₩ 289,229	₩ (31,033)	₩ 258,196	₩ 308,552	₩ (42,179)	₩ 266,373
Finished goods	193,145	(21,842)	171,303	245,684	(43,687)	201,997
Raw materials	21,801	(2,866)	18,935	24,688	(4,848)	19,840
Land held for housing projects	62,445	(612)	61,833	63,467	(612)	62,855
Materials-in-transit	47,178	-	47,178	14,034	-	14,034
Semi-finished goods and work-in-progress	18,696	(112)	18,584	19,648	(118)	19,530
Others	29,536	-	29,536	35,245	-	35,245
	<u>₩ 662,030</u>	<u>₩ (56,465)</u>	<u>₩ 605,565</u>	<u>₩ 711,318</u>	<u>₩ (91,444)</u>	<u>₩ 619,874</u>

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7. Financial Instruments by Category

Details of financial instruments by category as at December 31, 2021 and 2020, are as follows:

(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	1,142,732	-	-	1,142,732
Other non-current assets	1,373,716	-	-	1,373,716
Derivative instruments				
Held for trading	-	-	31,560	31,560
Hedging instruments	-	-	16,607	16,607
	₩ 5,343,314	₩ 30,215,330	₩ 644,511	₩ 36,203,155

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

(in millions of Korean won)

	December 31, 2020			
	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	₩ -	₩ -	₩ 260,649	₩ 260,649
Financial assets at fair value through other comprehensive income	-	30,002,629	-	30,002,629
Cash and cash equivalents	959,742	-	-	959,742
Short-term financial instruments	87,764	-	-	87,764
Trade receivables ¹	1,058,265	997,449	49,602	2,105,316
Other current assets	949,678	-	-	949,678
Other non-current assets	796,202	-	-	796,202
Derivative instruments				
Held for trading	-	-	55,232	55,232
Hedging instruments	-	-	6,059	6,059
	₩ 3,851,651	₩ 31,000,078	₩ 371,542	₩ 35,223,271

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¹ Due from customer for contract work amounting to ₩ 1,778,341 million is excluded.

Details of restricted financial instruments as at December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2021		December 31, 2020		Description
Short-term financial instruments and others	₩	32,978	₩	3,325	Collateral for guarantees, management account for national project and others
		77		77	Deposit on checking account and others
Long-term financial instruments		-		14,690	Pledged for sub-lease deposit
	₩	33,055	₩	18,092	

Meanwhile, the Company deposited ₩ 80,000 million as a fund for business cooperation (short-term financial instruments) in Industrial Bank of Korea and others as at December 31, 2021 and 2020.

Details of financial liabilities by category as at December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>		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
	₩	4,628,627	₩ 4,867	₩ 1,093,699	₩ 5,727,193

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(in millions of Korean won)

	December 31, 2020			
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other liabilities	Total
Trade payables	₩ 1,100,597	₩ -	₩ -	₩ 1,100,597
Short-term borrowings	461,130		321,422	782,552
Current portion of long-term liabilities	456,588	-	-	456,588
Other current liabilities	2,580,024	-	-	2,580,024
Debentures and long-term borrowings	428,814	-	-	428,814
Other non-current liabilities	140,169	-	-	140,169
Lease liabilities	-	-	396,999	396,999
Financial guarantee liabilities	-	-	249,640	249,640
Derivative instruments				
Held for trading	-	4,053	-	4,053
Hedging instruments	-	5,195	-	5,195
	₩ 5,167,322	₩ 9,248	₩ 968,061	₩ 6,144,631

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, 2021 and 2020, is as follows:

<i>(in millions of Korean won)</i>	2021	2020
Dividend income		
Fair value through other comprehensive income	₩ 1,041,716	₩ 565,764
Fair value through profit or loss	838	838
Interest income/expense		
Fair value through profit or loss	4,701	4,701
Amortized cost	(73)	7,605
Other current liabilities	(10,738)	(18,800)
Loss on disposal of financial assets at fair value through profit or loss		
Fair value through profit or loss	(12,282)	(17,613)
Gain (loss) on valuation of financial assets		
Fair value through profit or loss	24,630	(19,563)
Fair value through other comprehensive income	(1,537,556)	7,430,863
Net impairment loss (reversal)		
Trade receivables	(19,199)	(9,409)
Financial assets at amortized cost	(181,777)	(11,040)
Financial guarantee liabilities	46,874	(220,037)
Derivative instruments		
Ineffective portion	4,181	4
Gain on valuation of committed transactions	200,884	54,083
Net gain (loss) on foreign currency translation	54,332	(30,012)
	<u>₩ (383,469)</u>	<u>₩ 7,737,384</u>

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8. Trade Receivables and Other Assets

Trade receivables and other assets as at December 31, 2021 and 2020, are as follows:

(in millions of Korean won)

	December 31, 2021			December 31, 2020
	Gross amount	Provision for impairment	Net amount	Net amount
Trade receivables				
Financial assets at amortized cost	₩ 1,759,791	₩ (123,589)	₩ 1,636,202	₩ 1,058,265
Due from customer for contract work	1,059,659	(29,049)	1,030,610	1,778,341
Financial assets at fair value through profit or loss	69,822	-	69,822	49,602
Financial assets at fair value through other comprehensive income	1,715,943	-	1,715,943	997,449
	<u>4,605,215</u>	<u>(152,638)</u>	<u>4,452,577</u>	<u>3,883,657</u>
Other current assets				
Financial instruments:				
Short-term loans	200,695	(162,685)	38,010	129,190
Current portion of long-term receivables	10,261	-	10,261	540
Non-trade receivables	962,863	(181,325)	781,538	510,811
Accrued income	291,713	(160,937)	130,776	140,538
Deposits	188,423	(6,276)	182,147	167,198
Finance lease receivables	-	-	-	1,401
Derivative instruments	44,737	-	44,737	58,344
	<u>1,698,692</u>	<u>(511,223)</u>	<u>1,187,469</u>	<u>1,008,022</u>
Advance payments	604,684	(2,008)	602,676	708,701
Prepaid expenses	159,269	(3,228)	156,041	141,413
Others	18,250	-	18,250	14,631
	<u>2,480,895</u>	<u>(516,459)</u>	<u>1,964,436</u>	<u>1,872,767</u>
Other non-current assets				
Financial instruments:				
Long-term receivables	1,512,132	(504,309)	1,007,823	448,658
Long-term financial instruments	65	-	65	14,755
Deposits	367,443	(1,615)	365,828	325,650
Overseas natural resources development	33,237	(33,237)	-	7,139
Derivative instruments	3,430	-	3,430	2,946
	<u>1,916,307</u>	<u>(539,161)</u>	<u>1,377,146</u>	<u>799,148</u>
Others	35,963	-	35,963	47,340
	<u>1,952,270</u>	<u>(539,161)</u>	<u>1,413,109</u>	<u>846,488</u>
	<u>₩ 9,038,380</u>	<u>₩ (1,208,258)</u>	<u>₩ 7,830,122</u>	<u>₩ 6,602,912</u>

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As at December 31, 2021, trade receivables amounting to ₩ 655,876 million (2020: ₩ 321,422 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 at 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

Changes in provision for impairment for the years ended December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	January 1, 2021		Impairment loss / reversal		Write-off		Others		December 31, 2021	
Trade receivables	₩	136,407	₩	16,263	₩	(32)	₩	-	₩	152,638
Other current assets										
Financial instruments:										
Short-term loans		106,833		55,852		-		-		162,685
Non-trade receivables		97,584		83,228		(231)		744		181,325
Accrued income		145,085		18,329		(2,477)		-		160,937
Deposits		14,058		(7,776)		(6)		-		6,276
		<u>363,560</u>		<u>149,633</u>		<u>(2,714)</u>		<u>744</u>		<u>511,223</u>
Advance payments		3,365		(1,240)		(117)		-		2,008
Prepaid expenses		2,036		1,192		-		-		3,228
		<u>368,961</u>		<u>149,585</u>		<u>(2,831)</u>		<u>744</u>		<u>516,459</u>
Other non-current assets										
Financial instruments:										
Long-term receivables		496,552		27,907		(20,150)		-		504,309
Long-term deposits		1,806		34		(225)		-		1,615
Overseas natural resources development		26,098		7,139		-		-		33,237
		<u>524,456</u>		<u>35,080</u>		<u>(20,375)</u>		<u>-</u>		<u>539,161</u>
	₩	<u>1,029,824</u>	₩	<u>200,928</u>	₩	<u>(23,238)</u>	₩	<u>744</u>	₩	<u>1,208,258</u>

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<i>(in millions of Korean won)</i>	January 1, 2020		Impairment loss / reversal		Write-off	December 31, 2020	
Trade receivables	₩	156,713	₩	1,638	₩ (21,944)	₩	136,407
Other current assets							
Financial assets at amortized cost:							
Short-term loans		110,026		166	(3,359)		106,833
Non-trade receivables		77,725		20,660	(801)		97,584
Accrued income		137,505		8,917	(1,337)		145,085
Deposits		6,994		7,064	-		14,058
		<u>332,250</u>		<u>36,807</u>	<u>(5,497)</u>		<u>363,560</u>
Advance payments		3,327		38	-		3,365
Prepaid expenses		8,764		(6,728)	-		2,036
		<u>344,341</u>		<u>30,117</u>	<u>(5,497)</u>		<u>368,961</u>
Other non-current assets							
Financial instruments:							
Long-term receivables		517,880		(21,328)	-		496,552
Long-term deposits		1,806		-	-		1,806
Overseas natural resources development		22,765		3,333	-		26,098
		<u>542,451</u>		<u>(17,995)</u>	<u>-</u>		<u>524,456</u>
	₩	<u>1,043,505</u>	₩	<u>13,760</u>	₩ <u>(27,441)</u>	₩	<u>1,029,824</u>

Impairment losses from trade receivables and other receivables are included in selling and administrative expenses, and other operating expenses, respectively, in the separate statement of comprehensive income. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

As at December 31, 2021 and 2020, 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, 2021, the Company transferred trade receivables to financial institutions and others for ₩ 1,758,169 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 at December 31, 2021 and 2020, are as follows:

(in millions of Korean won)

	December 31, 2021	December 31, 2020
Other current liabilities		
Financial instruments at amortized costs:		
Non-trade payables	₩ 434,656	₩ 387,235
Accrued expenses	737,328	1,072,516
Guarantee deposits received	497,492	520,477
Advances received related to housing business	902,160	599,797
	<u>2,571,636</u>	<u>2,580,025</u>
Other financial instruments		
Derivative instruments	4,073	7,945
Finance guarantee contract	205,627	249,640
Lease liabilities (Note 13)	59,033	78,056
	<u>268,733</u>	<u>335,641</u>
Advances received	1,891,127	2,130,749
Withholdings	146,988	143,311
Provisions	251,532	222,649
Others	72,538	33,050
	<u>5,202,554</u>	<u>5,445,425</u>
Other non-current liabilities		
Financial instruments at amortized costs:		
Long-term non-trade payables	27,235	26,872
Long-term deposits	92,528	113,297
	<u>119,763</u>	<u>140,169</u>
Other financial instruments:		
Long-term lease liabilities (Note 13)	173,163	318,943
Derivative instruments	794	1,304
	<u>173,957</u>	<u>320,247</u>
Long-term unearned revenue	421	616
Contingent liabilities	-	5,189
Others	3,430	2,946
	<u>297,571</u>	<u>469,167</u>
	<u>₩ 5,500,125</u>	<u>₩ 5,914,592</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, 2021	December 31, 2020
Contract assets relating to construction contracts and others - due from customers	₩ 1,059,659	₩ 1,816,102
Assets recognized for costs to fulfill contracts - prepaid expenses	107,894	87,914
Total contract assets	<u>₩ 1,167,553</u>	<u>₩ 1,904,016</u>
Contract liabilities relating to construction contracts - advances received for construction contracts	₩ 299,512	₩ 316,936
Contract liabilities relating to construction contracts - due to customers	1,472,083	1,697,424
Contract liabilities relating to customer loyalty program	16,157	16,083
Contract liabilities relating to subscription sales	60,518	26,474
Total contract liabilities	<u>₩ 1,848,270</u>	<u>₩ 2,056,917</u>

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, 2021. 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 ₩ 1,797,874 million (2020: ₩ 1,820,626 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, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021	2020
Beginning balance	₩ 260,649	₩ 235,336
Acquisition and disposal	241,243	44,876
Gain (loss) on valuation	24,630	(19,563)
Ending balance	₩ 526,522	₩ 260,649

Details of financial assets at fair value through profit or loss as at December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021	2020
Non-current		
Equity instruments		
Domestic listed equities	₩ 2	₩ 1
Foreign non-listed equities	2,347	1,465
Debt instruments		
Beneficiary certificates	10	25
SOC shares	186,238	163,301
Others	48,485	45,796
	237,082	210,588
Current		
Beneficiary certificates	289,440	50,061
	289,440	50,061
	₩ 526,522	₩ 260,649

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Details of financial assets measured at fair value through profit or loss as at December 31, 2021 and 2020, are as follows:

(in millions of Korean won)	December 31, 2021					December 31, 2020
	Number of shares owned	Percentage of ownership (%)	Acquisition cost	Net asset value or fair value	Book amount	Book amount
MMT	-	-	₩ 289,430	₩ 289,440	₩ 289,440	₩ 50,061
Badaro No.19 Ship Investment Company	750,000	4.93	3,023	2,224	2,224	1,774
SAMBU CONSTRUCTION CO.,LTD	910	-	9	2	2	1
POSCO INDIA CHENNAI STEEL PROCESSING CENTRE PVT.LTD. and others ^{1,2}	-	-	136,283	234,856	234,856	208,813
			<u>₩ 428,745</u>	<u>₩ 526,522</u>	<u>₩ 526,522</u>	<u>₩ 260,649</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 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, 2021 and 2020, are as follows:

(in millions of Korean won)	2021	2020
Profit or loss related to equity instruments at fair value through profit or loss	₩ 883	₩ (411)
Profit or loss related to debt instruments at fair value through profit or loss	28,962	(13,608)
	<u>₩ 29,845</u>	<u>₩ (14,019)</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, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021	2020
Beginning balance	₩ 30,002,629	₩ 22,583,611
Acquisition	36,452	900
Disposal	(1,138)	(8,698)
Transfer	(1,000)	(4,047)
Gain (loss) on valuation	(1,537,556)	7,430,863
Ending balance	<u>₩ 28,499,387</u>	<u>₩ 30,002,629</u>

Details of financial assets at fair value through other comprehensive income as at December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2021	December 31, 2020
Listed equities	₩ 28,292,613	₩ 29,839,196
Non-listed equities and others	206,774	163,433
	<u>₩ 28,499,387</u>	<u>₩ 30,002,629</u>

Details of listed equities, including preferred shares, measured at fair value through other comprehensive income as at December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2021					December 31, 2020
	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	₩ 23,397,457	₩ 23,397,457	₩24,204,266
Samsung Life Insurance Co., Ltd.	38,688,000	19.34	34,819	2,479,901	2,479,901	3,060,221
Samsung SDS Co., Ltd.	13,215,822	17.08	3,396,466	2,068,276	2,068,276	2,359,024
Samsung Engineering Co., Ltd. and others	-	-	199,498	346,979	346,979	215,685
			<u>₩ 10,115,136</u>	<u>₩ 28,292,613</u>	<u>₩ 28,292,613</u>	<u>₩29,839,196</u>

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Details of non-listed equities measured at fair value through other comprehensive income as at December 31, 2021 and 2020, are as follows:

(in millions of Korean won)

	December 31, 2021				December 31, 2020
	Number of shares owned	Percentage of ownership (%)	Acquisition cost	Book amount	Book amount
Domestic Companies					
SECUI Co., Ltd.	1,000,000	8.70	₩ 500	₩ 12,957	₩ 13,034
The Korea Economic Daily	1,187,563	6.35	7,095	15,660	12,358
Samsung Global Research	120,000	1.00	903	903	903
Samsung Venture Investment Corp. and others ¹	-	-	28,505	39,133	31,587
	-	-	37,003	68,653	57,882
Overseas Companies					
Korea Ras Laffan LNG Ltd.	2,783,333	10.00	80,279	49,198	39,930
iMarket Asia	772,657	19.32	8,941	19,188	17,521
Samsung SDI (Hongkong) Limited	5,500,000	2.44	4,477	12,595	14,709
Samsung SDI America, Inc. and others	-	-	29,472	57,140	33,391
			123,169	138,121	105,551
			₩ 160,172	₩ 206,774	₩ 163,433

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, 2021, recorded as other component of equity, consist of the following:

(in millions of Korean won)

	2021			
	Balance at January 1, 2021	Change for the year	Income tax allocated	Balance at December 31, 2021
Gain (loss) on valuation of financial assets at fair value	₩ 13,840,191	₩ (1,537,608)	₩ 405,913	₩ 12,708,496

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, 2021, amounts to ₩ 1,041,716 million (2020: ₩ 565,764 million).

12. Investments in Subsidiaries, Associates and Joint Ventures

Changes in investments in subsidiaries, associates and joint ventures for the years ended December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021	2020
Beginning balance	₩ 2,960,920	₩ 2,990,855
Acquisition and disposal	(189,669)	93,633
Impairment losses	5,379	(110,646)
Transfer	1,000	(12,922)
Ending balance	₩ 2,777,630	₩ 2,960,920

Details of changes in investments in subsidiaries, associates and joint ventures for the year ended December 31, 2021, are as follows:

<i>(in millions of Korean won)</i>	Location	Closing month ⁷	Percentage of ownership (%)	Net assets	January 1, 2021	Increase (decrease)	December 31, 2021
Subsidiaries							
Seoul Lakeside Co., Ltd.	Korea	Dec. 2021	100.00%	₩ 370,174	₩ 350,000	₩ -	₩ 350,000
Samoo Architects & Engineers Co., Ltd.	Korea	Dec. 2021	100.00%	82,881	21,712	-	21,712
CVnet Corporation ¹	Korea	Dec. 2021	40.14%	9,300	6,181	-	6,181
Samsung C&T Japan Corporation	Japan	Dec. 2021	100.00%	89,269	50,541	-	50,541
Samsung C&T America Inc.	U.S.A	Dec. 2021	100.00%	240,905	153,699	-	153,699
Samsung E&C America, INC	U.S.A	Dec. 2021	100.00%	26,092	20,183	4,044	24,227
Samsung Renewable Energy Inc.	Canada	Dec. 2021	100.00%	243,652	200,890	-	200,890
Samsung C&T Lima S.A.C.	Peru	Dec. 2021	100.00%	582	1,217	(650)	567
QSSC, S.A. de C.V.	Mexico	Dec. 2021	80.00%	10,240	6,367	1,671	8,038
Samsung C&T Deutschland GmbH	Germany	Dec. 2021	100.00%	341,192	228,684	-	228,684
Samsung C&T U.K. Ltd.	United Kingdom	Dec. 2021	100.00%	19,807	13,290	-	13,290
Whesoe Engineering Limited	United Kingdom	Dec. 2021	100.00%	(6,519)	-	-	-
POSS-SLPC, s.r.o	Slovakia	Dec. 2021	50.00%	8,411	5,099	-	5,099
Samsung C&T (KL) Sdn., Bhd.	Malaysia	Dec. 2021	100.00%	(10,563)	33,899	3,432	37,331
Samsung C&T Malaysia Sdn.	Malaysia	Dec. 2021	100.00%	5,469	654	-	654

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<i>(in millions of Korean won)</i>	Location	Closing month ⁷	Percentage of ownership (%)	Net assets	January 1, 2021	Increase (decrease)	December 31, 2021
Bhd.							
MSSC SDN.,BHD.	Malaysia	Dec. 2021	70.00%	5,619	3,591	-	3,591
Samsung C&T Singapore Pte. Ltd.	Singapore	Dec. 2021	100.00%	38,143	11,943	-	11,943
S&G Biofuel PTE.LTD.	Singapore	Dec. 2021	50.53%	55,455	7,788	-	7,788
VSSC Steel Center Limited Liability	Vietnam	Dec. 2021	85.00%	10,698	-	10,484	10,484
Samsung C&T HONGKONG Ltd.	Hong Kong	Dec. 2021	100.00%	109,082	11,825	-	11,825
Samsung Precision Stainless Steel(Pinghu) Co., Ltd.	China	Dec. 2021	55.00%	56,030	17,364	-	17,364
SAMSUNG C&T (SHANGHAI) CO., LTD.	China	Dec. 2021	100.00%	19,911	65,031	-	65,031
SAMSUNG C&T CORPORATION SAUDI ARABIA	Saudi Arabia	Dec. 2021	100.00%	(223,861)	-	-	-
SCNT Power Kelar Inversiones Limitada	Chile	Dec. 2021	100.00%	42,848	42,699	-	42,699
SAMSUNG C&T CORPORATION RUS LLC	Russia	Dec. 2021	100.00%	1,736	22,304	(19,554)	2,750
Samsung BioLogics Co., Ltd. ⁵	Korea	Dec. 2021	43.44%	2,271,784	852,943	-	852,943
Cheil Fashion Retail Co.,Ltd.	Korea	Dec. 2021	100.00%	6,528	-	-	-
Cheil Industries Corp., USA	U.S.A	Dec. 2021	100.00%	618	469	-	469
CHEIL INDUSTRIES ITALY SRL	Italy	Dec. 2021	100.00%	6,877	2,991	-	2,991
Samsung Fashion Trading Co., Ltd.	China	Dec. 2021	100.00%	31,354	13,074	24,004	37,078
Samsung Welstory Inc.	Korea	Dec. 2021	100.00%	432,124	301,687	-	301,687
SAMSUNG C&T CORPORATION VIETNAM CO., LTD	Vietnam	Dec. 2021	100.00%	(370)	139	(139)	-
SVIC No. 53 New Technology Business Investment Association	Korea	Dec. 2021	99.00%	1,990	-	2,475	2,475
SVIC No. 54 New Technology Business Investment Association	Korea	Dec. 2021	66.00%	23,884	-	24,750	24,750
Associates							
Dongducheon Dream Power Co., Ltd. ²	Korea	Nov. 2021	31.52%	88,446	43,925	(384)	43,541
Starworld Corporation	Philippines	Dec. 2021	50.00%	7,569	6,548	-	6,548
Qurayyah Investment Company ⁶	Saudi Arabia	Sep. 2021	25.02%	90,793	37,334	-	37,334
Gimcheon Enervix Co., Ltd.	Korea	Dec. 2021	40.00%	4,184	3,191	-	3,191
Busan Green Energy Project ³	Korea	Sep. 2021	19.00%	4,290	3,435	-	3,435
OilhubKoreaYeosu Co.,Ltd. ³	Korea	Dec. 2021	10.00%	21,269	14,410	-	14,410
TOK Advanced Materials Co.,	Korea	Nov. 2021	10.00%	14,272	9,000	-	9,000

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(in millions of Korean won)	Location	Closing month ⁷	Percentage of ownership (%)	Net assets	January 1, 2021	Increase (decrease)	December 31, 2021
Ltd. ³							
Hanwha General Chemical Co., Ltd.	Korea	Dec. 2021	-	-	274,900	(274,900)	-
Daikin Advanced Materials Korea Co., Ltd. ³	Korea	Nov. 2021	10.00%	5,846	-	6,000	6,000
Mirae Asset MAPS Professional Private Real Estate Investment Trust 65th	Korea	Dec. 2021	20.00%	39,570	-	39,600	39,600
Joint ventures							
KOREA LNG LTD	Bermuda	Dec. 2021	20.00%	26,459	25,502	1,323	26,825
SAM investment Manzanillo.B.Vt ⁴	Netherlands	Dec. 2021	53.33%	124,490	72,933	-	72,933
FCC Saudi LLC	Saudi Arabia	Nov. 2021	35.92%	24,632	146	-	146
Others ⁶				1,965	23,332	(5,446)	17,886
				<u>₩ 4,775,127</u>	<u>₩ 2,960,920</u>	<u>₩ (183,290)</u>	<u>₩ 2,777,630</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 at December 31, 2021, 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.

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⁶ Investments in Gaziantep SPV (acquisition cost: ₩ 17,839 million), Qurayyah Investment Company (acquisition cost: ₩ 37,334 million), Gangneung Eco Power Co., Ltd. (acquisition cost: ₩ 2,900 million, loan commitments: ₩ 261,000 million) and Gimcheon Enervix Co., Ltd. (acquisition cost: ₩ 6,140 million) are pledged as collateral against borrowings of the investees (Note 28).

⁷ The Company used the most recently available financial statements at the end of the reporting period.

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13. Property, Plant and Equipment, and Intangible Assets

Changes in property, plant and equipment for the years ended December 31, 2021 and 2020, are as follows:

	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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		2020					
<i>(in millions of Korean won)</i>							
	Land	Buildings and structures	Animals& Plants	Others	Construction in progress	Total	
Beginning balance							
Acquisition cost	₩ 1,130,593	₩ 1,417,885	₩ 33,156	₩ 756,825	₩ 7,174	₩ 3,345,633	
Accumulated impairment and depreciation	(11,597)	(574,213)	(2,097)	(505,390)	-	(1,093,297)	
Beneficiary's share of construction cost	-	-	-	(2,503)	-	(2,503)	
	1,118,996	843,672	31,059	248,932	7,174	2,249,833	
Changes during the year							
Exchange differences	-	-	-	559	-	559	
Transfer	-	7,209	34	14,497	(32,522)	(10,782)	
Acquisition	1	769	36	42,720	48,082	91,608	
Disposal and others	(12,302)	(812)	(41)	(9,598)	-	(22,753)	
Depreciation	-	(41,460)	(213)	(98,913)	-	(140,586)	
Impairment and reversal	-	-	-	(4,211)	-	(4,211)	
Ending balance	₩ 1,106,695	₩ 809,378	₩ 30,875	₩ 193,986	₩ 22,734	₩ 2,163,668	
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	

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Changes in intangible assets for the years ended December 31, 2021 and 2020, are as follows:

(in millions of Korean won)

(in millions of Korean won)

	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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(in millions of Korean won)

(in millions of Korean won)

	2020															
	Memberships		Right to use property		Software		Customer relationships		Brands		Others		Goodwill		Total	
Beginning balance	₩	46,301	₩	3,051	₩	33,229	₩	3,967	₩	172,590	₩	47,186	₩	57,161	₩	363,485
Exchange differences		-		-		(3)		-		-		-		-		(3)
Transfer		-		-		12,436		-		-		(9,796)		-		2,640
Acquisition		217		-		1,000		-		-		21,691		-		22,908
Disposal		(1,616)		-		(175)		-		-		(170)		-		(1,961)
Amortization		-		(1,037)		(15,450)		(700)		-		(6,680)		-		(23,867)
Impairment and reversal		280		-		(49)		-		(600)		-		-		(369)
Ending balance	₩	45,182	₩	2,014	₩	30,988	₩	3,267	₩	171,990	₩	52,231	₩	57,161	₩	362,833

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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 at December 31, 2021 and 2020:

<i>(in millions of Korean won)</i>	December 31, 2021	December 31, 2020
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, 2021	December 31, 2020
Right-of-use assets ¹		
Land	₩ 84,055	₩ 125,028
Buildings and structures	115,703	142,454
Animals & plants	10,319	10,961
Others	11,812	11,651
	<u>221,889</u>	<u>290,094</u>
Investment properties ²	-	79,025
	<u>₩ 221,889</u>	<u>₩ 369,119</u>

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

² Right-of-use assets for the lease contracts which satisfy the definition of investment properties are classified as investment properties and presented as the line item 'investment properties' in the statements of financial position.

<i>(in millions of Korean won)</i>	December 31, 2021	December 31, 2020
Lease liabilities ¹		
Current	₩ 59,033	₩ 78,056
Non-current	173,163	318,943
	<u>₩ 232,196</u>	<u>₩ 396,999</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 during the 2021 financial year were ₩ 40,763 million.

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As at December 31, 2021, the lease liabilities are classified according to the remaining period of time to the expiration date of the contract.

			December 31, 2021			
			Cash flow schedule until the expiration date			
			1 year or less	1 year ~ 2 years	2 years ~ 3 years	More than 3 years
Lease liabilities	₩ 232,196	₩ 288,902	₩ 69,111	₩ 38,951	₩ 26,015	₩ 154,825

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

(in millions of Korean won)	2021	2020
Depreciation of right-of-use assets		
Land	₩ 6,819	₩ 5,858
Buildings and structures	45,485	53,355
Animals & plants	1,205	1,135
Others	13,957	11,691
	₩ 67,466	₩ 72,039
Depreciation of investment properties	₩ 7,438	₩ 13,026
Interest expense relating to lease liabilities (included in cost of sales and financial expenses)	7,939	12,501
Expense relating to short-term leases (included in cost of sales and administrative expenses)	32,060	26,379
Expense relating to leases of low-value assets that are not short-term leases (included in administrative expenses)	44,896	55,202
Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)	246,407	216,100

The total cash outflow from lease agreements was ₩ 407,164 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 at December 31, 2021, are as follows:

	Key assumptions
Gross margin (% of revenue)	57.4%~58.1%
Sales growth rate ¹	2.4%~4.3%
Perpetual growth rate	-
Pre-tax discount rate ²	13.63%

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.

² The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments (post-tax WACC: 10.35%).

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>	1% increase	1% decrease
Changes in excess of recoverable amount compared to the carrying amount of the cash-generating unit	₩ (91,931)	₩ 106,800

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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 at December 31, 2021, are as follows:

Key assumptions	
Excess earnings ratio	0.60%
Perpetual growth rate	1.00%
Pre-tax discount rate ¹	14.63%

¹ The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segments (post-tax WACC: 11.18%).

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>	1% increase	1% decrease
Recoverable amount of brand	₩ (8,314)	₩ 9,673

As at December 31, 2021, the value of land owned by the Company, as determined by the local government in Korea for property tax assessment purposes, amounts to approximately ₩ 1,378,482 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 ₩ 113,822 million and ₩ 93,330 million, respectively.

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14. Investment Properties

Changes in investment properties for the years ended December 31, 2021 and 2020, are as follows:

(in millions of Korean won)	2021			2020		
	Land	Building	Total	Land	Building	Total
Beginning balance	₩ 33,412	₩ 79,854	₩ 113,266	₩ 33,412	₩ 86,491	₩ 119,903
Depreciation	-	(7,513)	(7,513)	-	(13,054)	(13,054)
Others ¹	31,146	(45,710)	(14,564)	-	6,417	6,417
Ending balance	<u>₩ 64,558</u>	<u>₩ 26,631</u>	<u>₩ 91,189</u>	<u>₩ 33,412</u>	<u>₩ 79,854</u>	<u>₩ 113,266</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.

As at December 31, 2021, fair value of the investment properties above is ₩ 156,882 million (2020: ₩ 159,135 million).

The rental income for the years ended December 31, 2021 and 2020, arising from the investment properties above, amounts to ₩ 16,518 million and ₩ 18,442 million, respectively.

15. Debentures and Borrowings

Details of debentures and borrowings as at December 31, 2021 and 2020, are as follows:

(in millions of Korean won)	December 31, 2021	December 31, 2020
Current liabilities		
Short-term borrowings	₩ 756,072	₩ 782,552
Current portion of long-term borrowings	181,661	166,743
Current portion of debentures	50,000	290,000
Less: Discount on debentures	(38)	(155)
	<u>987,695</u>	<u>1,239,140</u>
Non-current liabilities		
Long-term borrowings	7,601	129,703
Debentures	250,000	300,000
Less: Discount on debentures	(575)	(889)
	<u>257,026</u>	<u>428,814</u>
	<u>₩ 1,244,721</u>	<u>₩ 1,667,954</u>

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Short-term borrowings as at December 31, 2021 and 2020, consist of the following:

(in millions of Korean won)

	Creditors	Annual interest rate (%)	December 31, 2021	December 31, 2020
Loans in local currency	Korea Construction Financial Cooperative	1.1	₩ 31,223	₩ 381,223
Loans in foreign currency	SMBC and others	0.805, 4.4	50,368	60,113
Banker's usance	Woori Bank and others	L+0.35~1.85	18,605	19,794
Secured loans (Note 8)	Woori Bank and others	L+0.35~1.85	655,876	321,422
			<u>₩ 756,072</u>	<u>₩ 782,552</u>

As at December 31, 2021, the Company has entered into bank overdraft facility agreements amounting to ₩ 158,500 million and credit facility agreements amounting to ₩ 1,527,300 million with 12 banks, including Woori Bank. Also, the Company has entered into credit agreements using its notes receivables which are guaranteed, as collateral for up to ₩ 100,000 million with Shinhan Bank and others.

Debentures as at December 31, 2021 and 2020, consist of the following:

(in millions of Korean won)

Non-guaranteed and publicly listed	Issue date	Maturity	Annual interest rate (%)	December 31, 2021	December 31, 2020
No. 110-2	Jun. 16, 2016	Jun. 16, 2021	-	₩ -	₩ 100,000
No. 111-2	Nov. 3, 2016	Nov. 3, 2021	-	-	190,000
No. 112-2	Nov. 3, 2017	Nov. 3, 2022	2.94	50,000	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
				<u>300,000</u>	<u>590,000</u>
Less: Current portion of debentures				<u>(50,000)</u>	<u>(290,000)</u>
				<u>₩ 250,000</u>	<u>₩ 300,000</u>

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Long-term borrowings (including foreign currency) as at December 31, 2021 and 2020, consist of the following:

(in millions of Korean won)

Creditors	Annual interest rate (%)	December 31, 2021	December 31, 2020
Denominated in Korean won			
(Samsung C&T and domestic subsidiaries)			
Korea Development Bank and others (Working capital loans)	-	₩ -	₩ 100,000
Korea Housing & Urban Guarantee Corporation (Working capital loans)	-	6,420	6,700
		6,420	106,700
Less: Current portion of long-term borrowings		(279)	(279)
		6,141	106,421
Denominated in foreign currency			
(Samsung C&T and domestic subsidiaries)			
Korea National Oil Corporation (Condition loans and others)	2.25, 3.50	1,460	23,282
SMBC (General borrowings)	Libor + 0.60	181,382	166,464
		182,842	189,746
Less: Current portion of long-term borrowings		(181,382)	(166,464)
		1,460	23,282
		₩ 7,601	₩ 129,703

The annual maturities of long-term debts outstanding (excluding current portion) as at December 31, 2021, are as follows:

(in millions of Korean won)

	Debtures (face value)	Borrowings in Korean won	Borrowings in foreign currencies	Total
January 1, 2023~				
December 31, 2023	₩ 170,000	₩ 279	₩ -	₩ 170,279
January 1, 2024~				
December 31, 2024	-	279	-	279
January 1, 2025~				
December 31, 2025	80,000	279	1,460	81,739
After January 1, 2026	-	5,304	-	5,304
	₩ 250,000	₩ 6,141	₩ 1,460	₩ 257,601

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Long-term borrowings and debentures by currencies as at December 31, 2021 and 2020, are as follows:

	<i>(in millions of Korean won)</i>			
	Long-term borrowings		Debentures	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
US Dollars	₩ 1,460	₩ 23,282	₩ -	₩ -
Korean Won	6,141	106,421	249,425	299,111
	<u>₩ 7,601</u>	<u>₩ 129,703</u>	<u>₩ 249,425</u>	<u>₩ 299,111</u>

The unused credit limits of the Company as at December 31, 2021 amount to ₩ 1,516,500 million (2020: ₩ 1,396,500 million).

16. Net Defined Benefit Liabilities

Details of net defined benefit liabilities as at December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2021	December 31, 2020
Defined benefit obligation	₩ 735,811	₩ 681,471
Less: Plan assets	(729,389)	(641,848)
Less: Contribution to National Pension Fund	(417)	(505)
	<u>₩ 6,005</u>	<u>₩ 39,118</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 at reporting date, in accordance with the Company's policies on payment of post-employment benefits. Additionally, as at December 31, 2021, 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 at December 31, 2021 and 2020, are determined as follows:

<i>(in millions of Korean won)</i>	December 31, 2021	December 31, 2020
Present value of funded defined benefit obligations	₩ 735,811	₩ 681,471
Fair value of plan assets ¹	(729,806)	(642,353)
Net defined benefit liabilities	<u>₩ 6,005</u>	<u>₩ 39,118</u>

¹ The amount includes contributions to the National Pension Fund of ₩ 417 million (2020: ₩ 505 million).

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Movements in the defined benefit obligations for the years ended December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>		2021		2020
Beginning balance	₩	681,471	₩	673,260
Current service cost		61,945		65,732
Interest expense		14,260		12,305
Remeasurement (before tax effect)				
Actuarial gain from change in demographic assumptions		-		-
Actuarial loss (gain) from change in financial assumptions		14,244		(28,584)
Actuarial loss from experience adjustments		26,932		17,237
Benefits paid		(64,789)		(58,757)
Transfer-in		1,748		278
Ending balance	₩	<u>735,811</u>	₩	<u>681,471</u>

Movements in the fair value of plan assets for the years ended December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>		2021		2020
Beginning balance	₩	642,353	₩	603,081
Return on plan assets		12,440		9,996
Remeasurement (before tax effect)		(716)		1,542
Employer contributions		121,100		73,300
Benefits paid		(46,772)		(48,180)
Transfer-in		1,401		2,614
Ending balance	₩	<u>729,806</u>	₩	<u>642,353</u>

The amounts recognized in the separate statements of comprehensive income for the years ended December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>		2021		2020
Defined benefit plan				
Current service cost	₩	61,945	₩	65,732
Interest expense		14,260		12,305
Return on plan assets		(12,440)		(9,996)
Defined contribution plan				
Post-employment benefits		8,980		8,070
Others		23,602		17,624
	₩	<u>96,347</u>	₩	<u>93,735</u>

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Details of allocation of expenses for the years ended December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021		2020	
Cost of sales	₩	40,821	₩	44,455
Selling and administrative expenses (post-employment benefits)		47,472		40,024
Selling and administrative expenses (research and development)		4,942		4,732
Other assets		3,112		4,524
	₩	<u>96,347</u>	₩	<u>93,735</u>

The significant actuarial assumptions as at December 31, 2021 and 2020, are as follows:

<i>(in Percentage)</i>	December 31, 2021	December 31, 2020
Discount rate	3.23%	2.56%
Salary growth rate	4.73%	3.55%
Expected return on plan assets	3.23%	2.56%

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 ₩ 181,399 million as at December 31, 2021 (2020: ₩ 150,567 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%	4% decrease / 4% increase
Salary growth rate	1%	4% increase / 4% decrease

Plan assets as at December 31, 2021 and 2020, consist of:

<i>(in millions of Korean won)</i>	December 31, 2021		December 31, 2020	
	Amount	Percentage	Amount	Percentage
Equity and debt securities	₩ 370,365	50.75%	₩ 340,761	53.05%
Loans	277,601	38.04%	229,371	35.71%
Deposits and others	81,840	11.21%	72,221	11.24%
	<u>₩ 729,806</u>	<u>100.00%</u>	<u>₩ 642,353</u>	<u>100.00%</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 ₩ 64,206 million.

Actual income on plan assets for the year ended December 31, 2021, is ₩ 11,724 million.

Expected maturity analysis of undiscounted pension benefits as at December 31, 2021, 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	₩ 138,297	₩ 144,303	₩ 307,029	₩ 326,930	₩ 916,559

The weighted average duration of the defined benefit obligation as at December 31, 2021 is 3.98 years.

17. Provisions

Changes in provisions for the years ended December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021			
	Construction warranties¹	Provisions for construction losses²	Others³	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.

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(in millions of Korean won)

	2020			
	Construction warranties ¹	Provisions for construction losses ²	Others ³	Total
January 1, 2020	₩ 172,479	₩ 49,711	₩ 304,197	₩ 526,387
Transfer	-	-	132,647	132,647
Additional provisions	26,303	11,113	55,299	92,715
Used and reversal	(35,779)	(7,601)	(63,459)	(106,839)
Exchange differences	(2,153)	-	(3,204)	(5,357)
December 31, 2020	₩ 160,850	₩ 53,223	₩ 425,480	₩ 639,553
Current (Note 9)	₩ 36,243	₩ 53,223	₩ 133,183	₩ 222,649
Non-current	124,607	-	292,297	416,904

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 at December 31, 2021, 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 525,733 thousand, for the guarantee of the performance of export contracts amounting to USD 211,111 thousand and for the guarantee of various trade finance with a limit of USD 2,747,314 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 680,394 thousand, are not yet due as at December 31, 2021.

As at December 31, 2021, the Company has provided a note amounting to ₩ 500 million, and 5 blank checks and notes as collateral to related institutions for borrowings, performance guarantees, construction payment guarantees, and others.

As at December 31, 2021, the Company is contingently liable for loan guarantees, principally for foreign subsidiaries, associates and joint ventures amounting to USD 804,458 thousand (Note 28). The Company provides performance guarantees on the construction contracts of its foreign operations limited to USD 5,459,237 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 ₩ 661,831 million.

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As at December 31, 2021, the Company has been named as the defendant in certain lawsuits brought against it in the normal course of business. The aggregate amount of 338 claims brought against the Company, is approximately ₩ 520,424 million and USD 193,713 thousand. The Company also files 46 counterclaims amounting to ₩ 199,575 million and USD 349,060 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 at December 31, 2021, the Company has 491 forward exchange contracts amounting to USD 666,705 thousand, EUR 26,296 thousand, JPY 3,191,589 thousand and TWD 1,633,117 thousand. In addition, the Company has entered into 446 commodity futures contracts with financial institutions with contract prices amounting to USD 82,095 thousand. For the year ended December 31, 2021, realized gains and losses from the contracts mentioned above, included in 'foreign exchange gain and loss', amount to approximately ₩ 166,196 million and ₩ 54,736 million, respectively.

As at December 31, 2021, details of gain (loss) on valuation of derivative instruments are as follows:

(in millions of Korean won)

	Gain on valuation		Loss on valuation		Accumulated other comprehensive loss	
Currency forward contracts	₩	17,210	₩	(2,371)	₩	(815)
Currency swaps contracts		-		(159)		-
Commodity futures contracts		1,265				-
Options		7,867		-		-

Details of derivative assets and liabilities by instrument type as at December 31, 2021 and 2020, are as follows:

(in millions of Korean won)

	December 31, 2021				December 31, 2020			
	Assets		Liabilities		Assets		Liabilities	
Currency forward contracts								
Current	₩	15,386	₩	2,368	₩	5,120	₩	5,072
Non-current		3,430		794		2,946		1,304
Commodity futures contracts								
Current assets		337		1,705		239		2,873
Options								
Current assets		29,013		-		52,985		-

The Company recognized valuation gain of ₩ 785 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.

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As at December 31, 2021, the Company has corporate purchase card agreements and collateral loan agreements using the trade receivables with a limit of ₩ 160,000 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 at December 31, 2021, the Company, as a contractor, provides a construction completion guarantee, against the damages for not completing the project, amounting to ₩ 370,000 million for the developer of Pangyo Alpha dome 6-1 Block construction. However, if the developer fails to make progress payments for more than three consecutive times due to the reasons attributable to the developer, the Company is exempted from the obligation to complete the construction.

As at December 31, 2021, 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 ₩ 17,895 million.

As at December 31, 2021, the Company has provided credit enhancement such as supplemental funding agreement on borrowings to Smart Rail Co.,Ltd. and other SOC companies. Also, the Company has supplemental funding obligation for the deficit of project expenses of SOC companies.

As at December 31, 2021, 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 at December 31, 2021, 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.

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Greenhouse gas emission allowances held to settle the obligations

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

(in tons (tCO ₂ -eq))	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 90,264 tons for the year ended December 31, 2021. 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 at December 31, 2021, 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, and the result cannot be reasonably predicted.

As at December 31, 2021, 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.

As at December 31, 2021, the Company entered in an investment agreement with a limit of ₩ 148,500 million for SVIC No. 54 New Technology Business Investment Association. The Company paid an initial investment amounting to ₩ 37,125 million on August 13, 2021, and will pay additional investments in three installments by August 13, 2024. In addition, the Company entered in an investment agreement with a limit of ₩ 49,500 million for SVIC No. 53 New Technology Business Investment Association, and the detailed investment schedule has not been determined.

19. Share Capital

The Company is authorized to issue 500 million shares with a par value of ₩ 100 per share. As at December 31, 2021, 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.

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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 at December 31, 2021, there are no convertible bonds and bonds with warrants issued under these terms.

Details of treasury shares as at December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won, except number of shares)</i>	December 31, 2021		December 31, 2020	
	Preferred share	Ordinary share	Preferred share	Ordinary share
Number of shares	159,835	23,422,688	159,835	23,422,688
Acquisition cost	₩ 16,977	₩ 1,692,938	₩ 16,977	₩ 1,692,938

20. Other Components of Equity

Other components of equity as at December 31, 2021 and 2020, consist of:

<i>(in millions of Korean won)</i>	December 31, 2021		December 31, 2020	
Treasury shares (Note 19)	₩	(1,709,915)	₩	(1,709,915)
Other capital adjustments		(244,997)		(244,997)
Loss on capital reduction		(202,313)		(202,313)
Gain on valuation of financial instruments at fair value through other comprehensive income (Note 11)		12,708,496		13,840,191
Exchange differences		(93,017)		(132,271)
Cash flow hedge (Note 18)		(815)		(30)
	₩	10,457,439	₩	11,550,665

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21. Retained Earnings

Retained earnings as at December 31, 2021 and 2020, consist of:

<i>(in millions of Korean won)</i>	December 31, 2021	December 31, 2020
Legal reserves ¹	₩ 9,566	₩ 9,566
Discretionary reserves	5,996,556	6,043,270
Retained earnings before appropriation	1,886,142	332,703
	<u>₩ 7,892,264</u>	<u>₩ 6,385,539</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, 2021, is expected to be appropriated at the shareholders' meeting on March 18, 2022. The appropriation date for the year ended December 31, 2020, was March 19, 2021.

The appropriation of retained earnings for the years ended December 31, 2021 and 2020, are as follows:

<i>(in Korean won)</i>	2021	2020
Retained earnings before appropriation		
Actuarial gain (loss)	(30,831,922,259)	9,485,881,683
Reclassification due to disposal of financial assets at fair value through other comprehensive income	82,077,723	2,986,869,897
Profit for the year	<u>1,916,891,322,701</u>	<u>320,230,085,224</u>
	<u>1,886,141,478,165</u>	<u>332,702,836,804</u>
Transfers such as discretionary reserves	-	46,714,103,596
Appropriation of retained earnings		
Legal reserve	-	-
Reserve for overseas market development	1,193,353,770,065	-
Cash dividends		
Ordinary share: ₩ 4,200 (4,200%) per share in 2021		
₩ 2,300 (2,300%) per share in 2020		
Preferred share: ₩ 4,250 (4,250%) per share in 2021		
₩ 2,350 (2,350%) per share in 2020	<u>692,787,708,100</u>	<u>379,416,940,400</u>
	<u>1,886,141,478,165</u>	<u>379,416,940,400</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, 2021 and 2020, are as follows:

(in millions of Korean won)

	2021		2020	
Salaries and others	₩	591,690	₩	430,695
Welfare		90,563		88,605
Depreciation		93,358		108,055
Travel		12,073		13,702
Commission		501,576		486,270
Rent		259,206		229,042
Taxes and dues		26,503		33,081
Advertising		35,566		33,321
Research and development		110,181		96,277
Impairment loss		19,199		9,409
Others		242,631		230,048
	₩	<u>1,982,546</u>	₩	<u>1,758,505</u>

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23. Other Income and Expenses

Other income and expenses for the years ended December 31, 2021 and 2020, consist of:

(in millions of Korean won)

	2021		2020	
Other income				
Dividend income	₩	1,546,083	₩	593,710
Foreign exchange gain		212,352		220,288
Gain on translation of foreign currency		91,117		123,590
Gain on disposal of financial assets at fair value through profit or loss		-		20
Gain on valuation of financial assets at fair value through profit or loss		24,631		684
Gain on disposal of investments		560,082		100
Reversal of impairment loss on investments		31,481		4,555
Reversal of impairment loss on property, plant and equipment		131		-
Gain on disposal of property, plant and equipment		17,979		13,334
Gain on disposal of intangible assets		345		30
Reversal of impairment loss on intangible assets		-		280
Gain on disposal of assets held for sale		7,145		-
Gain on termination of leases		4,606		6,194
Reversal of provision for impairment (Note 8)		15,485		47,392
Gain on insurance settlement		74		484
Others ¹		262,389		103,804
	₩	<u>2,773,900</u>	₩	<u>1,114,465</u>
Other expenses				
Foreign exchange loss	₩	224,546	₩	223,953
Loss on translation of foreign currency		29,944		124,959
Loss on disposal of financial assets at fair value through profit or loss		324		15
Loss on valuation of financial assets at fair value through profit or loss		1		20,247
Loss on disposal of investments		316		-
Impairment loss on investments		26,102		115,201
Loss on disposal of property, plant and equipment		1,630		6,512
Impairment loss on property, plant and equipment		843		4,211
Loss on disposal of intangible assets		113		658
Impairment loss on intangible assets		7,847		649
Impairment loss on right-of-use assets		1,638		3,909
Loss on termination of leases		66		62
Other impairment loss (Note 8)		197,214		51,742
Loss on disposal of trade receivables		11,958		17,618

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Donations	8,762	10,805
Others	87,485	301,846
	<u>₩ 598,789</u>	<u>₩ 882,387</u>

¹ Gain on settlement of preemption rights for East Central Tower 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, 2021 and 2020, consist of:

<i>(in millions of Korean won)</i>	2021	2020
Changes in finished goods and work-in-process	₩ 11,825,149	₩ 9,585,552
Construction outsourcing	4,508,757	5,014,173
Employee benefit expenses	1,620,859	1,396,356
Commission	1,161,624	1,138,592
Freight	299,405	205,294
Research and development	110,181	96,277
Heavy construction equipment usage	54,087	66,358
Rent	322,797	294,789
Taxes and dues	111,410	106,039
Depreciation and amortization	143,982	177,041
Depreciation of right-of-use assets	67,428	72,039
Insurance	40,760	49,563
Outsourcing fee	180,970	204,976
Others	423,908	403,619
	<u>₩ 20,871,317</u>	<u>₩ 18,810,668</u>

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25. Financial Income and Expenses

Financial income and expenses for the years ended December 31, 2021 and 2020, consist of:

(in millions of Korean won)

	2021		2020	
Interest income	₩	59,698	₩	54,107
Foreign exchange gain		11,366		14,798
Gain on translation of foreign currency		59,596		34,875
Total financial income		<u>130,660</u>		<u>103,780</u>
Interest expense		65,807		60,599
Foreign exchange loss		11,193		14,173
Loss on translation of foreign currency		42,627		47,833
Total financial expenses		<u>119,627</u>		<u>122,605</u>
Financial income (expenses), net	₩	<u>11,033</u>	₩	<u>(18,825)</u>

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26. Income Tax Expense

Income tax expense for the years ended December 31, 2021 and 2020, consists of:

<i>(in millions of Korean won)</i>	2021	2020
Current income taxes	₩ 510,269	₩ 264,303
Deferred taxes from changes of temporary differences	(411,456)	1,862,176
Deferred taxes from tax credits	(5,798)	8,649
Total current tax	93,015	2,135,128
Income tax directly charged to equity	425,512	(1,963,949)
Income tax expense	₩ 518,527	₩ 171,179

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>	2021	2020
Profit before income tax	₩ 2,435,418	₩ 491,409
Tax at domestic tax rates applicable to profits in the respective countries	659,378	124,775
Tax effect of:		
- Income not taxable for tax purposes	(60,716)	(38,798)
- Tax credits and reductions	(125,909)	(948)
Net adjustment items	45,774	86,150
Income tax expense	₩ 518,527	₩ 171,179

The analysis of deferred tax assets and liabilities as at December 31, 2021 and 2020, is as follows:

<i>(in millions of Korean won)</i>	December 31, 2021	December 31, 2020
Deferred tax assets		
Deferred tax assets to be recovered after more than 12 months	₩ 833,061	₩ 929,969
Deferred tax assets to be recovered within 12 months	199,670	180,270
Deferred tax liabilities		
Deferred tax liabilities to be recovered after more than 12 months	(7,822,837)	(8,312,234)
Deferred tax liabilities to be recovered within 12 months	(15,241)	(20,606)
	₩ (6,805,347)	₩ (7,222,601)

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Changes in deferred tax assets and liabilities for the years ended December 31, 2021 and 2020, are as follows:

(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
	984,479	(53,244)	931,235	259,902	(14,056)	245,846
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
	(28,488,844)	1,611,788	(26,877,056)	(7,521,055)	425,512	(7,095,543)
Deferred foreign tax credit carryforward	-	-	-	38,552	5,798	44,350
	₩ (27,504,365)	₩ 1,558,544	₩ (25,945,821)	₩ (7,222,601)	₩ 417,254	₩ (6,805,347)

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(in millions of Korean won)

(in millions of Korean won)

		2020										
		Temporary differences			Deferred tax assets (liabilities)							
		Beginning balance	Increase /decrease	Ending balance	Beginning balance	Increase /decrease	Ending balance					
Deferred taxes												
Provisions and unsettled costs	₩	1,855,841	₩	221,758	₩	2,077,599	₩	489,942	₩	58,544	₩	548,486
Equity investments		(1,497,140)		55,884		(1,441,256)		(395,245)		14,753		(380,492)
Asset impairment		240,816		77,476		318,292		63,575		20,454		84,029
Post-employment benefits		(147,024)		(7,852)		(154,876)		(38,814)		(2,073)		(40,887)
Property, plant and equipment		59,727		11,001		70,728		15,769		2,903		18,672
Others		86,751		27,241		113,992		22,903		7,191		30,094
		598,971		385,508		984,479		158,130		101,772		259,902
Income taxes directly charged to equity												
Financial assets at fair value through other comprehensive income		(21,187,871)		(7,425,739)		(28,613,610)		(5,593,598)		(1,960,395)		(7,553,993)
Advanced depreciation provision for land		(96,200)		-		(96,200)		(25,397)		-		(25,397)
Remeasurements of net defined benefit liabilities		217,463		(12,888)		204,575		57,410		(3,402)		54,008
Cash flow hedges		16,962		(571)		16,391		4,478		(151)		4,327
		(21,049,646)		(7,439,198)		(28,488,844)		(5,557,107)		(1,963,948)		(7,521,055)
Deferred foreign tax credit												
carryforward		-		-		-		47,201		(8,649)		38,552
	₩	(20,450,675)	₩	(7,053,690)	₩	(27,504,365)	₩	(5,351,776)	₩	(1,870,825)	₩	(7,222,601)

Details of deductible (taxable) temporary differences unrecognized as deferred tax assets (liabilities)
as at December 31, 2021 and 2020, are as follows:

(in millions of Korean won)

	December 31, 2021	December 31, 2020
Gain on disposal from split-off	₩ 47,553	₩ 47,553
Investments in subsidiaries, associates and joint ventures	312,664	275,683
Financial guarantee liabilities	102,419	17,401
Others	84,170	79,061

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27. Earnings per Share

Basic earnings per ordinary share for the years ended December 31, 2021 and 2020, are as follows:

<i>(in Korean won and in shares)</i>	2021	2020
Profit for the year	₩ 1,916,891 million	₩ 320,230 million
Profit for the year attributable to ordinary shares	1,899,762 million	317,308 million
Weighted average number of ordinary shares outstanding	163,464,393 shares	163,464,393 shares
Basic earnings per ordinary share	₩ 11,622	₩ 1,941

Basic earnings per preferred share for the years ended December 31, 2021 and 2020, are as follows:

<i>(in Korean won and in shares)</i>	2021	2020
Profit for the year	₩ 1,916,891 million	₩ 320,230 million
Profit for the year attributable to preferred shares	17,129 million	2,922 million
Weighted average number of preferred shares outstanding	1,467,590 shares	1,467,590 shares
Basic earnings per preferred share	₩ 11,672	₩ 1,991

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, 2021 and 2020, respectively.

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28. Related Party Transactions

As at December 31, 2021, the Company's related parties consist of 108 subsidiaries, including Seoul Lakeside Co., Ltd. and 51 associates and joint ventures, including Samsung Bioepis Co., Ltd. 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 59 entities including Samsung Electronics Co., Ltd., as at December 31, 2021.

As at December 31, 2021, 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.
	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 Japan Corporation
	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
	SRE KS Holdings GP Inc.

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SRE KS Holdings LP
SRE Armow EPC GP Inc.
SRE Armow EPC LP
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
Flowfy Commerce Service
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.
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
Samsung C&T Corporation India Private Ltd.
MSSC Sdn.,Bhd.

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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.
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.
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 Biologics America
Cheil Industries Corp., USA
Cheil Industries Italy S.R.L.
Samsung Fashion Trading(Shanghai) Co., Ltd.
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

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Significant transactions between the Company and its subsidiaries, associates, and joint ventures for the years ended December 31, 2021 and 2020, and the related account balances as at December 31, 2021 and 2020, consist of the following:

(in millions of Korean won)	Sales ²		Purchases		Receivables ⁵		Payables	
	2021	2020	2021	2020	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Subsidiaries								
Samsung C&T America Inc.	₩843,134	₩473,565	₩ 13,242	₩ 26,266	₩ 154,162	₩ 83,103	₩ 10,341	₩ 13,997
Samsung C&T Deutschland GmbH	343,395	248,190	49,492	20,571	138,787	66,409	1,206	9,132
Samsung C&T Japan Corporation	258,798	166,250	387,570	217,117	15,517	9,422	70,191	27,668
Samsung C&T Singapore Pte. Ltd.	473,556	363,103	328,212	444,739	100,104	56,922	62,588	1,267
Samsung Welstrory Inc.	13,457	10,447	29,926	25,119	8,339	7,599	2,490	1,823
Samsung C&T India Private Limited and others	707,243	645,117	557,194	430,809	1,163,211	879,115	24,175	39,772
Associates								
Samsung Bioepis Co., Ltd.	16,993	115,210	-	-	3,841	27,363	-	-
Gangneung Eco Power Co., Ltd.	1,350,487	1,185,449	-	-	31,982	62,496	22,212	-
Gaziantep SPV	130	3,576	-	-	1,383	1,502	12,908	22,786
TOK Advanced Materials Co., Ltd.	4,186	514	3,512	95,376	-	-	-	722
Others	1,298	620	853	1,594	-	-	-	-
Joint ventures								
FCC Saudi LLC	5,461	32,424	-	-	12,105	8,055	-	-
Others	1,062	1,065	-	-	14,844	13,645	-	-
Other related party⁴								
Samsung Electronics Co., Ltd.	3,982,655	3,642,953	66,745	87,844	1,640,615	2,300,470	195,356	212,894
Others	399,561	742,912	45,143	50,106	99,381	26,292	25,195	32,245
Others¹								
Samsung SDS Co., Ltd.	897	7,217	112,256	103,981	4,294	4,298	26,865	37,928
Samsung Life Insurance Co., Ltd. ³	25,543	14,608	3,451	2,660	7,640	2,371	41,776	41,768
Others	38,421	105,195	111,349	106,032	34,079	40,180	153,175	156,333

¹ The entities are not included in the scope of related parties in accordance with Korean IFRS 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 ₩ (-)531,662 million (2020: ₩ 187,537 million) is excluded from sales. In addition, due from customer for contract work amounting to ₩ 389,390 million (2020: ₩ 1,045,900 million) and due to customers for contract work amounting to ₩ 267,486 million (2020: ₩ 560,589 million) are excluded

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from receivables and payables, respectively.

³ As at December 31, 2021, the Company deposited ₩ 729,389 million (2020: ₩ 641,848 million) in Samsung Life Insurance Co., Ltd. as plan assets. The amount contributed by the Company for the year ended December 31, 2021, is ₩ 121,100 million (2020: ₩ 73,300 million).

⁴ For the year ended December 31, 2021, over 10% of the Company's revenue is derived from the customer. The revenue (including unbilled revenue) derived from the customer amounting to ₩ 4,334,099 million (2020: ₩ 4,641,855 million) is reported from Construction and Trading segments of the Company.

⁵ As at December 31, 2021, the Company recognized provision for impairment amounting to ₩ 607,385 million (2020: ₩ 431,035 million) for related party receivables.

Major fund transactions with a related party for the years ended December 31, 2021 and 2020, are as follows:

(in millions of Korean won)	2021				2020			
	Loans		Collections		Loans		Collections	
Gaziantep SPV	₩	6,157	₩	-	₩	9,431	₩	-
S-Print, Inc.		-		-		-		2,358
Parallel Holdings LLC		49,554		-		-		-

Details of dividends received and declared dividends for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, are as follows:

(in millions of Korean won)	2021		2020	
Subsidiaries, associates and joint ventures				
Samsung Renewable Energy Inc.	₩	185,782	₩	-
Others		317,747		27,108
Other related parties				
Samsung Electronics Co., Ltd.		900,937		423,126
Large Enterprise Group				
Samsung Life Insurance Co., Ltd.		96,720		102,523
Others		31,868		31,868

b) For the years ended December 31, 2021 and 2020, there are no declared dividends to related parties and entities in the Large Enterprise Group.

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Additional contributions to the related parties for the years ended December 31, 2021 and 2020, are as follows:

<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	₩	24,750
Others		39,600
		21,494
<i>(in millions of Korean won)</i>		2020
Samsung C&T Corporation UEM construction JV SDN BHD	₩	79,790
Gaziantep SPV		5,657
Others		8,186

There is no recovered amount from the related parties for the years ended December 31, 2021 and 2020.

As at December 31, 2021, the Company recognized lease liabilities of ₩ 17,776 million in relation to the lease of buildings from entities that are not related parties of the Company in accordance with Korean IFRS 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, 2021 are ₩ 11,757 million and interest expenses recognized by the Company amount to ₩ 429 million.

Payment guarantees for the liabilities of subsidiaries, associates and joint ventures provided by the Company as at December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won and in thousands of US dollars)</i>				Guaranteed amount	
	Principal debtor	Guaranteed period	Currency	December 31, 2021	December 31, 2020
Subsidiaries					
PLL Holdings LLC	CITI and others	December 31, 2022	USD	130,000	180,000
Samsung C&T Japan Corporation	MUFG and others	April 30, 2022	USD	70,003	208,293
Samsung C&T U.K. Ltd.	KEB HANA and others	November 30, 2022	USD	57,000	57,000
Samsung C&T India Private Limited	SHINHAN	November 27, 2022	USD	12,766	163,214
Others				458,128	514,356
Associates/Joint ventures					
Bahrain LNG W.L.L	ING and others	February 15, 2039	USD	9,461	9,650
Terminal KMS de GNL, S. de R.L. de C.V.	KEB HANA and others	September 1, 2029	USD	44,872	47,686

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Kelar S.A.	KEB HANA and others	June 30, 2031	USD	22,229	26,219
Dongducheon Dream Power Co., Ltd. ¹	BNK Securities Co.,Ltd.	August 24, 2023	KRW	18,800	18,800

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

As at December 31, 2021, investments in Dongducheon Dream Power Co., Ltd. (acquisition cost: ₩ 115,456 million), Gaziantep SPV (acquisition cost: ₩ 17,839 million), Qurayyah Investment Company (acquisition cost: ₩ 37,334 million), Gangneung Eco Power Co.,Ltd. (acquisition cost: ₩ 2,900 million, loan commitments: ₩ 261,000 million), and Gimcheon Enervix Co.,Ltd. (acquisition cost: ₩ 6,140 million) are provided as collateral against borrowings of investees (Note 12).

The Company recognized salaries and post-employment benefits for the key management as expenses, amounting to ₩ 4,766 million and ₩ 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, 2021, the Company recognized expenses amounting to ₩ 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.

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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>	2021	2020
Profit for the year	₩ 1,916,891,322,701	₩ 320,230,085,224
Addition		
Income tax expense	518,526,540,160	171,178,683,287
Interest expense	65,807,467,499	60,599,786,998
Depreciation and amortization	214,666,139,942	249,545,124,955
Post-employment benefits	63,765,890,218	68,040,519,061
Impairment loss	19,199,373,119	9,408,704,787
Other impairment loss	197,213,692,947	51,741,673,519
Transfer in provision for construction losses	43,969,389,225	11,113,640,925
Transfer in provision for construction warranties	26,412,911,584	26,303,069,163
Loss on foreign currency translation	72,569,778,071	172,791,440,815
Loss on valuation of financial assets at fair value through profit or loss	796,250	20,247,374,712
Loss on disposal of financial assets at fair value through profit or loss	324,389,517	14,649,071
Loss on disposal of investments	315,759,318	-
Impairment loss on investments	26,102,141,087	115,200,915,541
Loss on disposal of property, plant and equipment	1,629,953,693	6,512,145,320
Impairment loss on property, plant and equipment	842,538,730	4,210,845,685
Loss on disposal of intangible assets	112,828,616	657,935,430
Impairment loss on intangible assets	7,846,582,432	648,693,750
Impairment loss on right-of-use assets	1,637,682,670	3,909,475,838
Other expenses	36,479,684,304	23,576,446,457
	<u>1,297,423,539,382</u>	<u>995,701,125,314</u>
Deduction		
Interest income	(59,698,061,222)	(54,105,814,333)
Dividend income	(1,546,083,387,548)	(593,709,501,978)
Gain on foreign exchange translation	(150,713,626,094)	(158,466,763,206)
Reversal of provision for construction losses	(19,258,749,676)	(7,601,039,473)
Reversal of provision for impairment	(15,484,542,884)	(47,391,363,631)
Gain on valuation of financial assets at fair value through profit or loss	(24,630,961,364)	(684,281,583)
Gain on disposal of financial assets at fair value through profit or loss	-	(19,536,071)
Reversal of impairment loss on investments	(31,480,757,098)	(4,554,597,221)
Gain on disposal of investments	(560,081,879,214)	(100,255,122)
Gain on disposal of property, plant and equipment	(17,978,696,502)	(13,333,674,130)
Reversal of impairment loss on property, plant	(130,716,312)	-

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<i>(in Korean won)</i>	2021	2020
and equipment		
Gain on disposal of intangible assets	(345,042,957)	(30,000,000)
Reversal of impairment loss on intangible assets	-	(279,833,333)
Gain on disposal of assets held for sale	(7,145,276,953)	-
Other income	(189,294,922,731)	(25,226,797,398)
	<u>(2,622,326,620,555)</u>	<u>(905,503,457,479)</u>
Changes in operating assets and liabilities		
Increase in trade receivables	(599,939,983,076)	(525,567,430,639)
Decrease (increase) in other current assets	(309,211,413,839)	320,164,840,797
Decrease (increase) in inventories	(26,564,833,616)	72,823,760,067
Decrease in long-term prepaid expenses	12,384,495,831	1,120,869,193
Increase in trade payables	244,164,300,320	86,301,565,052
Increase (decrease) in other current liabilities	(215,550,208,192)	356,995,123,376
Decrease in provisions for construction warranties	(31,654,540,451)	(35,778,971,722)
Decrease in other provisions	(78,471,451,831)	(21,305,342,749)
Decrease in long-term unearned income	(194,446,036)	(194,446,036)
Decrease in long-term non-trade payables	(10,040,757,370)	(582,811,989)
Payment of defined benefit liability	(64,788,547,675)	(58,757,096,435)
Increase in plan assets	(74,328,014,896)	(25,120,436,853)
Transfer-in (out) of defined benefit liability	346,707,248	(2,335,382,332)
Others	183,650,763,649	(5,472,356,086)
	<u>(970,197,929,934)</u>	<u>162,291,883,644</u>
Cash generated from (used in) operations	<u>₩ (378,209,688,406)</u>	<u>₩ 572,719,636,703</u>

Changes in liabilities arising from financial activities for the years ended December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>		Transactions without cash flows					
At January 1, 2021		Cash flows from financial activities			Amortization	Others²	At December 31, 2021
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
	<u>₩ 1,667,954</u>	<u>₩ (413,297)</u>	<u>₩</u>	<u>432</u>	<u>₩</u>	<u>(10,368)</u>	<u>₩ 1,244,721</u>

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

² Others include changes due to exchange differences and others.

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(in millions of Korean won)

(in millions of Korean won)

	At January 1, 2020		Cash flows from financial activities	Transactions without cash flows		At December 31, 2020				
				Amortization	Others ²					
Short-term borrowings	₩	928,577	₩	(142,388)	₩	-	₩	(3,637)	₩	782,552
Long-term borrowings ¹		310,503		(2,711)		-		(11,345)		296,447
Debentures ¹		589,265		(829)		519		-		588,955
	₩	1,828,345	₩	(145,928)	₩	519	₩	(14,982)	₩	1,667,954

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, 2021 were ₩ 75,862 million (2020: ₩ 97,839 million), and cash outflows from interest expenses (operating activities) were ₩ 7,939 million (2020: ₩ 12,501 million).

Significant non-cash transactions for the years ended December 31, 2021 and 2020, are as follows:

(in millions of Korean won)	2021	2020
Transfer of debentures and borrowings to current portion	₩ 50,000	₩ 290,000
Increase in right-of-use assets and lease liabilities	40,763	44,626
Transfer between other comprehensive income and retained earnings due to disposal of financial assets at fair value through other comprehensive income	(82)	(2,987)
Gain or loss on valuation of financial assets at fair value through other comprehensive income	(1,537,557)	7,430,863
Changes in exchange differences – other comprehensive income	39,254	(31,930)
Changes in gain (loss) on derivatives – other comprehensive income	(1,067)	235
Changes in non-trade receivables due to disposal of investments in subsidiaries, associates and joint ventures	488,230	-
Changes in non-trade payables due to acquisition of property, plant and equipment and intangible assets	3,146	(6,310)

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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.

Summary of information on the Company's operations by business segment as at and for the years ended December 31, 2021 and 2020, is as follows:

<i>(in millions of Korean won)</i>	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	54,198	5,405	32,031	55,566	-	147,200
Depreciation of right-of-use assets	33,416	4,960	24,668	4,422	-	67,466
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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(in millions of Korean won)

	2020					
	Construction	Trading	Fashion	Resort	Common	Total
Net sales	₩ 10,028,421	₩ 7,270,578	₩ 1,409,138	₩ 380,686	₩ -	₩ 19,088,823
Depreciation and amortization	77,122	6,172	39,038	55,174	-	177,506
Depreciation of right-of-use assets	29,652	5,141	32,300	4,946	-	72,039
Operating profit (loss)	428,314	(12,931)	(34,560)	(102,668)	-	278,155
Total assets ¹	7,396,158	2,279,101	1,052,080	2,478,621	31,235,632	44,441,592

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, 2021 and 2020, is as follows:

	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.

	2020					
	Domestic	Asia	Europe	The Americas	Others	Total
Total revenue	₩10,488,309	₩ 6,172,532	₩ 607,438	₩ 1,150,738	₩ 669,806	₩19,088,823
Non-current assets ¹	2,888,228	18,310	3	-	23,321	2,929,862

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.

(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

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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 at December 31, 2021 and 2020, are as follows:

<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

<i>(in millions of Korean won)</i>	December 31, 2020			
	USD	EUR	JPY	Others
Financial assets	₩ 1,013,405	₩ 91,528	₩ 8,700	₩ 85,689
Financial liabilities	781,461	102,688	21,465	65,136

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, 2021	
	Strengthened	Weakened
Financial assets	₩ (107,409)	₩ 107,409
Financial liabilities	69,345	(69,345)
Net effect	₩ (38,064)	₩ 38,064

<i>(in millions of Korean won)</i>	December 31, 2020	
	Strengthened	Weakened
Financial assets	₩ (59,966)	₩ 59,966
Financial liabilities	48,538	(48,538)
Net effect	₩ (11,428)	₩ 11,428

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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 at December 31, 2021 and 2020, 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>	2021		2020	
Changes in other comprehensive income	₩	208,234	₩	219,616
Changes in profit or loss		16		13

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 at December 31, 2021 and 2020, financial liabilities exposed to interest rate risk are as follows:

<i>(in millions of Korean won)</i>	December 31, 2021		December 31, 2020	
Financial liabilities	₩	886,849	₩	559,965

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.

As at December 31, 2021 and 2020, 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, 2021		December 31, 2020	
	1% increase	1% decrease	1% increase	1% decrease
Decrease (increase) of interest expense	₩ (8,868)	₩ 8,868	₩ (5,600)	₩ 5,600

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(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 have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at December 31, 2021 is determined as follows; the expected credit losses below also include forward looking information.

(in millions of Korean won) **Less than 90
days past due**

	and within due	Less than 180 days past due	Less than 270 days past due	Less than 1 year past due	More than 1 year past due	Impaired receivables	Total
Expected loss rate	0.1%	0.6%	3.1%	6.0%	34.4%	79.1%	3.3%
Total carrying amount	₩ 4,209,605	₩ 174,751	₩ 25,048	₩ 5,062	₩ 11,158	₩ 179,591	₩ 4,605,215
Loss allowance	(4,700)	(974)	(787)	(302)	(3,838)	(142,037)	(152,638)

Movements in the loss allowance provision for trade receivables and contract assets for the years ended December 31, 2021 and 2020, are as follows:

(in millions of Korean won)

	2021	2020
Beginning balance	₩ 136,407	₩ 156,713
Increase in loss allowance recognized in profit or loss during the year	16,263	1,638
Receivables written off during the year as uncollectible	(32)	(21,944)
Ending balance	<u>₩ 152,638</u>	<u>₩ 136,407</u>

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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 at December 31, 2021, 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 ₩ 4,452,577 million (2020: ₩ 3,883,657 million).

The amounts recognized in profit or loss in relation to impaired receivables for the years ended December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021	2020
Impairment loss		
- Selling and administrative expenses	₩ 16,263	₩ 1,638

ii) Other financial assets at amortized costs

The loss allowance provision for other financial assets 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 a significant increase in credit risk is identified, the loss allowance provision for lifetime expected credit losses should be recognized.

Movements in loss allowance provision for other financial assets at amortized cost for the years ended December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021	2020
Beginning balance	₩ 888,016	₩ 874,701
Increase in loss allowance recognized in profit or loss during the year	184,713	18,812
Receivables written off during the year as uncollectible	(22,345)	(5,497)
Ending balance	<u>₩ 1,050,384</u>	<u>₩ 888,016</u>

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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 at December 31, 2021, the gross carrying amount of other financial assets at amortized costs, reflecting the maximum exposure to credit risk, is ₩ 2,564,615 million (2020: ₩ 1,807,170 million).

The amounts recognized in profit or loss in relation to impaired receivables for the years ended December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021	2020
Impairment loss		
- Other expenses	₩ 180,611	₩ 18,812

iii) Financial guarantee liabilities

As at December 31, 2021 and 2020, the Company recognizes financial guarantee liabilities of ₩ 205,627 million and ₩ 249,640 million, respectively, in relation to providing the financial guarantee. The maximum exposure to credit risk from the provision of the financial guarantee as at December 31, 2021 and 2020, is ₩ 3,055,390 million and ₩ 3,070,973 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).

(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.

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As at December 31, 2021 and 2020, 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, 2021				
		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
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 at December 31, 2021, the maximum liquidity exposure risk in relation to the financial guarantee is the total contractual cash flows.

(in millions of Korean won)

		December 31, 2020				
		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
Borrowings	₩ 1,078,998	₩ 1,086,402	₩ 954,269	₩ 112,659	₩ 505	₩ 18,969
Debentures	588,955	607,726	298,246	54,817	173,391	81,272
Derivative liabilities ¹	9,249	9,283	7,956	938	209	180
Financial guarantee liabilities ²	249,640	3,070,973	1,473,135	492,672	1,068,363	36,803
Trade payables	1,100,597	1,100,597	1,100,597	-	-	-
Other payables	2,720,193	2,720,193	2,580,024	28,034	42,051	70,084
	<u>₩ 5,747,632</u>	<u>₩ 8,595,174</u>	<u>₩ 6,414,227</u>	<u>₩ 689,120</u>	<u>₩ 1,284,519</u>	<u>₩ 207,308</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 at December 31, 2020, the maximum liquidity exposure risk in relation to the financial guarantee is the total contractual cash flows.

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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 at December 31, 2021 and 2020, debt-to-equity ratios are as follows:

<i>(in millions of Korean won)</i>	December 31, 2021	December 31, 2020
Liabilities (A)	₩ 15,772,893	₩ 16,447,065
Equity (B)	28,408,025	27,994,527
Debt-to-equity ratio (A/B)	56%	59%

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 at 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 at 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 at 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.

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Fair value hierarchy classifications of the financial instruments that are measured at fair value or its fair value is disclosed as at December 31, 2021 and 2020, are as follows:

(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>

(in millions of Korean won)

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets at fair value through other comprehensive income	₩ 29,839,196	₩ 997,449	₩ 163,433	₩ 31,000,078
Financial assets at fair value through profit or loss	1,775	99,663	208,813	310,251
Derivative financial instruments:				
Held for trading	-	2,247	52,985	55,232
Hedging	-	6,059	-	6,059
	<u>₩ 29,840,971</u>	<u>₩ 1,105,418</u>	<u>₩ 425,231</u>	<u>₩ 31,371,620</u>
Liabilities measured at fair value				
Derivative financial instruments:				
Held for trading	₩ -	₩ 4,053	₩ -	₩ 4,053
Hedging	-	5,195	-	5,195
	<u>₩ -</u>	<u>₩ 9,248</u>	<u>₩ -</u>	<u>₩ 9,248</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, 2021, 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	₩ 49,198	3	Net asset value method, discounted cash flow method and others	Growth rate, discount rate and others
Cooperative contribution	48,483	3	Net asset value method, discounted cash flow method and others	Growth rate, discount rate and others
Other equities	343,949	3	Net asset value method, discounted cash flow method and others	Growth rate, discount rate and others
Investment bonds	2,075,205	2	Discounted cash flow method	Counterparty credit risk and others
Derivatives (assets)				
Currency forwards and others	19,154	2	Market approach	Currency forwards rate, discount rate and others
Option	29,013	3	Binominal model	Growth rate, discount rate, volatility and others
Derivatives (liabilities)				
Currency forwards and others	4,867	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)

	2021			
	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	₩	-	₩ 1,805	₩ (1,578)

Samsung C&T Corporation
Notes to the Separate Financial Statements
December 31, 2021 and 2020

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 liquidate Samsung C&T Corporation Rus LLC., a subsidiary, in accordance with the resolution by the Corporate Management Committee held on January 26, 2022.

**Report on Independent Auditor's
Audit of Internal Control over Financial Reporting**

(English Translation of a Report Originally Issued in Korean)

To the Board of Directors and Shareholders of
Samsung C&T Corporation

Opinion on Internal Control over Financial Reporting

We have audited Samsung C&T Corporation's (the Company) Internal Control over Financial Reporting as at December 31, 2021, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as at December 31, 2021, based on *Conceptual Framework for Designing and Operating Internal Control over Financial Reporting*.

We also have audited, in accordance with Korean Standards on Auditing, the separate financial statements of the Company, which comprise the separate statement of financial position as at December 31, 2021, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flow for the year then ended, and notes to the separate financial statements including a summary of significant accounting policies, and our report dated March 4, 2022 expressed an unqualified opinion.

Basis for Opinion on Internal Control over Financial Reporting

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

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

Management is responsible for designing, implementing and maintaining effective internal control over financial reporting, and for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Report on the Effectiveness of Internal Control over Financial Reporting.

Those charged with governance have the responsibilities for overseeing internal control over financial reporting.

Auditor's Responsibilities for the Audit of Internal Control over Financial Reporting

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

An audit of internal control over financial reporting involves performing procedures to obtain audit evidence about 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 includes obtaining an understanding of internal control over financial reporting and testing and evaluating the design and operating effectiveness of internal control over financial reporting based on the assessed risk.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards as adopted by the Republic of Korea, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

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

The engagement partner on the audit resulting in this independent auditor's report is Seung-Whan Lee, Certified Public Accountant.

Seoul, Korea

March 4, 2022

This report is effective as at March 4, 2022, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the Company's internal control over financial reporting thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Report on the Effectiveness of Internal Control over Financial Reporting

(English Translation of a Report Originally Issued in Korean)

To the Shareholders, Board of Directors and Audit Committee of
Samsung C&T Corporation

We, as the Chief Executive Officer (“CEO”) and the Internal Control over Financial Reporting Officer of Samsung C&T Corporation (the “Company”), assessed the effectiveness of the design and operation of the Company’s Internal Control over Financial Reporting (“ICFR”) for the year ended December 31, 2021.

The Company’s management, including ourselves, is responsible for designing and operating ICFR. We assessed the design and operating effectiveness of ICFR in the prevention and detection of an error or fraud which may cause material misstatements in the preparation and disclosure of reliable financial statements. We designed and operated ICFR in accordance with 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”). And, we conducted an evaluation of ICFR based on Best Practice Guideline for Evaluating and Reporting Effectiveness of Internal Control over Financial Reporting established by ICFR Committee.

Based on the assessment results, we believe that the Company’s ICFR, as at December 31, 2021, is designed and operating effectively, in all material respects, in conformity 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 statement which cause material misunderstandings, and we have reviewed and verified this report with sufficient due care.

February 16, 2022

Jung Suk Koh
Chief Executive Officer

Se Cheol Oh
Chief Executive Officer

Seung Hwan Han
Chief Executive Officer

Gyu Jong Song
Internal Accounting Control Officer