

Samsung C&T Corporation and Subsidiaries

**Consolidated Financial Statements
December 31, 2021 and 2020**

Samsung C&T Corporation and Subsidiaries
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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 consolidated financial statements of Samsung C&T Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements of the Republic of Korea that are relevant to our audit of the consolidated 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 consolidated financial statements of the Group. Note 4 to the consolidated financial statements describes management's plans and action taken to resolve uncertainty relating to the impact of Coronavirus disease 2019 (COVID-19) on the Group's productivity and ability to satisfy customer's orders. These matters do not affect our opinion.

Key Audit Matters

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

Revenue 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 Group recognizes revenue based on input methods for the extent of progress towards completion when:

- ① the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- ② the Group's performance does not create an asset with an alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date.

As explained in Note 4 to the consolidated 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 consolidated 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 Group's consolidated 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 Group 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 Group'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 Group's internal control over approval of initial registration and amendment of estimated total contract costs.
- We obtained an understanding of and evaluated the Group's internal control over monitoring the possibility of amendment of estimated total contract costs.
- We tested the effectiveness of the Group's internal control over monitoring whether the result of project performance review was reflected during the Group'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 Group's internal control over summarizing and approving the contract cost incurred from each construction sites
- 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 Group's internal control over identifying abnormal due from customer for contract work.

Other Matters

The accompanying consolidated 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 consolidated 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 consolidated financial statements may differ from those generally accepted and applied in other countries.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's

report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is 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 consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Samsung C&T Corporation and Subsidiaries
Consolidated 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	₩ 2,254,547	₩ 2,402,466	\$ 1,901,769	\$ 2,026,543
Short-term financial instruments	7	612,726	442,083	516,850	372,908
Financial assets at fair value through profit or loss	7,11	1,224,479	710,107	1,032,880	598,994
Financial assets at fair value through other comprehensive income	7,11	29	115	24	97
Trade receivables	7,8	5,711,002	5,078,489	4,817,379	4,283,837
Other current assets	7,8	2,530,805	2,248,035	2,134,800	1,896,275
Inventories	6	2,810,439	2,019,263	2,370,678	1,703,301
Total current assets		15,144,027	12,900,558	12,774,380	10,881,955
Assets held for sale		-	23,052	-	19,443
Non-current assets					
Financial assets at fair value through profit or loss	7,11	291,241	254,763	245,669	214,899
Financial assets at fair value through other comprehensive income	7,11	28,504,381	30,013,815	24,044,185	25,317,432
Investments in associates and joint ventures	12	3,018,325	3,626,039	2,546,035	3,058,658
Property, plant and equipment	13	5,231,761	4,851,261	4,413,126	4,092,164
Investment properties	14	97,317	139,416	82,089	117,601
Biological assets		7,445	5,390	6,280	4,546
Intangible assets	13	738,803	779,575	623,200	657,592
Right-of-use assets	13	292,139	364,609	246,427	307,557
Deferred tax assets	26	69,892	111,801	58,956	94,307
Other non-current assets	7,8	1,830,832	1,249,504	1,544,355	1,053,989
Net defined benefit asset	16	19,260	11,958	16,246	10,087

Samsung C&T Corporation and Subsidiaries
Consolidated 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
Total non-current assets		40,101,396	41,408,131	33,826,568	34,928,833
Total assets		₩ 55,245,423	₩ 54,331,741	\$ 46,600,948	\$ 45,830,230
Liabilities					
Current liabilities					
Trade payables	7	₩ 2,527,037	₩ 2,001,152	\$ 2,131,621	\$ 1,688,023
Short-term borrowings	7,15	1,210,341	1,419,563	1,020,954	1,197,438
Current portion of long-term borrowings	7,15	348,590	707,415	294,045	596,723
Current tax liabilities	26	574,534	148,739	484,635	125,465
Other current liabilities	5,7,9,10,17	7,014,829	6,611,590	5,917,190	5,577,048
Total current liabilities		11,675,331	10,888,459	9,848,445	9,184,697
Liabilities held for sale		-	1,181	-	996
Non-current liabilities					
Debentures and long-term borrowings	7,15	1,414,544	1,018,690	1,193,204	859,291
Net defined benefit liability	16	17,315	47,540	14,606	40,101
Deferred tax liabilities	26	7,536,173	8,097,093	6,356,957	6,830,108
Provisions	5,17	508,788	470,313	429,176	396,721
Other non-current liabilities	7,9	740,827	862,982	624,907	727,948
Total non-current liabilities		10,217,647	10,496,618	8,618,850	8,854,169
Total liabilities		21,892,978	21,386,258	18,467,295	18,039,863

Samsung C&T Corporation and Subsidiaries
Consolidated 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
Consolidated capital surplus		10,482,039	10,482,243	8,841,871	8,842,044
Other components of equity	19,20	10,356,512	11,369,762	8,735,987	9,590,689
Retained earnings	21	9,548,129	8,327,122	8,054,095	7,024,143
Equity attributable to owners of the Parent Company		30,405,531	30,197,978	25,647,855	25,472,778
Non-controlling interests	1	2,946,913	2,747,504	2,485,796	2,317,591
Total equity		33,352,444	32,945,482	28,133,651	27,790,369
Total liabilities and equity		₩ 55,245,422	₩ 54,331,740	\$ 46,600,946	\$ 45,830,231

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

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

Samsung C&T Corporation and Subsidiaries
Consolidated 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	28	₩ 34,455,182	₩ 30,216,119	\$ 30,115,534	\$ 26,410,383
Cost of sales	24	30,434,243	26,850,633	26,601,034	23,468,781
Gross profit		4,020,939	3,365,486	3,514,500	2,941,602
Selling and administrative expenses	22,24	2,824,956	2,508,406	2,469,152	2,192,471
Operating profit	30	1,195,983	857,080	1,045,348	749,131
Other income	23	1,941,539	1,252,828	1,697,001	1,095,033
Other expenses	23	778,250	785,515	680,229	686,579
Financial income	25	185,269	169,529	161,934	148,177
Financial expenses	25	174,727	190,391	152,720	166,411
Share of profit of associates and joint ventures	12	128,128	195,825	111,990	171,161
Share of loss of associates and joint ventures	12	17,451	34,201	15,253	29,893
Profit before income tax		2,480,491	1,465,155	2,168,071	1,280,619
Income tax expense	26	651,407	304,504	569,362	266,152
Profit for the year		₩ 1,829,084	₩ 1,160,651	\$ 1,598,709	\$ 1,014,467

Samsung C&T Corporation and Subsidiaries

Consolidated 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					
Share of other comprehensive loss of associates and joint ventures		₩ 37,902	₩ (33,090)	\$ 33,128	\$ (28,923)
Exchange differences		82,219	(45,406)	71,864	(39,687)
Cash flow hedges		(559)	120	(489)	105
Items that will not be reclassified to profit or loss					
Share of other comprehensive income (loss) of associates and joint ventures		9,446	(35,964)	8,256	(31,434)
Gain (loss) on valuation of financial assets at fair value through other comprehensive income		(1,133,521)	5,469,626	(990,753)	4,780,724
Remeasurements of net defined benefit liabilities	16	(33,976)	18,937	(29,697)	16,552
		<u>(1,038,489)</u>	<u>5,374,223</u>	<u>(907,691)</u>	<u>4,697,337</u>
Total comprehensive income for the year		<u>₩ 790,595</u>	<u>₩ 6,534,874</u>	<u>\$ 691,018</u>	<u>\$ 5,711,804</u>
Profit for the year is attributable to:					
Owners of the Parent Company		₩ 1,635,046	₩ 1,035,495	\$ 1,429,111	\$ 905,074
Non-controlling interest	1	<u>194,038</u>	<u>125,156</u>	<u>169,598</u>	<u>109,393</u>
Total comprehensive income for the year is attributable to:					
Owners of the Parent Company		₩ 587,175	₩ 6,416,501	\$ 513,220	\$ 5,608,340
Non-controlling interest		<u>203,420</u>	<u>118,373</u>	<u>177,798</u>	<u>103,464</u>
Earnings per share:	27				
Basic earnings per ordinary share		₩ 9,913	₩ 6,278	\$ 8.66	\$ 5.49
Basic earnings per preferred share		<u>9,963</u>	<u>6,328</u>	<u>8.71</u>	<u>5.53</u>

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

Samsung C&T Corporation and Subsidiaries

Consolidated 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	Consolidated capital surplus	Consolidated retained earnings	Other components of equity	Non-controlling interests	Total	Share capital	Consolidated capital surplus	Consolidated retained earnings	Other components of equity	Non-controlling interests	Total
Balance at January 1, 2020		₩ 19,132	₩ 10,466,963	₩ 7,600,994	₩ 6,009,046	₩ 2,595,962	₩26,692,097	\$ 16,138	\$ 8,829,155	\$ 6,411,635	\$ 5,068,786	\$ 2,189,762	\$ 22,515,476
Total comprehensive income:													
Profit for the year		-	-	1,035,495	-	125,156	1,160,651	-	-	873,467	-	105,572	979,039
Changes in the fair value of financial assets at fair value through other comprehensive income	11	-	-	-	5,469,626	-	5,469,626	-	-	-	4,613,772	-	4,613,772
Reclassification from disposal of financial assets at fair value through other comprehensive income	11	-	-	5,248	(5,248)	-	-	-	-	4,427	(4,427)	-	-
Share of other comprehensive loss of associates and joint ventures	12	-	-	-	(68,836)	(218)	(69,054)	-	-	-	(58,065)	(184)	(58,249)
Exchange differences		-	-	-	(35,245)	(10,160)	(45,405)	-	-	-	(29,731)	(8,571)	(38,302)
Cash flow hedge	18	-	-	-	139	(20)	119	-	-	-	118	(16)	102
Remeasurements of the net defined benefit liabilities		-	-	15,323	-	3,615	18,938	-	-	12,925	-	3,049	15,974
Transactions with owners:													
Cash dividends	1	-	-	(329,938)	-	(2,478)	(332,416)	-	-	(278,311)	-	(2,090)	(280,401)
Additional acquisition of non-controlling interests		-	15,280	-	-	(18,440)	(3,160)	-	12,889	-	-	(15,554)	(2,665)
Retirement of treasury shares		(281)	-	-	281	-	-	(236)	-	-	236	-	-
Capital contribution of non-controlling interests and others		-	-	-	-	54,087	54,087	-	-	-	-	45,624	45,624
Balance at December 31, 2020		₩ 18,851	₩ 10,482,243	₩ 8,327,122	₩ 11,369,762	₩ 2,747,504	₩32,945,482	\$ 15,902	\$ 8,842,044	\$ 7,024,143	\$ 9,590,689	\$ 2,317,592	\$ 27,790,370

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

Samsung C&T Corporation and Subsidiaries

Consolidated 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	Consolidated capital surplus	Consolidated retained earnings	Other components of equity	Non-controlling interests	Total	Share capital	Consolidated capital surplus	Consolidated retained earnings	Other components of equity	Non-controlling interests	Total
Balance at January 1, 2021		₩ 18,851	₩ 10,482,243	₩ 8,327,122	₩ 11,369,762	₩ 2,747,504	₩ 32,945,482	\$ 15,902	\$ 8,842,044	\$ 7,024,143	\$ 9,590,689	\$ 2,317,592	\$ 27,790,370
Total comprehensive income:													
Profit for the year		-	-	1,635,046	-	194,038	1,829,084	-	-	1,379,203	-	163,676	1,542,879
Changes in the fair value of financial assets at fair value through other comprehensive income	11	-	-	-	(1,133,521)	-	(1,133,521)	-	-	-	(956,154)	-	(956,154)
Reclassification from disposal of financial assets at fair value through other comprehensive income	11	-	-	2,201	(2,201)	-	-	-	-	1,856	(1,856)	-	-
Share of other comprehensive loss of associates and joint ventures	12	-	-	(4,440)	51,483	304	47,347	-	-	(3,745)	43,428	256	39,939
Exchange differences		-	-	-	71,702	10,519	82,221	-	-	-	60,482	8,872	69,354
Cash flow hedge	18	-	-	-	(713)	154	(559)	-	-	-	(601)	130	(471)
Remeasurements of the net defined benefit liabilities	16	-	-	(32,383)	-	(1,594)	(33,977)	-	-	(27,314)	-	(1,344)	(28,658)
Transactions with owners:													
Cash dividends	1	-	-	(379,417)	-	(5,149)	(384,566)	-	-	(320,048)	-	(4,344)	(324,392)
Transactions with non-controlling interests		-	(204)	-	-	(1,469)	(1,673)	-	(173)	-	-	(1,239)	(1,412)
Capital contribution of non-controlling interests and others		-	-	-	-	2,606	2,606	-	-	-	-	2,198	2,198
Balance at December 31, 2021		₩ 18,851	₩ 10,482,039	₩ 9,548,129	₩ 10,356,512	₩ 2,946,913	₩ 33,352,444	\$ 15,902	\$ 8,841,871	\$ 8,054,095	\$ 8,735,987	\$ 2,485,796	\$ 28,133,651

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

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

Samsung C&T Corporation and Subsidiaries
Consolidated 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	₩ 468,109	₩ 914,401	\$ 394,862	\$ 771,321
Interest received		73,931	47,148	62,363	39,771
Interest paid		(99,862)	(96,394)	(84,236)	(81,311)
Dividends received		1,097,852	678,002	926,066	571,912
Income taxes paid		(344,298)	(275,260)	(290,424)	(232,189)
Net cash inflow from operating activities		<u>1,195,732</u>	<u>1,267,897</u>	<u>1,008,631</u>	<u>1,069,504</u>
Cash flows from investing activities					
Disposal of assets held for sale		50,358	10,700	42,478	9,026
Net decrease in short-term financial instruments		-	8,388	-	7,076
Decrease in short-term loans		11,310	1,466	9,540	1,236
Disposal of non-current financial assets at fair value through profit or loss	11	15	9,323	13	7,864
Disposal of financial assets at fair value through other comprehensive income	11	4,794	11,427	4,044	9,639
Disposal of investments in subsidiaries		7,545	-	6,365	-
Disposal of investments in associates and joint ventures	12	342,526	5,374	288,929	4,533
Decrease in long-term receivables		4,992	40,087	4,211	33,815
Decrease in deposits		94,170	85,576	79,435	72,186
Disposal of property, plant and equipment	13	39,661	39,541	33,455	33,354
Disposal of intangible assets	13	5,908	1,408	4,983	1,188
Disposal of investment properties	14	-	3,772	-	3,182
Settlement of derivative assets		137,617	-	116,083	-
Decrease in other non-current assets		16,719	958	14,103	808
Net increase in short-term financial instruments		(169,598)	-	(143,060)	-
Increase in short-term loans		(56,059)	(27,677)	(47,287)	(23,346)
Acquisition of current financial assets at fair value through profit or loss	11	(514,358)	(500,060)	(433,874)	(421,814)
Acquisition of non-current financial assets at fair value through profit or loss	11	(7,324)	(4,001)	(6,178)	(3,375)
Acquisition of financial assets at fair value through other comprehensive income	11	(36,452)	(3,695)	(30,749)	(3,117)
Acquisition of investments in associates and joint ventures	12	(46,166)	(5,657)	(38,942)	(4,772)
Increase in long-term receivables		(33,280)	(133,496)	(28,073)	(112,607)
Increase in deposits		(65,974)	(60,635)	(55,651)	(51,148)
Acquisition of property, plant and equipment	13	(536,970)	(284,855)	(452,948)	(240,282)
Acquisition of intangible assets	13	(49,823)	(36,879)	(42,027)	(31,109)
Cash flows due to changes in scope of consolidation		-	(195)	-	(164)
Increase in other non-current assets		(4,032)	(9,226)	(3,401)	(7,782)
Net cash outflow from investing activities		<u>₩ (804,421)</u>	<u>₩ (848,356)</u>	<u>\$ (678,551)</u>	<u>\$ (715,609)</u>

Samsung C&T Corporation and Subsidiaries
Consolidated 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					
Proceeds from bonds issuance		₩ 498,436	₩ 309,171	\$ 420,444	\$ 260,793
Increase in long-term borrowings		187,998	654,985	158,581	552,497
Increase in leasehold deposits received		1,750	-	1,476	-
Capital contribution of non-controlling interests		2,250	53,548	1,898	45,169
Dividends paid to shareholders		(379,417)	(329,937)	(320,048)	(278,311)
Net decrease in short-term borrowings		(234,268)	(459,846)	(197,611)	(387,892)
Repayment of current portion of long-term borrowings		(633,505)	(602,166)	(534,378)	(507,943)
Early redemption of long-term borrowings		(430)	(103,866)	(363)	(87,614)
Decrease in leasehold deposits received		(17,791)	(2,650)	(15,007)	(2,235)
Principal elements of lease payments		(103,286)	(129,603)	(87,125)	(109,323)
Additional acquisition of non-controlling interests		(1,672)	(2,478)	(1,411)	(2,090)
Dividends paid to non-controlling interests	1	(5,149)	(3,459)	(4,344)	(2,918)
Net cash outflow from financing activities		<u>(685,084)</u>	<u>(616,301)</u>	<u>(577,888)</u>	<u>(519,867)</u>
Net decrease in cash and cash equivalents		<u>(293,775)</u>	<u>(196,760)</u>	<u>(247,807)</u>	<u>(165,973)</u>
Cash and cash equivalents at the beginning of the year		2,402,466	2,704,409	2,026,543	2,281,239
Effects of exchange rate changes on cash and cash equivalents		145,856	(105,183)	123,033	(88,723)
Cash and cash equivalents at the end of the year		<u>₩ 2,254,547</u>	<u>₩ 2,402,466</u>	<u>\$ 1,901,769</u>	<u>\$ 2,026,543</u>

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

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

Samsung C&T Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

1. General Information

These consolidated financial statements are prepared in accordance with Korean IFRS 1110 *Consolidated Financial Statements*. Samsung C&T Corporation (the “Company” or the “Parent Company”) has 108 subsidiaries, including Samsung BioLogics Co., Ltd. (collectively referred to as the “Group”) and 51 associates and joint ventures, including Samsung Bioepis Co., Ltd. that are subject to the equity method of accounting.

1.1 The Company

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

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

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

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

Samsung C&T Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

1.2 Subsidiaries

(a) General information of subsidiaries as at December 31, 2021, is as follows:

Subsidiaries	Primary business	Share capital (in millions of Korean won)	Number of outstanding shares	Number of shares		Ownership interest held by the Group (%)	Location	Ownership interest held by subsidiaries
				Samsung C&T	Subsidiaries	Total		
Seoul Lakeside Co., Ltd.	Golf course service	₩ 1,176	117,600	117,600	-	117,600	100.00	Korea
Samoo Architects & Engineers Co., Ltd.	Architectural design service	1,100	220,000	220,000	-	220,000	100.00	Korea
CVnet Corporation ²	e-Business	3,200	6,400,000	2,569,155	-	2,569,155	40.14	Korea
Samsung C&T Japan Corporation	Trading	42,104	5,000,000	5,000,000	-	5,000,000	100.00	Japan
Samsung C&T America Inc.	Trading	52,259	105	105	-	105	100.00	U.S.A
Meadowland Distribution Inc.	Distribution	600	500	-	500	500	100.00	U.S.A
Samsung Renewable Energy Inc.	Renewable energy development	107,169	2,000	2,000	-	2,000	100.00	Canada
Samsung Green Repower, LLC. ¹	Renewable energy development	2,863	-	-	-	-	100.00	U.S.A
Samsung E&C America, Inc.	Construction	104	100,000	100,000	-	100,000	100.00	U.S.A
Samsung Solar Construction, Inc.	Renewable energy development	6	5,000	-	5,000	5,000	100.00	U.S.A
QSSC, S.A. de C.V.	Production of steel products	8,616	93,758,250	75,006,600	18,751,650	93,758,250	100.00	Mexico
Samsung C&T Oil & Gas Parallel Corp.	Natural resources development	59,630	1	1	-	1	100.00	U.S.A

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

Subsidiaries	Primary business	Share capital (in millions of Korean won)	Number of outstanding shares	Number of shares			Ownership interest held by the Group (%)	Location	Ownership interest held by subsidiaries
				Samsung C&T	Subsidiaries	Total			
Parallel Petroleum LLC. ¹	Natural resources development	₩ 837,480	-	-	-	-	51.00	U.S.A	PLL Holdings LLC. 61%
Monument Power, LLC ¹	Renewable energy development	4,041	-	-	-	-	100.00	U.S.A	Samsung Green Repower, LLC 100%
SRE GRW EPC GP, Inc. ¹	Renewable energy development	15	-	-	-	-	100.00	Canada	Samsung Renewable Energy Inc. 100%
SRE GRW EPC LP ¹	Renewable energy development	13	-	-	-	-	100.00	Canada	Samsung Renewable Energy Inc. 99.99%, SRE GRW EPC GP, Inc. 0.01%
SRE SKW EPC GP, Inc. ¹	Renewable energy development	17	-	-	-	-	100.00	Canada	Samsung Renewable Energy Inc. 100%
SRE SKW EPC LP ¹	Renewable energy development	11	-	-	-	-	100.00	Canada	Samsung Renewable Energy Inc. 99.99%, SRE SKW EPC GP, Inc. 0.01%
PLL Holdings LLC. ¹	Natural resources development	238,537	-	-	-	-	83.60	U.S.A	Samsung C&T Oil & Gas Parallel Corp. 83.6%
SRE WIND PA GP Inc. ¹	Renewable energy development	15	-	-	-	-	100.00	Canada	Samsung Renewable Energy Inc. 100%
SRE WIND PA LP ¹	Renewable energy development	11	-	-	-	-	100.00	Canada	Samsung Renewable Energy Inc. 99.99%, SRE Wind PA GP Inc. 0.01%
PLL E&P LLC. ¹	Natural resources development	34,733	-	-	-	-	90.00	U.S.A	Samsung C&T Oil & Gas Parallel Corp. 90%
SRE GRS Holdings GP Inc. ¹	Renewable energy development	15	-	-	-	-	100.00	Canada	Samsung Renewable Energy Inc. 100%

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

Subsidiaries	Primary business	Share capital (in millions of Korean won)	Number of outstanding shares	Number of shares			Ownership interest held by the Group (%)	Location	Ownership interest held by subsidiaries
				Samsung C&T	Subsidiaries	Total			
SRE GRS Holdings LP ¹	Renewable energy development	₩ 3	-	-	-	-	100.00	Canada	Samsung Renewable Energy Inc. 99.99%, SRE GRS Holdings GP Inc. 0.01%
SRE K2 EPC GP Inc. ¹	Renewable energy development	13	-	-	-	-	100.00	Canada	Samsung Renewable Energy Inc. 100%
SRE K2 EPC LP ¹	Renewable energy development	2	-	-	-	-	100.00	Canada	Samsung Renewable Energy Inc. 99.99%, SRE K2 EPC GP Inc. 0.01%
SRE KS Holdings GP Inc. ¹	Renewable energy development	15	-	-	-	-	100.00	Canada	Samsung Renewable Energy Inc. 100%
SRE KS Holdings LP ¹	Renewable energy development	515	-	-	-	-	100.00	Canada	Samsung Renewable Energy Inc. 99.99%, SRE KS Holdings GP Inc. 0.01%
SRE Armow EPC GP Inc ¹	Renewable energy development	13	-	-	-	-	100.00	Canada	Samsung Renewable Energy Inc. 100%
SRE Armow EPC LP ¹	Renewable energy development	11	-	-	-	-	100.00	Canada	Samsung Renewable Energy Inc. 99.99%, SRE Armow EPC GP Inc. 0.01%
SRE Wind GP Holdings, Inc. ¹	Renewable energy development	124	-	-	-	-	100.00	Canada	Samsung Renewable Energy Inc. 100%
SRE North Kent 2 LP Holdings LP ¹	Renewable energy development	200	-	-	-	-	100.00	Canada	Samsung Renewable Energy Inc. 99.99%, SRE North Kent 2 GP Holdings Inc. 0.01%
SRE Solar Development GP Inc. ¹	Renewable energy development	13	-	-	-	-	100.00	Canada	Samsung Renewable Energy Inc. 100%
SRE Solar Development LP ¹	Renewable energy development	279	-	-	-	-	100.00	Canada	Samsung Renewable Energy Inc. 99.99%, SRE Solar

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

Subsidiaries	Primary business	Share capital (in millions of Korean won)	Number of outstanding shares	Number of shares			Ownership interest held by the Group (%)	Location	Ownership interest held by subsidiaries
				Samsung C&T	Subsidiaries	Total			
SRE Windsor Holdings GP Inc. ¹	Renewable energy development	₩	11	-	-	-	100.00	Canada	Development GP Inc. 0.01%
SRE Southgate Holdings GP Inc. ¹	Renewable energy development		14	-	-	-	100.00	Canada	Samsung Renewable Energy Inc. 100%
SRE Solar Construction Management GP Inc. ¹	Renewable energy development		9	-	-	-	100.00	Canada	Samsung Renewable Energy Inc. 100%
SRE Solar Construction Management LP ¹	Renewable energy development		11	-	-	-	100.00	Canada	Samsung Renewable Energy Inc. 99.99%, SRE Solar Construction Management GP Inc. 0.01%
SRE BRW EPC GP Inc. ¹	Renewable energy development		9	-	-	-	100.00	Canada	Samsung Renewable Energy Inc. 100%
SRE BRW EPC LP ¹	Renewable energy development		9	-	-	-	100.00	Canada	Samsung Renewable Energy Inc. 99.99%, SRE BRW EPC GP Inc. 0.01%
SRE North Kent 1 GP Holdings Inc. ¹	Renewable energy development		22	-	-	-	100.00	Canada	Samsung Renewable Energy Inc. 100%
SRE North Kent 2 GP Holdings Inc. ¹	Renewable energy development		16	-	-	-	100.00	Canada	Samsung Renewable Energy Inc. 100%
SRE Belle River GP Holdings Inc. ¹	Renewable energy development		20	-	-	-	100.00	Canada	Samsung Renewable Energy Inc. 100%
SRE NK1 EPC GP Inc. ¹	Renewable energy development		9	-	-	-	100.00	Canada	Samsung Renewable Energy Inc. 100%
SRE NK1 EPC LP ¹	Renewable energy development		9	-	-	-	100.00	Canada	Samsung Renewable Energy Inc. 99.99%, SRE NK1 EPC GP Inc. 0.01%

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

Subsidiaries	Primary business	Share capital (in millions of Korean won)	Number of outstanding shares	Number of shares			Ownership interest held by the Group (%)	Location	Ownership interest held by subsidiaries
				Samsung C&T	Subsidiaries	Total			
SRE Summerside Construction GP Inc. ¹	Renewable energy development	₩ 6	-	-	-	-	100.00	Canada	Samsung Renewable Energy Inc. 100%
SRE Summerside Construction LP ¹	Renewable energy development	39	-	-	-	-	100.00	Canada	Samsung Renewable Energy Inc. 99.99%, SRE Summerside Construction GP Inc. 0.01%
Samsung Solar Energy LLC. ¹	Renewable energy development	38,071	-	-	-	-	100.00	U.S.A	Samsung C&T America, Inc. 100%
Samsung Solar Energy 1 LLC. ¹	Renewable energy development	2,555	-	-	-	-	100.00	U.S.A	Samsung Solar Energy LLC. 100%
Samsung Solar Energy 2 LLC. ¹	Renewable energy development	35,129	-	-	-	-	100.00	U.S.A	Samsung Solar Energy LLC. 100%
Samsung Solar Energy 3 LLC. ¹	Renewable energy development	314	-	-	-	-	100.00	U.S.A	Samsung Solar Energy LLC. 100%
Equipment Trading Solutions Group, LLC ¹	Wholesale of machinery and equipment	1,160	-	-	-	-	70.00	U.S.A	Samsung C&T America, Inc. 70%
Flowfy Commerce Service ¹	Wholesale and brokerage of merchandise	2,232	-	-	-	-	100.00	U.S.A	Samsung C&T America, Inc. 100%
Samsung C&T Lima S.A.C	Trading	1,217	3,413,000	3,413,000	-	3,413,000	100.00	Peru	
Samsung C&T Deutschland GmbH ¹	Trading	18,551	-	-	-	-	100.00	Germany	
Samsung C&T U.K. Ltd.	Trading	59,415	27,950,000	27,950,000	-	27,950,000	100.00	United Kingdom	
Samsung C&T ECUK Limited	Construction	27,814	19,033,000	19,033,000	-	19,033,000	100.00	United Kingdom	
Whessoe Engineering Limited	Industrial plant	-	138	138	-	138	100.00	United	

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

Subsidiaries	Primary business	Share capital (in millions of Korean won)	Number of outstanding shares	Number of shares			Ownership interest held by the Group (%)	Location	Ownership interest held by subsidiaries
				Samsung C&T	Subsidiaries	Total			
	engineering							Kingdom	
SAMOO HU Designer and Engineering Services Limited Liability Company ¹	Architectural design service	₩ 166	-	-	-	-	100.00	Hungary	Samoo Architects & Engineers Co., Ltd. 100%
POSS-SLPC S.R.O. ¹	Production of steel products	5,967	-	-	-	-	70.00	Slovakia	Samsung C&T Deutschland GmbH 20%
Solluce Romania 1 B.V. ¹	Renewable energy development	33,517	-	-	-	-	100.00	Netherlands	Samsung C&T Deutschland GmbH 20%
Samsung C&T (KL) Sdn., Bhd.	Construction	3,870	1,000,000	1,000,000	-	1,000,000	100.00	Malaysia	
Samsung C&T Malaysia Sdn. Bhd.	Trading	6,002	15,000,000	15,000,000	-	15,000,000	100.00	Malaysia	
Erdsam Co., Ltd.	Trading	242	8,000	8,000	-	8,000	100.00	Hong Kong	
Samsung Chemtech Vina ¹	Trading	3,554	-	-	-	-	100.00	Vietnam	Samsung C&T Singapore Pte. Ltd. 48.33%
Samsung C&T (Thailand) Co., Ltd.	Trading	7,599	39,912,000	37,107,000	2,805,000	39,912,000	100.00	Thailand	Samsung C&T Singapore Pte. Ltd. 0.20%, Samsung C&T Hongkong Limited 6.83%
PT. Insam Batubara Energy	Wholesale and retail of coal	3,031	1,000,000	900,000	100,000	1,000,000	100.00	Indonesia	Samsung C&T Singapore Pte. Ltd. 10%
Samsung C&T India Private Ltd.	Construction	2,748	126,500,000	126,500,000	-	126,500,000	100.00	India	
Samsung C&T Corporation India Private Ltd.	Trading	3,455	16,500,001	16,500,001	-	16,500,001	100.00	India	
MSSC Sdn.,Bhd.	Production of steel products	4,928	44,974	31,482	13,492	44,974	100.00	Malaysia	Samsung C&T Singapore Pte. Ltd. 30%
Samsung C&T Singapore Pte.	Trading	35,574	34,000,000	34,000,000	-	34,000,000	100.00	Singapore	

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

Subsidiaries	Primary business	Share capital (in millions of Korean won)	Number of outstanding shares	Number of shares			Ownership interest held by the Group (%)	Location	Ownership interest held by subsidiaries
				Samsung C&T	Subsidiaries	Total			
Ltd.									
S&G Biofuel Pte. Ltd.	Natural resources development	₩ 45,922	46,312,500	23,400,000	5,850,000	29,250,000	63.16	Singapore	Samsung C&T Singapore Pte. Ltd. 12.63%
PT. Gandaerah Hendana	Natural resources development	11,320	100,000,000	-	95,000,000	95,000,000	60.00	Indonesia	S&G Biofuel Pte. Ltd. 95%
PT. Inecda	Natural resources development	11,320	100,000,000	-	95,000,000	95,000,000	60.00	Indonesia	S&G Biofuel Pte. Ltd. 95%
SAMSUNG C&T Mongolia LLC. 1	Construction	1,215	-	-	-	-	70.00	Mongolia	
Samsung C&T Eng.&Const. Mongolia LLC. 1	Construction	598	-	-	-	-	100.00	Mongolia	
S&Woo Construction Philippines, Inc.	Construction	239	9,400	9,400	-	9,400	100.00	Philippines	
SAMOO DESIGNERS & ENGINEERS INDIA PRIVATE LIMITED	Architectural design service	192	1,100,000	-	1,100,000	1,100,000	100.00	India	Samoo Architects & Engineers Co., Ltd. 100%
SAMOO (KL) SDN. BHD. 1	Architectural design service	269	-	-	-	-	100.00	Malaysia	Samoo Architects & Engineers Co., Ltd. 100%
VSSC Steel Center Limited Liability ¹	Production of steel products	12,334	-	-	-	-	85.00	Vietnam	
Vista Contracting and Investment Global Pte. Ltd. 1	Construction	415	-	-	-	-	100.00	Singapore	
Samsung Trading (Shanghai) Co., Ltd. 1	Trading	498	-	-	-	-	100.00	China	Samsung C&T Hongkong Limited 100%
Samsung C&T Hongkong Limited	Trading	47,849	61,483	61,483	-	61,483	100.00	Hong Kong	
Samsung C&T Taiwan Co., Ltd.	Trading	361	1,000,000	1,000,000	-	1,000,000	100.00	Taiwan	

Samsung C&T Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
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Subsidiaries	Primary business	Share capital (in millions of Korean won)	Number of outstanding shares	Number of shares			Ownership interest held by the Group (%)	Location	Ownership interest held by subsidiaries
				Samsung C&T	Subsidiaries	Total			
Samsung Precision Stainless Steel (Pinghu) Co., Ltd. ¹	Production of steel products	₩ 82,979	-	-	-	-	100.00	China	Samsung C&T Hongkong Limited 45%
Samsung C&T (Shanghai) Co., Ltd. ¹	Construction	11,066	-	-	-	-	100.00	China	
Samsung C&T (Xi'an) Co., Ltd. ¹	Construction	1,428	-	-	-	-	100.00	China	
Waris Gigih Eng. & Tech. Sdn. Bhd.	Trading	349	1,000,000	300,000	700,000	1,000,000	100.00	Malaysia	Samsung C&T Malaysia Sdn. Bhd. 70%
Samsung C&T Corporation Saudi Arabia ¹	Construction	143,425	-	-	-	-	100.00	Saudi Arabia	
SAM Gulf Investment Limited	Investment	4,891	15,438,656	15,438,656	-	15,438,656	100.00	Bahrain	
Samsung C&T Chile Copper SpA	Natural resources development	12,918	11,535,517	11,535,517	-	11,535,517	100.00	Chile	
SCNT Power Kelar Inversiones LTDA.	Thermal power generation	42,705	100	100	-	100	100.00	Chile	
S.C. Otelix S.A	Production of stainless steel plates and poles	54,879	31,269,284	-	31,179,053	31,179,053	99.71	Romania	Samsung C&T Deutschland GmbH 99.71%
Samsung C&T Corporation Rus LLC. ¹	Construction	6,303	-	-	-	-	100.00	Russia	
Samsung BioLogics Co., Ltd. ³	Biopharmaceutical products manufacturing	165,413	66,165,000	28,742,466	-	28,742,466	43.44	Korea	
Samsung Biologics America Inc. ³	Research and development on medicine and	11,914	10,000	-	10,000	10,000	43.44	U.S.A	Samsung BioLogics Co., Ltd. 100%

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

Subsidiaries	Primary business	Share capital (in millions of Korean won)	Number of outstanding shares	Number of shares		Ownership interest held by the Group (%)	Location	Ownership interest held by subsidiaries
				Samsung C&T	Subsidiaries	Total		
Cheil Fashion Retail Co., Ltd.	pharmacy Manufacturing and selling garments	₩ 10,000	2,000,000	2,000,000	-	2,000,000	100.00	Korea
Cheil Industries Corp., USA	Manufacturing and selling garments	106	1	1	-	1	100.00	U.S.A
Cheil Industries Italy S.R.L. ¹	Manufacturing and selling garments	1,445	-	-	-	-	100.00	Italy
Samsung Fashion Trading (Shanghai) Co., Ltd. ¹	Manufacturing and selling garments	65,993	-	-	-	-	100.00	China
Samsung Welstory Inc.	Foodservice business	10,000	2,000,000	2,000,000	-	2,000,000	100.00	Korea
Samsung C&T Corporation Vietnam Co., Ltd. ¹	Construction	1,143	-	-	-	-	100.00	Vietnam
Welstory Vietnam Co., Ltd. ¹	Foodservice business	10,007	-	-	-	-	100.00	Vietnam
Samsung C&T Corporation UEM Construction JV Sdn. Bhd.	Construction	133,189	460,750,000	276,450,000	-	276,450,000	60.00	Malaysia
Shanghai Ever Hongjun Business Management Service Co., Ltd. ¹	Foodservice business	2,536	-	-	-	-	85.00	China
Shanghai Welstory Food Company Limited ¹	Foodservice business	7,904	-	-	-	-	81.61	China
SVIC No. 53 New Technology Business Investment Association ¹	New technology business investment	2,500	-	-	-	-	99.00	Korea

Samsung C&T Corporation and Subsidiaries
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Subsidiaries	Primary business	Share capital (in millions of Korean won)	Number of outstanding shares	Number of shares			Ownership interest held by the Group (%)	Location	Ownership interest held by subsidiaries
				Samsung C&T	Subsidiaries	Total			
SVIC No. 54 New Technology Business Investment Association ¹	New technology business investment	₩ 37,500	-	-	-	-	80.34	Korea	Samsung BioLogics Co., Ltd. 100%

¹ No share has been issued in accordance with the local laws and regulations.

² 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 Parent Company.

³ Considering comprehensively that the Parent Company holds significantly more voting rights than any other voting right holders, and the other shareholdings are widely dispersed, the Parent Company is deemed to have de facto control although it has less than 50% ownership interest. In addition, the attendance rate, voting patterns at previous shareholders' meetings and other factors are also considered.

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

(b) Summarized financial information of subsidiaries as at and for the year ended December 31, 2021, is as follows:

(in millions of Korean won)

Subsidiaries	Total assets	Total liabilities	Revenue	Profit (loss) for the year	Total comprehensive income (loss)
Seoul Lakeside Co., Ltd.	₩ 617,499	₩ 247,325	₩ 57,221	₩ 16,617	₩ 16,221
Samoo Architects & Engineers Co., Ltd.	167,717	84,836	231,331	21,577	19,702
CVnet Corporation	40,447	17,279	54,703	(799)	(833)
Samsung C&T Japan Corporation	349,528	260,260	1,562,572	7,311	5,317
Samsung C&T America Inc.	566,535	325,630	589,581	16,154	33,980
Meadowland Distribution Inc.	483	4,526	-	(2,343)	(2,343)
Samsung Renewable Energy Inc.	548,447	304,795	180,404	41,739	68,352
Samsung Green Repower, LLC	1,948	52	-	(7,299)	(7,297)
Samsung E&C America, Inc.	107,680	81,588	285,164	3,860	5,817
Samsung Solar Construction, Inc.	32	-	-	-	2
QSSC, S.A. de C.V.	186,003	173,203	417,554	2,127	3,007
Samsung C&T Oil & Gas Parallel Corp.	319,398	357,835	-	(1,513)	(22,377)
Parallel Petroleum LLC	193,142	43,927	67,080	27,771	38,148
Monument Power, LLC	128	-	-	(3)	8
SRE GRW EPC GP, Inc.	-	-	-	(2)	(2)
SRE GRW EPC LP	1	-	-	(2)	(2)
SRE SKW EPC GP, Inc.	1	-	-	(2)	(2)
SRE SKW EPC LP	33	-	-	(2)	1
PLL Holdings LLC	510,567	289,123	-	(1,979)	(25,605)
SRE WIND PA GP Inc.	1	-	-	(2)	(2)
SRE WIND PA LP	2,471	23	2,097	2,104	2,229
PLL E&P LLC	528	-	2,244	5,186	5,030
SRE GRS Holdings GP Inc.	4	-	-	(2)	(1)
SRE GRS Holdings LP	617	-	-	598	643
SRE K2 EPC GP Inc.	-	-	-	(2)	(2)
SRE K2 EPC LP	1	-	-	(2)	(2)
SRE KS Holdings GP Inc.	4	-	-	(2)	(1)
SRE KS Holdings LP	890	-	-	357	392
SRE Armow EPC GP Inc.	1	-	-	(2)	(2)
SRE Armow EPC LP	2	-	-	(2)	(2)

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Subsidiaries	Total assets	Total liabilities	Revenue	Profit (loss) for the year	Total comprehensive income (loss)
SRE Wind GP Holdings, Inc.	₩ 116	₩ -	₩ -	₩ (2)	₩ 4
SRE North Kent 2 LP Holdings LP	19	-	-	(2)	(1)
SRE Solar Development GP Inc.	-	-	-	(2)	(2)
SRE Solar Development LP	1	-	-	(3)	(3)
SRE Windsor Holdings GP Inc.	1	-	-	(2)	(2)
SRE Southgate Holdings GP Inc.	-	-	-	(2)	(2)
SRE Solar Construction Management GP Inc.	-	-	-	(2)	(2)
SRE Solar Construction Management LP	1	-	-	(2)	(2)
SRE BRW EPC GP Inc.	1	-	-	(2)	(2)
SRE BRW EPC LP	7	-	-	(2)	(1)
SRE North Kent 1 GP Holdings Inc.	15	-	-	(2)	(2)
SRE North Kent 2 GP Holdings Inc.	1	-	-	(2)	(2)
SRE Belle River GP Holdings Inc.	14	-	-	(2)	(2)
SRE NK1 EPC GP Inc.	1	-	-	(2)	(2)
SRE NK1 EPC LP	7	-	-	(2)	(1)
SRE Summerside Construction GP Inc.	1	-	-	(1)	(1)
SRE Summerside Construction LP	1,753	93	1,609	1,597	1,630
Samsung Solar Energy LLC	38,056	1	-	8,441	8,311
Samsung Solar Energy 1 LLC	1,534	-	-	(6)	166
Samsung Solar Energy 2 LLC	39,285	553	22,973	8,647	10,993
Samsung Solar Energy 3 LLC	1,068	-	-	2,336	2,344
Equipment Trading Solutions Group, LLC	10,442	6,021	40,530	3,124	3,335
Flowfy Commerce Service	1,373	185	41	(1,141)	(1,043)
Samsung C&T Lima S.A.C	11,934	11,352	30,693	(118)	(125)
Samsung C&T Deutschland GmbH	627,948	286,756	846,993	85,936	85,483
Samsung C&T U.K. Ltd.	48,639	28,832	182,267	2,601	3,887
Samsung C&T ECUK Limited	47,650	150,686	(2,054)	(8,014)	(15,137)
Whessoe Engineering Limited	2,104	8,622	10,212	20	(461)
SAMOO HU Designer and Engineering Services Limited Liability Company	1,743	660	7,125	232	216
POSS-SLPC S.R.O.	58,744	41,923	90,391	3,353	3,368
Solluce Romania 1 B.V.	32,992	584	-	(81)	(82)
Samsung C&T (KL) Sdn.,Bhd.	94,563	105,126	40,406	(29,801)	(29,626)

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Subsidiaries	Total assets	Total liabilities	Revenue	Profit (loss) for the year	Total comprehensive income (loss)
Samsung C&T Malaysia Sdn. Bhd.	₩ 6,421	₩ 952	₩ 2,466	₩ 637	₩ 885
Erdsam Co., Ltd.	351	70	-	(8)	(8)
Samsung Chemtech Vina	91,146	66,673	267,341	7,033	8,989
Samsung C&T (Thailand) Co., Ltd.	39,402	21,977	108,480	4,975	4,477
PT. Insam Batubara Energy	10	-	-	146	-
Samsung C&T India Private Ltd.	122,093	91,275	145,296	8,694	10,418
Samsung C&T Corporation India Private Ltd.	8,592	2,997	8,336	2,958	3,216
MSSC Sdn., Bhd.	48,471	40,444	101,684	699	1,088
Samsung C&T Singapore Pte. Ltd.	451,276	413,134	2,707,722	10,342	12,245
S&G Bio Fuel Pte. Ltd.	130,834	21,088	-	21,436	19,749
PT. Gandaerah Hendana	16,771	30,888	46,583	(6,910)	(6,663)
PT. Inecda	33,921	20,624	39,602	14,635	16,818
SAMSUNG C&T Mongolia LLC.	11,932	10,592	23	(845)	(311)
Samsung C&T Eng.&Const. Mongolia LLC.	622	25	-	(406)	(320)
S&Woo Construction Philippines, Inc	1,538	4,247	-	(2,282)	(2,293)
SAMOO DESIGNERS & ENGINEERS INDIA PRIVATE LIMITED	3,890	2,724	1,820	186	257
SAMOO (KL) SDN. BHD.	643	262	582	12	31
VSSC Steel Center Limited Liability	20,193	7,608	1,019	(549)	251
Vista Contracting and Investment Global Pte. Ltd.	415	-	-	-	-
Samsung Trading (Shanghai) Co., Ltd.	91,338	40,543	328,795	12,324	16,865
Samsung C&T Hongkong Limited.	302,778	193,697	3,744,415	(3,730)	2,599
Samsung C&T Taiwan Co., Ltd.	10,090	1,454	9,061	1,286	2,054
Samsung Precision Stainless Steel (pinghu) Co., Ltd.	111,157	9,285	93,536	8,989	19,017
Samsung C&T (Shanghai) Co., Ltd	41,078	21,167	61,726	(2,139)	1,244
Samsung C&T (Xi'an) Co., Ltd.	204,836	191,670	157,700	3,152	7,905
Waris Gigih Eng. & Tech. Sdn Bhd	692	14	-	(73)	(37)
Samsung C&T Corporation Saudi Arabia	186,487	410,348	128,430	(24,308)	(41,448)
SAM Gulf Investment Limited	57,370	53,053	-	648	184
Samsung C&T Chile Copper SpA	1,812	-	-	(9)	(1,757)
SCNT Power Kelar Inversiones LTDA.	70,967	28,120	-	57	77
S.C. Otelinox S.A	85,819	32,811	53,000	(1,156)	(1,902)

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Subsidiaries	Total assets	Total liabilities	Revenue	Profit (loss) for the year	Total comprehensive income (loss)
Samsung C&T Corporation Rus LLC.	₩ 2,395	₩ 658	₩ -	₩ (3,316)	₩ 2,632
Samsung BioLogics Co., Ltd.	8,253,694	3,023,989	1,568,007	389,771	387,028
Samsung Biologics America Inc.	16,129	3,810	6,842	404	1,398
Cheil Fashion Retail Co., Ltd.	9,133	2,605	28,361	4,859	4,859
Cheil Industries Corp., USA	618	-	-	(1)	50
Cheil Industries Italy S.R.L.	12,436	5,559	94,547	3,940	3,421
Samsung Fashion Trading(Shanghai) Co., Ltd.	82,013	50,659	156,207	9,680	12,211
Samsung Welstory Inc.	721,318	289,194	2,064,311	(43,577)	(41,605)
Samsung C&T Corporation Vietnam Co., Ltd	2,484	2,855	-	(502)	(509)
Welstory Vietnam Co., Ltd.	46,660	18,768	111,195	6,600	8,908
Samsung C&T Corporation UEM construction JV Sdn. Bhd.	161,278	159,972	144,251	(14,437)	(14,028)
Shanghai Ever Hongjun Business Management Service Co., Ltd.	22,859	7,268	87,168	3,127	4,559
Shanghai Welstory Food Company Limited	16,078	10,886	91,080	1,604	2,048
SVIC No. 53 New Technology Business Investment Association	2,329	319	-	(490)	(490)
SVIC No. 54 New Technology Business Investment Association	37,136	949	-	(1,313)	(1,313)

Intercompany transactions, balances, and unrealized gains and losses on transactions between the Group companies are not eliminated in the summarized financial information above and fair values regarding business combination are reflected. Also, shares in controlled subsidiaries, associates, and joint ventures, accounted for under the equity method which the controlled subsidiaries own, are recognized at acquisition cost.

Samsung C&T Corporation and Subsidiaries

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1.3 Changes in Scope for Consolidation

Subsidiaries newly included in the consolidation for the year ended December 31, 2021:

Subsidiaries	Description
Flowfy Commerce Service and 4 other companies	Newly established and others

Subsidiaries excluded from the consolidation for the year ended December 31, 2021:

Subsidiaries	Description
S-Print, Inc and one 8 companies	Disposal and others

1.4 Information about Non-Controlling Interest

Profit or loss allocated to non-controlling interests and accumulated non-controlling interests of subsidiaries that are material to the Group, are as follows:

Accumulated non-controlling interests of subsidiaries as at December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	December 31, 2021	December 31, 2020
Samsung BioLogics Co., Ltd.	₩ 2,868,703	₩ 2,667,016
Others	78,210	80,488
	<u>₩ 2,946,913</u>	<u>₩ 2,747,504</u>

Profit or loss attributed to the non-controlling interests for the years ended December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021	2020
Samsung BioLogics Co., Ltd.	₩ 203,821	₩ 114,081
Others	(9,783)	11,075
	<u>₩ 194,038</u>	<u>₩ 125,156</u>

Dividends paid to the non-controlling interests for the years ended December 31, 2021 and 2020, are as follows:

<i>(in millions of Korean won)</i>	2021	2020
Parallel Petroleum LLC	₩ 2,409	₩ 790
Others	2,740	1,688
	<u>₩ 5,149</u>	<u>₩ 2,478</u>

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Summarized financial information for each subsidiary with non-controlling interests that are material to the Group as at and for the years ended December 31, 2021 and 2020, is as follows. The subsidiary's financial information was prepared using equity method for their associates and joint ventures.

Summarized Statement of Financial Position

(in millions of Korean won)

	Samsung BioLogics Co., Ltd.			
	December 31, 2021		December 31, 2020	
Current assets	₩	2,823,643	₩	1,752,703
Non-current assets		5,258,914		4,833,293
Current liabilities		1,108,384		588,805
Non-current liabilities		1,903,247		1,281,467
Equity		5,070,926		4,715,724

Summarized Statement of Comprehensive Income

(in millions of Korean won)

	Samsung BioLogics Co., Ltd.			
	2021		2020	
Sales	₩	1,568,007	₩	1,164,777
Profit for the year		360,362		201,700
Other comprehensive income (loss)		(1,189)		4,704
Total comprehensive income		359,173		206,404

Summarized Statement of Cash Flows

(in millions of Korean won)

	Samsung BioLogics Co., Ltd.			
	2021		2020	
Cash flows from operating activities	₩	454,596	₩	202,090
Cash flows from investing activities		(933,489)		(418,686)
Cash flows from financing activities		496,622		122,560
Increase (decrease) in cash and cash equivalents		17,729		(94,036)
Cash and cash equivalents at the beginning of the year		28,850		125,101
Effects of exchange rate changes on cash and cash equivalents		831		(2,215)
Cash and cash equivalents at the end of the year	₩	47,410	₩	28,850

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Notes to the Consolidated Financial Statements

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2. Significant Accounting Policies

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

2.1 Basis of Preparation

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

The consolidated financial statements of the Group have been prepared in accordance with 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 Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.1.1 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 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 consolidated 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 Group has changed the accounting policy for all the rent concessions that meet the requirements. The Group does not expect that these amendments have a significant impact on the consolidated financial statements.

2.1.2 New standards and interpretations not yet adopted by the Group

The following new accounting standards and interpretations that have been published that are not mandatory for December 31, 2021 reporting periods and have not been early adopted by the Group.

(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 Group does not expect that these amendments have a significant impact on the consolidated 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 Group is in review for the impact of these amendments on the consolidated 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 Group does not expect that these amendments have a significant impact on the consolidated 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 Group is in review for the impact of these amendments on the consolidated 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 Group is in review for the impact of this new standard on the consolidated 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 Group is in review for the impact of these

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amendments on the consolidated financial statements.

(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 Group does not expect that these amendments have a significant impact on the consolidated 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 Group does not expect that these amendments have a significant impact on the consolidated 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 Group does not expect that these amendments have a significant impact on the consolidated financial statements.

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

2.2 Consolidation

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

(a) Subsidiaries

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

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

The excess of consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in the profit or loss as a bargain purchase.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

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

(b) Associates

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

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loss. If an associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, if necessary, adjustments shall be made to make the associate's accounting policies conform to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

(c) Joint Arrangements

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

2.3 Foreign Currency Translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences 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.

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

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

(c) Translation of financial statements of overseas subsidiaries

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

2.4 Cash and Cash Equivalents

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

2.5 Revenue Recognition

(a) Identify performance obligation

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

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

The Group is also engaged in CDO business that provides cell line and upstream/downstream process development services. As each research and development stages is linked together and is

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highly interdependent and highly interrelated, the Group recognizes a contract as single performance obligation.

(b) A performance obligation is satisfied over time

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

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

Revenue for bio-medicine other than payments related to transfer of technology and engineering batch production is recognized as revenues to the extent of the consideration equivalent to the Group's right to request for payment. Under the practical expedient of Korean IFRS 1115, the transaction price allocated to these unsatisfied contracts is not disclosed.

The Group recognizes the revenue over time since the customer simultaneously receives and consumes the benefits provided by the Group as the Group performs research and development services.

(c) Input methods for measuring progress

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

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

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(d) Variable consideration

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

(e) Incremental costs of obtaining a contract

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

(f) Costs to fulfill a contract

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

(g) Contract assets and contract liabilities

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

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

Also, in CDO business, a contract asset is an entity's right to receive consideration in exchange for goods or services that the entity has transferred to a customer, and a contract liability is the entity's

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obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.

2.6 Financial Assets

(a) Classification

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

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

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

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

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

(b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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

Debt Instruments

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

- **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

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gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'financial income' using the effective interest rate method.

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

Equity Instruments

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

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

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increase in credit risk.)

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

(d) Recognition and Derecognition

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

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

(e) Offsetting of financial instruments

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

2.7 Trade Receivables

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

2.8 Inventories

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

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2.9 Property, Plant and Equipment

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

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

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

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

2.10 Government Grants

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

2.11 Intangible Assets

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

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

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

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Useful lives

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

2.12 Investment Property

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

2.13 Biological Assets

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

2.14 Impairment of Non-financial Assets

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

2.15 Financial Liabilities

(a) Classification and measurement

The Group's financial liabilities at fair value through profit or loss are financial instruments held for trading. 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.

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

Preferred shares that require mandatory redemption on a specific date are classified as liabilities. Interest expenses on these preferred shares using the effective interest method are recognized in the 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 Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(b) Derecognition

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

2.16 Financial Guarantee Contracts

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value, subsequently at the higher of following and recognized in the 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*

2.17 Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Investment income earned on the temporary investment of specific borrowings on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

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2.18 Employee Benefits

(a) Post-employment benefits

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

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

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

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

(b) Other long-term employee benefits

Certain entities within the Group provide long-term employee benefits that are entitled to employees with service period for ten years and above. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. The Group recognizes service cost, net interest on other long-term employee benefits and remeasurements as profit or loss for the year. These liabilities are valued annually by an independent qualified actuary.

2.19 Provisions

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

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2.20 Derivative Instruments

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

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

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

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

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

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

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

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

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fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognized in the cash flow hedge reserve within equity.

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

- Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognized in profit or loss as the hedged item affects profit or loss (for example through cost of sales).
- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognized 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 consolidated statements of comprehensive income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

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

2.21 Dividend Distribution

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

2.22 Current and Deferred Tax

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

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

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

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

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

2.23 Earnings per Share

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

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

2.24 Segment Reporting

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

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2.25 Share Capital

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

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

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

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

2.27 Lease

(a) Lessor

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

(b) Lessee

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

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

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

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

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

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

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

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

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

To determine the incremental borrowing rate, the Group:

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

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

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

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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 Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

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

(c) Variable lease payments

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

(d) Extension and termination options

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

(e) Residual value guarantees

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

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(f) Subleases

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

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

2.28 Business Combination

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

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

- 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 Group 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 K-IFRS 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.

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2.29 Approval of Issuance of the Financial Statements

The consolidated 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.

4. Critical Accounting Estimates and Assumptions

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

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

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 Group.

Significant accounting estimates and assumptions applied in the preparation of the consolidated financial statements can be adjusted depending on changes in the uncertainty from COVID-19. Also, the ultimate effect of COVID-19 to the Group's business, financial position and financial performance cannot presently be determined.

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(a) Construction contract

- Uncertainty of the estimated total contract revenue

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

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

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

- Uncertainty of the 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 Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(c) Net defined benefit liability

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

(d) Income taxes

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

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

(e) Provisions

As at December 31, 2021, the Group recognizes provisions for warranties, repairs and others as explained in Note 2.19. These provisions are estimated based on past experience.

(f) Estimated impairment of goodwill

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

(g) Impairment of financial assets

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

(h) Lease

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

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

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5. Construction Contracts

Details of recognized construction 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	₩	7,181,326	₩	7,638,271
Civil engineering		1,307,550		1,522,734
Plant		2,370,750		2,459,105
Landscaping		117,815		103,864
	₩	<u>10,977,441</u>	₩	<u>11,723,974</u>

As at December 31, 2021, the Group's remaining balance of construction contracts amounts to ₩ 25,268,296 million.

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

(in millions of Korean won)		December 31, 2021					December 31, 2020
		Buildings	Civil engineering	Plant	Landscaping	Total	Total
Receivables	Receivables from construction contracts	₩ 2,070,107	₩ 102,756	₩ 127,395	₩ 7,980	₩ 2,308,238	₩ 1,474,878
	Guarantee deposits	158,815	78,447	135,960	4	373,226	347,964
	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	839,298	264,195	128,350	16,916	1,248,759	2,150,675
	Prepaid expenses	72,998	-	630	129	73,757	80,744
Contract liabilities	Advances received	253,958	18,229	37,200	1	309,388	486,686
	Due to customer for contract work	944,075	195,210	622,949	226	1,762,460	1,818,021
Other assets	Advance payments	356,284	240,829	146,179	-	743,292	706,272

The Group is provided with payment guarantees amounting to ₩ 8,915,016 million (2020: ₩ 9,382,991 million), ₩ 2,084,152 million (2020: ₩ 1,052,093 million), ₩ 11,915 million (2020: ₩ 13,424 million), and ₩ 29,336 million (2020: ₩ 30,751 million) from financial institutions, Construction Guarantee Cooperative, Software Guarantee Cooperative, and Engineering 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 Group 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 Group 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.

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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)				December 31, 2021							
Contract Name ¹	Contract date	Contractual due date	Percentage of completion	Due from customers			Trade receivables (receivables from construction contracts)				
				Gross amount	Accumulated impairment loss		Gross amount	Provision for impairment			
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		-
Gangneung Anin coal-fired power plant	Feb. 2014	June. 2023	82.2%		-		-		31,441		-
Singapore Thomson East Coast Line T313	Mar. 2016	Feb. 2024	69.0%		-		-		4,782		-
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		-		-		-
India Mumbai DAICEC ²	Dec. 2013	Mar. 2021	89.0%		34,363		-		11,156		-
Malaysia KL118 Tower	Nov. 2015	Mar. 2022	81.5%		54,622		-		-		-

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 Group is continuing the negotiation with the customer in relation to the extension of contractual due date.

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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
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	-
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	-
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	-
Gangneung Anin coal-fired power plant	Feb. 2014	Mar. 2023	60.6%	335,572	-	61,822	-
Singapore Thomson East Coast Line T313	Mar. 2016	Feb. 2024	60.4%	25,488	-	5,802	-
Bangladesh Dhaka Airport	Jan. 2020	Apr. 2025	5.0%	-	-	10,123	-
India Mumbai DAICEC	Dec. 2013	Mar. 2021	91.0%	36,671	-	14,195	-
Malaysia KL118 Tower	Nov. 2015	Mar. 2022	69.3%	73,830	-	-	-

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 Group is continuing the negotiation with the customer in relation to the extension of contractual due date.

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

<i>(in millions of Korean won)</i>	Total contract amount	Amount of the Group	Percentage of ownership	Representative company
UAE nuclear power plant	₩ 7,558,103	₩ 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
Canada Site C	2,709,156	1,267,885	46.80%	Acciona S.A.
Malaysia KL118 Tower	1,738,270	1,042,962	60.00%	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
Hong Kong, Tung Chung New Town reclamation	1,136,854	557,058	49.00%	BUILD KING
Saudi Tadawul Tower PJT	579,277	347,566	60.00%	Samsung C&T Corporation
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
United Kingdom Mersey Gateway	728,353	242,760	33.33%	FCC S.A & Kier
Singapore TuasFinger1	843,532	236,189	28.00%	Hyundai Engineering & Construction Co., Ltd.

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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 Group's profit or loss for the year and in the succeeding periods, changes in balances of due from customers for contract work, and provisions for construction losses are as follows:

(in millions of Korean won)

Construction type	Changes in estimated total contract revenue	Changes in estimated total contract costs	Impact on profit or loss for the year	Impact on profit or loss for the succeeding year	Changes in due from (to) customers for contract work	Provisions for construction losses
Buildings	₩ 3,274,136	₩ 2,876,642	₩ 256,796	₩ 140,698	₩ 256,796	₩ 36,200
Civil engineering	20,836	129,137	(107,188)	(1,113)	(107,188)	64,914
Plant	81,687	377,554	(258,261)	(37,606)	(258,261)	35,851
Landscaping	7,216	4,644	2,044	528	2,044	-
	<u>₩ 3,383,875</u>	<u>₩ 3,387,977</u>	<u>₩ (106,609)</u>	<u>₩ 102,507</u>	<u>₩ (106,609)</u>	<u>₩ 136,965</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 Group's fault. Therefore, the damage claims for the delay are estimated based on historical experience in case the completion date is expected to be delayed. The Group strives to minimize damage claims by requesting extension of the completion date from the customers, and by giving evidence that the construction delay is not attributable to the Group. The Group will also undertake measures not to bear the damage claims from the delay.

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

(in millions of Korean won)	Beginning	Increase	Decrease	Ending
Provision for construction warranties	₩ 168,308	₩ 27,131	₩ 29,123	₩ 166,316
Provision for construction losses	119,271	55,471	37,776	136,966

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6. Inventories

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

(in millions of Korean won)	December 31, 2021			December 31, 2020		
	Acquisition cost	Valuation allowance	Book amount	Acquisition cost	Valuation allowance	Book amount
Merchandise	₩ 967,762	₩ (44,496)	₩ 923,266	₩ 702,146	₩ (66,062)	₩ 636,084
Finished goods	480,118	(25,766)	454,352	372,186	(46,909)	325,277
Raw materials	530,973	(6,294)	524,679	379,321	(6,070)	373,251
Land held for housing projects	62,445	(612)	61,833	63,467	(612)	62,855
Materials-in-transit	300,874	-	300,874	191,655	-	191,655
Semi-finished goods and work-in-progress	303,083	(6,019)	297,064	230,430	(699)	229,731
Others	253,873	(5,502)	248,371	200,956	(546)	200,410
	<u>₩ 2,899,128</u>	<u>₩ (88,689)</u>	<u>₩ 2,810,439</u>	<u>₩ 2,140,161</u>	<u>₩ (120,898)</u>	<u>₩ 2,019,263</u>

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	₩ -	₩ -	₩ 1,515,721	₩ 1,515,721
Financial assets at fair value through other comprehensive income	-	28,504,410	-	28,504,410
Cash and cash equivalents	2,254,547	-	-	2,254,547
Short-term financial instruments	612,726	-	-	612,726
Trade receivables ¹	3,029,648	1,093,690	368,413	4,491,751
Other current assets	1,251,861	-	-	1,251,861
Other non-current assets	1,590,178	-	-	1,590,178
Derivative instruments				
Held for trading	-	-	32,170	32,170
Hedging instruments	-	-	23,606	23,606
	<u>₩ 8,738,960</u>	<u>₩ 29,598,100</u>	<u>₩ 1,939,910</u>	<u>₩ 40,276,970</u>

¹ Due from customer for contract work amounting to ₩ 1,219,251 million is excluded.

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	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	₩ -	₩ -	₩ 964,870	₩ 964,870
Financial assets at fair value through other comprehensive income	-	30,013,930	-	30,013,930
Cash and cash equivalents	2,402,466	-	-	2,402,466
Short-term financial instruments	442,083	-	-	442,083
Trade receivables ¹	1,678,462	997,449	290,693	2,966,604
Other current assets	945,633	-	-	945,633
Other non-current assets	1,024,882	-	-	1,024,882
Derivative instruments				
Held for trading	-	-	56,782	56,782
Hedging instruments	-	-	6,801	6,801
	₩ 6,493,526	₩ 31,011,379	₩ 1,319,146	₩ 38,824,051

¹ Due from customer for contract work amounting to ₩ 2,111,885 million is excluded.

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

(in millions of Korean won)	December 31, 2021	December 31, 2020	Description
Short-term financial instruments and others	₩ 35,706	₩ 5,506	Collateral for guarantees, management account for national project and others
	92	92	Deposit on checking account and others
Long-term financial instruments	-	14,690	Pledged for sub-lease deposit
	₩ 35,798	₩ 20,288	

Meanwhile, the Group 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.

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

(in millions of Korean won)

(in millions of Korean won)	December 31, 2021				
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Other liabilities	Total	
Trade payables	₩ 2,527,037	₩ -	₩ -	₩	2,527,037
Short-term borrowings	554,464	-	655,877	₩	1,210,341
Current portion of long-term liabilities	348,590	-	-		348,590
Other current liabilities	3,441,111	-	-		3,441,111
Debentures and long-term borrowings	1,414,544	-	-		1,414,544
Other non-current liabilities	280,430	-	-		280,430
Lease liabilities	-	-	290,857		290,857
Financial guarantee liabilities	-	-	26,186		26,186
Derivative instruments					
Held for trading	-	3,042	-		3,042
Hedging instruments	-	6,634	-		6,634
	₩ 8,566,176	₩ 9,676	₩ 972,920	₩	9,548,772

(in millions of Korean won)

<i>(in millions of Korean won)</i>	December 31, 2020						
	Financial liabilities at amortized cost		Financial liabilities at fair value through profit or loss		Other liabilities		Total
Trade payables	₩	2,001,152	₩	-	₩	-	₩ 2,001,152
Short-term borrowings		1,098,141		-		321,422	1,419,563
Current portion of long-term liabilities		707,415		-		-	707,415
Other current liabilities		3,255,807		-		-	3,255,807
Debentures and long-term borrowings		1,018,690		-		-	1,018,690
Other non-current liabilities		303,354		-		-	303,354
Lease liabilities		-		-		467,830	467,830
Financial guarantee liabilities		-		-		26,599	26,599
Derivative instruments							
Held for trading		-		5,003		-	5,003
Hedging instruments		-		12,131		-	12,131
	₩	8,384,559	₩	17,134	₩	815,851	₩ 9,217,544

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 instruments 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	₩ 1,041,720	₩ 566,224
Fair value through profit or loss	1,790	1,862
Interest income/expense		
Fair value through profit or loss	4,701	4,701
Amortized cost	(18,782)	774
Other current liabilities	(12,652)	(20,804)
Loss on disposal of financial assets at fair value through profit or loss		
Fair value through profit or loss	(20,973)	(29,765)
Gain (loss) on valuation of financial assets		
Fair value through profit or loss	25,136	(19,521)
Fair value through other comprehensive income	(1,540,539)	7,431,820
Net impairment loss (reversal)		
Trade receivables	(21,565)	(9,354)
Financial assets at amortized cost	(13,254)	(6,989)
Derivative instruments		
Ineffective portion	4,158	(6)
Gain (loss) on valuation of committed transactions	112,105	(36,154)
Net gain (loss) on foreign currency translation	23,721	(21,233)
	<u>₩ (414,434)</u>	<u>₩ 7,861,555</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 and other receivables				
Financial assets at amortized cost	₩ 3,188,241	₩ (158,592)	₩ 3,029,649	₩ 1,678,462
Due from customer for contract work	1,248,759	(29,508)	1,219,251	2,111,885
Financial assets at fair value through profit or loss	368,412	-	368,412	290,693
Financial assets at fair value through other comprehensive income	1,093,690	-	1,093,690	997,449
	<u>5,899,102</u>	<u>(188,100)</u>	<u>5,711,002</u>	<u>5,078,489</u>
Other current assets				
Financial instruments:				
Short-term loans	152,266	(113,130)	39,136	130,257
Current portion of long-term receivables	10,270	-	10,270	549
Non-trade receivables	855,953	(33,709)	822,244	456,628
Accrued income	211,598	(63,683)	147,915	147,540
Deposits	238,786	(6,487)	232,299	209,259
Finance lease receivables	-	-	-	1,401
Derivative instruments	48,254	-	48,254	60,637
	<u>1,517,127</u>	<u>(217,009)</u>	<u>1,300,118</u>	<u>1,006,271</u>
Advance payments	902,023	(3,003)	899,020	953,040
Prepaid expenses	253,047	(3,228)	249,819	201,645
Prepaid corporate income tax	30,613	-	30,613	29,896
Others	51,235	-	51,235	57,183
	<u>2,754,045</u>	<u>(223,240)</u>	<u>2,530,805</u>	<u>2,248,035</u>
Other non-current assets				
Financial instruments:				
Long-term receivables	1,238,513	(247,332)	991,181	464,160
Long-term financial instruments	4,958	-	4,958	17,562
Deposits	595,654	(1,615)	594,039	536,021
Overseas natural resources development	33,237	(33,237)	-	7,139
Derivative instruments	7,522	-	7,522	2,946
	<u>1,879,884</u>	<u>(282,184)</u>	<u>1,597,700</u>	<u>1,027,828</u>
Others	233,132	-	233,132	221,676
	<u>2,113,016</u>	<u>(282,184)</u>	<u>1,830,832</u>	<u>1,249,504</u>
	<u>₩ 10,766,163</u>	<u>₩ (693,524)</u>	<u>₩ 10,072,639</u>	<u>₩ 8,576,028</u>

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As at December 31, 2021, trade receivables amounting to ₩ 655,877 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 Group 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	₩ 170,958	₩ 18,413	₩ (32)	₩ (1,239)	₩ 188,100
Other current assets					
Financial instruments:					
Short-term loans	106,782	6,317	-	31	113,130
Non-trade receivables	33,219	(1,014)	(232)	1,736	33,709
Accrued income	59,983	6,301	(2,477)	(124)	63,683
Deposits	14,326	(7,848)	(6)	15	6,487
	<u>214,310</u>	<u>3,756</u>	<u>(2,715)</u>	<u>1,658</u>	<u>217,009</u>
Advance payments	4,298	(1,240)	(117)	62	3,003
Prepaid expenses	2,036	1,192	-	-	3,228
	<u>220,644</u>	<u>3,708</u>	<u>(2,832)</u>	<u>1,720</u>	<u>223,240</u>
Other non-current assets					
Financial instruments:					
Long-term receivables	264,483	5,478	(20,150)	(2,479)	247,332
Long-term deposits	1,806	34	(225)	-	1,615
Overseas natural resources development	26,098	7,139	-	-	33,237
	<u>292,387</u>	<u>12,651</u>	<u>(20,375)</u>	<u>(2,479)</u>	<u>282,184</u>
	<u>₩ 683,989</u>	<u>₩ 34,772</u>	<u>₩ (23,239)</u>	<u>₩ (1,998)</u>	<u>₩ 693,524</u>

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<i>(in millions of Korean won)</i>	January 1, 2020	Impairment loss / reversal	Write-off	Others ¹	December 31, 2020
Trade receivables	₩ 192,143	₩ 3,191	₩ (21,944)	₩ (2,432)	₩ 170,958
Other current assets					
Financial instruments:					
Short-term loans	110,093	166	(3,358)	(119)	106,782
Non-trade receivables	32,360	2,236	(799)	(578)	33,219
Accrued income	54,603	6,544	(1,337)	173	59,983
Deposits	7,211	7,130	-	(15)	14,326
	<u>204,267</u>	<u>16,076</u>	<u>(5,494)</u>	<u>(539)</u>	<u>214,310</u>
Advance payments	4,318	38	-	(58)	4,298
Prepaid expenses	8,764	(6,728)	-	-	2,036
	<u>217,349</u>	<u>9,386</u>	<u>(5,494)</u>	<u>(597)</u>	<u>220,644</u>
Other non-current assets					
Financial instruments:					
Long-term receivables	271,204	(6,256)	-	(465)	264,483
Long-term deposits	1,806	-	-	-	1,806
Overseas natural resources development	22,765	3,333	-	-	26,098
	<u>295,775</u>	<u>(2,923)</u>	<u>-</u>	<u>(465)</u>	<u>292,387</u>
	<u>₩ 705,267</u>	<u>₩ 9,654</u>	<u>₩ (27,438)</u>	<u>₩ (3,494)</u>	<u>₩ 683,989</u>

¹ Others include exchange differences, consolidation adjustments and others.

Impairment losses from trade receivables and other receivables are included in selling and administrative expenses, and other operating expenses, respectively, in the consolidated 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 Group transferred trade receivables to financial institutions and others for ₩ 1,758,169 million and derecognized the trade receivables from the consolidated 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 cost:		
Non-trade payables	₩ 982,253	₩ 746,188
Accrued expenses	982,113	1,312,968
Guarantee deposits received	574,585	596,854
Advances received related to housing business	902,160	599,797
	<u>3,441,111</u>	<u>3,255,807</u>
Other financial instruments:		
Derivative instruments	8,883	14,565
Lease liabilities (Note 13)	84,499	109,228
Finance guarantee contract	26,186	26,599
	<u>119,568</u>	<u>150,392</u>
Advances received	2,774,621	2,677,487
Withholdings	179,785	178,623
Provisions (Note 17)	353,373	289,544
Others	146,372	59,737
	<u>7,014,830</u>	<u>6,611,590</u>
Other non-current liabilities		
Financial instruments at amortized cost:		
Long-term non-trade payables	54,182	52,469
Deposits received	226,248	250,885
	<u>280,430</u>	<u>303,354</u>
Other financial instruments:		
Long-term lease liabilities (Note 13)	206,358	358,602
Derivative instruments	794	2,569
	<u>207,152</u>	<u>361,171</u>
Long-term unearned revenue	220,480	175,913
Long-term advances received	29,336	14,409
Contingent liabilities	-	5,189
Others	3,430	2,946
	<u>740,828</u>	<u>862,982</u>
	<u>₩ 7,755,658</u>	<u>₩ 7,474,572</u>

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10. Contract Assets and Liabilities

The Group 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	₩	1,277,530	₩	2,160,723
Assets recognized for costs to fulfill contracts - prepaid expenses		326,201		271,906
Total contract assets	₩	1,603,731	₩	2,432,629
Contract liabilities relating to construction contracts - advances received for construction contracts	₩	309,388	₩	486,686
Contract liabilities relating to construction contracts - due to customers		1,762,460		1,818,021
Contract liabilities relating - advances received		17,688		17,373
Contract liabilities relating to subscription sales - advances received and unearned revenue		738,526		401,552
Total contract liabilities	₩	2,828,062	₩	2,723,632

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

Assets recognized for costs to fulfill contracts are costs incurred directly to fulfill construction contracts with fixed-price and others, while indirect costs were recognized as selling and administrative expenses for the year ended December 31, 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 ₩ 2,358,538 million (2020: ₩ 2,410,615 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	₩ 964,870	₩ 453,202
Acquisition and disposal	521,343	494,890
Transfer and others	4,372	36,314
Gain (loss) on valuation	25,136	(19,536)
Ending balance	₩ 1,515,721	₩ 964,870

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>	December 31, 2021	December 31, 2020
Non-current		
Equity instruments		
Domestic listed equities	₩ 2	₩ 1
Foreign non-listed equities	9,616	6,075
Debt instruments		
Beneficiary certificates	10	25
SOC shares	186,238	163,301
Others	95,375	85,361
	291,241	254,763
Current		
Beneficiary certificates	1,224,480	710,107
	1,224,480	710,107
	₩ 1,515,721	₩ 964,870

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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
Badaro No.19 Ship Investment Company	750,000	4.93	₩ 3,023	₩ 2,224	₩ 2,224	₩ 1,774
MMF	-	-	849,953	850,040	850,040	500,046
MMT	-	-	374,418	374,440	374,440	210,061
POSCO INDIA CHENNAI STEEL PROCESSING CENTRE PVT.LTD. and others ^{1,2}	-	-	180,961	289,017	289,017	252,989
			<u>₩1,408,355</u>	<u>₩ 1,515,721</u>	<u>₩1,515,721</u>	<u>₩ 964,870</u>

¹ Cooperative contributions classified as financial assets at fair value through profit or loss are pledged as collateral in relation to construction payment guarantees (acquisition cost of ₩ 42,084 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 Group 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	₩ 1,834	₩ 613
Profit or loss related to debt instruments at fair value through profit or loss	29,651	(13,447)
	<u>₩ 31,485</u>	<u>₩ (12,834)</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	₩ 30,013,930	₩ 22,596,352
Acquisition	36,452	3,695
Disposal	(5,078)	(11,347)
Transfer and others	(355)	(6,590)
Gain on valuation	(1,540,539)	7,431,820
Ending balance	₩ 28,504,410	₩ 30,013,930

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
Equity instruments		
Listed equities	₩ 28,292,655	₩ 29,842,914
Non-listed equities	211,600	170,745
Debt instruments	155	271
	₩ 28,504,410	₩ 30,013,930
Current portion	₩ 29	₩ 115
Non-current portion	28,504,381	30,013,815

Details of listed equities, including preferred shares, measured at 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
	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	-	-	199,525	347,021	347,021	219,403
			₩10,115,163	₩ 28,292,655	₩28,292,655	₩29,842,914

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Details of non-listed equities measured at financial assets 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	-	-	28,667	39,295	31,749
			<u>37,165</u>	<u>68,815</u>	<u>58,044</u>
Overseas Companies					
Korea Ras Laffan LNG Ltd.	2,783,333	10.00	80,279	49,198	39,930
iMarketAsia	772,657	19.32	8,941	19,189	17,522
Samsung SDI (Hongkong) Limited	5,500,000	2.44	4,477	12,595	14,709
Samsung SDI America, Inc. and others	-	-	37,551	61,803	40,540
			<u>131,248</u>	<u>142,785</u>	<u>112,701</u>
			<u>₩ 168,413</u>	<u>₩ 211,600</u>	<u>₩ 170,745</u>

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

Changes in gain or loss on valuation of financial assets at fair value through other comprehensive income for the year ended December 31, 2021, recorded as other component of equity, consist of the following:

(in millions of Korean won)

	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 through other comprehensive income	₩ 13,839,417	₩ (1,541,635)	₩ 405,913	₩ 12,703,695

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 ₩ 1,041,719 million (2020: ₩ 566,224 million).

As at December 31, 2021 and 2020, debt instruments at fair value through other comprehensive income are as follows and the contractual cash flows under the instruments solely represent payments of principal and interest.

<i>(in millions of Korean won)</i>	December 31, 2021	December 31, 2020
Current portion		
Government bonds	₩ 29	₩ 115
Non-current portion		
Government bonds	126	156
	<u>₩ 155</u>	<u>₩ 271</u>

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

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12. Investments in Associates and Joint Ventures

Details of investments in associates and joint ventures as at December 31, 2021 and 2020, are as follows:

(in millions of Korean won)	Location	Primary business	Closing month ⁶	Percentage of ownership(%)	December 31, 2021		
					Acquisition cost	Net assets	Book amount
Associates							
Dongducheon Dream Power Co., Ltd. ²	Korea	Integrated thermal power generation	Nov. 2021	31.52	₩ 115,456	₩ 88,446	₩ 34,755
Tianjin Eco City Shengxing Development Co., Ltd	China	Property development	Dec. 2021	40.00	10,968	15,002	12,768
Hanwha General Chemical Co., Ltd. ⁵	Korea	Petrochemical	-	-	-	-	-
Samsung Bioepis Co., Ltd. ³	Korea	Research and development on medicine and pharmacy	Dec. 2021	50.00	2,868,389	477,954	2,578,075
Others ⁴					189,542	175,909	136,274
					3,184,355	757,311	2,761,872
Joint ventures							
Korea LNG Limited	Bermuda	Natural resources development	Dec. 2021	20.00	83,507	26,459	26,459
South Kent Wind LP	Canada	Renewable energy development	Dec. 2021	49.99	69,311	(133,934)	-
SP Belle River LP	Canada	Renewable energy development	Dec. 2021	42.49	8,494	23,031	20,554
SP Armow Wind Ontario LP	Canada	Renewable energy development	Dec. 2021	49.99	8,471	(67,166)	-
Kelar S.A.	Chile	Thermal power generation	Dec. 2021	35.00	40,313	45,112	50,227
Others					202,346	157,871	159,213
					412,442	51,373	256,453
					3,596,797	808,684	3,018,325
Less: assets held for sale							
Qurayyah Investment Company	Saudi Arabia	Integrated thermal power generation		-	-	-	-
					₩3,596,797	₩ 808,684	₩3,018,325

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(in millions of Korean won)		Primary business	Closing month ⁶	Percentage of ownership(%)	December 31, 2020			
Location	Acquisition cost				Net assets	Book amount		
Associates								
Dongducheon Dream Power Co., Ltd. ²	Korea	Integrated thermal power generation	Nov. 2021	31.52	₩ 115,456	₩ 97,616	₩ 43,925	
Tianjin Eco City Shengxing Development Co., Ltd	China	Property development	Dec. 2021	40.00	10,968	13,270	11,036	
Hanwha General Chemical Co., Ltd. ⁵	Korea	Petrochemical	-	-	274,900	689,758	685,817	
Samsung Bioepis Co., Ltd. ³	Korea	Research and development on medicine and pharmacy	Dec. 2021	50.00	2,868,389	401,305	2,565,695	
Others ⁴					164,535	219,818	112,590	
					3,434,248	1,421,767	3,419,063	
Joint ventures								
Korea LNG Limited	Bermuda	Natural resources development	Dec. 2021	20.00	83,507	25,502	25,502	
South Kent Wind LP	Canada	Renewable energy development	Dec. 2021	49.99	69,311	(146,681)	-	
SP Belle River LP	Canada	Renewable energy development	Dec. 2021	42.49	12,038	17,886	15,245	
SP Armow Wind Ontario LP	Canada	Renewable energy development	Dec. 2021	49.99	8,471	(75,332)	-	
Kelar S.A.	Chile	Thermal power generation	Dec. 2021	35.00	40,313	37,233	44,335	
Others					205,394	122,205	136,775	
					419,034	(19,187)	221,857	
					3,853,282	1,402,580	3,640,920	
Less: assets held for sale								
Qurayyah Investment Company	Saudi Arabia	Integrated thermal power generation		-	(14,919)	(35,269)	(14,881)	
					₩3,838,363	₩1,367,311	₩3,626,039	

¹ The investments in associates and joint ventures are all non-listed.

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 Group provides payment guarantees in relation to the debenture of Dongducheon Dream Power Co.,

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Ltd. amounting to ₩ 18,800 million (Note 28).

³ On June 29, 2018, Biogen Therapeutics Inc. exercised a call option that would allow Biogen Therapeutics Inc. to increase its ownership interest in Samsung BioEpi Co., Ltd., the investee of the Group, up to 50% minus one share. Accordingly, the Group's ownership interest decreased from 94.61% to 50% plus one share subsequent to the exercise. Although the Group owns more than 50% of the ownership interest in Samsung BioEpi Co., Ltd., it is classified as investments in associates because the Group cannot unilaterally control the activities of the Board and the decisions made on the shareholders' meeting in accordance with the composition of the Board of Directors under the shareholders' agreement and the quorum for resolution of the shareholders' meetings. Meanwhile, Samsung Biologics, a subsidiary of the Parent Company, 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 (Note 32).

⁴ 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 investees (Note 28).

⁵ In accordance with a resolution of the Board of Directors on June 23, 2021, the Group entered into an agreement to dispose all of the shares of Hanwha General Chemical Co., Ltd. to Hanwha Solutions Corporation and Hanwha Energy Corporation and the disposal was completed on July 30, 2021.

⁶ The Group used the most recently available financial statements at the end of the reporting period.

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

(in millions of Korean won)

	2021					
	January 1, 2021	Acquisition	Disposal and others	Share of profit (loss) of investments in associates and joint ventures	Others ¹	December 31, 2021
Associates						
Dongducheon Dream Power Co., Ltd.	₩ 43,925	₩ -	₩ -	₩ (9,165)	₩ (5)	₩ 34,755
Tianjin Eco City Shengxing Development Co., Ltd	11,036	-	-	189	1,543	12,768
Hanwha General Chemical Co., Ltd.	685,817	-	(738,013)	40,258	11,938	-
Samsung Bioepis Co., Ltd.	2,565,695	-	-	11,385	995	2,578,075
Others	97,709	46,151	(219)	3,198	(10,565)	136,274
	<u>3,404,182</u>	<u>46,151</u>	<u>(738,232)</u>	<u>45,865</u>	<u>3,906</u>	<u>2,761,872</u>
Joint ventures						
Korea LNG Limited	25,502	-	-	9,145	(8,188)	26,459
South Kent Wind LP	-	-	-	17,720	(17,720)	-
SP Belle River LP	15,245	-	(3,544)	2,891	5,962	20,554
SP Armow Wind Ontario LP	-	-	-	12,690	(12,690)	-
Kelar S.A.	44,335	-	-	2,144	3,748	50,227
Others	136,775	15	(2,889)	20,222	5,090	159,213
	<u>221,857</u>	<u>15</u>	<u>(6,433)</u>	<u>64,812</u>	<u>(23,798)</u>	<u>256,453</u>
	<u>₩ 3,626,039</u>	<u>₩ 46,166</u>	<u>₩ (744,665)</u>	<u>₩ 110,677</u>	<u>₩ (19,892)</u>	<u>₩ 3,018,325</u>

¹Others include dividends, exchange differences, and others.

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(in millions of Korean won)

	2020					
	January 1, 2020	Acquisition	Disposal and others	Share of profit (loss) of investments in associates and joint ventures	Others ¹	December 31, 2020
Associates						
Dongducheon Dream Power Co., Ltd.	₩ 35,827	₩ -	₩ -	₩ 9,437	₩ (1,339)	₩ 43,925
Tianjin Eco City Shengxing Development Co., Ltd	10,746	-	-	198	92	11,036
Hanwha General Chemical Co., Ltd.	648,028	-	-	54,924	(17,135)	685,817
Samsung Bioepis Co., Ltd.	2,586,901	-	-	(20,589)	(617)	2,565,695
Others	134,300	5,657	-	(4,315)	(23,052)	112,590
	<u>3,415,802</u>	<u>5,657</u>	<u>-</u>	<u>39,655</u>	<u>(42,051)</u>	<u>3,419,063</u>
Joint ventures						
Korea LNG Limited	46,558	-	-	7,674	(28,730)	25,502
South Kent Wind LP	-	-	-	15,762	(15,762)	-
SP Belle River LP	21,216	-	(3,206)	3,120	(5,885)	15,245
SP Armow Wind Ontario LP	-	-	-	68,606	(68,606)	-
Kelar S.A.	47,024	-	-	6,058	(8,747)	44,335
Others	146,228	-	(2,253)	20,749	(27,949)	136,775
	<u>261,026</u>	<u>-</u>	<u>(5,459)</u>	<u>121,969</u>	<u>(155,679)</u>	<u>221,857</u>
	<u>3,676,828</u>	<u>5,657</u>	<u>(5,459)</u>	<u>161,624</u>	<u>(197,730)</u>	<u>3,640,920</u>
Less: assets held for sale						
Qurayyah Investment Company	-	-	-	-	(14,881)	(14,881)
	<u>₩ 3,676,828</u>	<u>₩ 5,657</u>	<u>₩ (5,459)</u>	<u>₩ 161,624</u>	<u>₩ (212,611)</u>	<u>₩ 3,626,039</u>

¹Others include dividends, exchange differences, and others.

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Summarized financial information of major associates and joint ventures, including dividends received by the Group, as at and for the years ended December 31, 2021 and 2020, is as follows:

(in millions of Korean won)

	2021									
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Non- controlling interests	Revenue	Profit (loss) for the year	Other comprehen- sive income (loss)	Total comprehen- sive income (loss)	Dividends received
Associates										
Dongducheon Dream Power Co., Ltd.	₩ 133,808	₩ 1,235,798	₩ 169,927	₩ 950,325	₩ -	₩ 635,501	₩ (26,054)	₩ (27)	₩ (26,081)	₩ -
Tianjin Eco City Shengxing Development Co., Ltd	38,625	-	1,119	-	-	9	471	-	471	-
Hanwha General Chemical Co., Ltd.	-	-	-	-	-	-	-	-	-	-
Samsung Bioepis Co., Ltd. ¹	1,718,448	1,065,523	1,498,457	329,606	-	846,977	151,992	1,306	153,298	-
Joint ventures										
Korea LNG Limited	885	131,768	69	288	-	47,843	45,722	-	45,722	9,180
South Kent Wind LP	31,550	478,170	61,785	715,857	-	113,003	42,853	44,909	87,762	17,720
SP Belle River LP	9,920	245,729	13,853	187,594	-	31,432	6,414	10,257	16,671	-
SP Armow Wind Ontario LP	21,347	433,643	38,024	551,324	-	77,796	22,311	33,473	55,784	12,690
Kelar S.A.	86,538	556,951	67,007	447,590	-	79,857	6,903	2,474	9,377	-

¹ Based on consolidated financial information.

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(in millions of Korean won)

(in millions of Korean won)

	2020																				
	Current assets		Non-current assets		Current liabilities		Non-current liabilities		Non-controlling interests		Revenue		Profit (loss) for the year		Other comprehensive income (loss)		Total comprehensive income (loss)		Dividends received		
Associates																					
Dongducheon Dream Power Co., Ltd.		₩	92,691	₩	1,283,258	₩	105,982	₩	994,759	₩	-	₩	459,095	₩	7,461	₩	-	₩	7,461	₩	-
Tianjin Eco City Shengxing Development Co., Ltd			34,192		-		1,016		-		-		8		496		-		496		-
Hanwha General Chemical Co., Ltd.			1,005,791		2,787,884		289,431		64,056		-		1,206,350		244,833		(85,461)		159,372		-
Samsung Bioepis Co., Ltd. ¹			1,582,668		1,035,335		1,275,266		540,127		-		777,374		137,963		(1,235)		136,728		-
Joint ventures																					
Korea LNG Limited			818		127,042		60		293		-		40,086		38,307		(98,887)		(60,580)		7,755
South Kent Wind LP			37,957		465,256		60,738		735,895		-		116,013		45,807		(45,152)		655		15,762
SP Belle River LP			10,814		235,973		15,092		189,601		-		31,726		6,955		(12,156)		(5,201)		-
SP Armow Wind Ontario LP			26,104		396,871		36,752		536,918		-		79,627		26,802		(29,162)		(2,360)		68,606
Kelar S.A.			82,671		510,071		43,493		442,870		-		86,277		17,032		(18,131)		(1,099)		-

¹ Based on consolidated financial information.

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Reconciliation of financial information to book amount of the major investments in associates and joint ventures for the years ended December 31, 2021 and 2020, is as follows:

(in millions of Korean won)

(in millions of Korean won)	2021						
	Net assets	Percentage of ownership (%)	Share in net assets	Difference between the cost of the investment and share in the investee's equity	Intragroup transactions and others	Book amount	
Associates							
Dongducheon Dream Power Co., Ltd. ¹	₩ 249,354	31.52	₩ 88,446	₩ (29,593)	₩ (24,098)	₩ 34,755	
Sino-Singapore Tianjin Eco City Shengxing Development Co., Ltd.	37,506	40.00	15,002	(2,234)	-	12,768	
Hanwha General Chemical Co., Ltd.	-	-	-	-	-	-	
Samsung Bioepis Co., Ltd.	955,908	50.00	477,954	2,284,514	(184,393)	2,578,075	
Joint ventures							
Korea LNG Limited	132,296	20.00	26,459	-	-	26,459	
South Kent Wind LP	(267,922)	49.99	(133,934)	51,549	82,385	-	
SP Belle River LP	54,203	42.49	23,031	-	(2,477)	20,554	
SP Armow Wind Ontario LP	(134,358)	49.99	(67,166)	(3,348)	70,514	-	
Kelar S.A.	128,892	35.00	45,112	7,390	(2,275)	50,227	

¹ Since the disproportionate capital increase by the other investor was classified as financial liabilities, the Group applied 35.47% of ownership interest when calculating share of profit or loss of the associate.

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(in millions of Korean won)

			2020			
				Difference between the cost of the investment and share in the investee's equity	Intragroup transactions and others	Book amount
	Net assets	Percentage of ownership (%)	Share in net assets			
Associates						
Dongducheon Dream Power Co., Ltd. ¹	₩ 275,207	31.52	₩ 97,616	₩ (29,623)	₩ (24,069)	₩ 43,925
Tianjin Eco-City Shengxing Development Co., Ltd.	33,176	40.00	13,270	(2,235)	-	11,036
Hanwha General Chemical Co., Ltd.	3,440,188	20.05	689,758	(4,149)	209	685,817
Samsung Bioepis Co., Ltd.	802,609	50.00	401,305	2,305,372	(140,982)	2,565,695
Joint ventures						
Korea LNG Limited	127,508	20.00	25,502	-	-	25,502
South Kent Wind LP	(293,420)	49.99	(146,681)	55,757	90,924	-
SP Belle River LP	42,095	42.49	17,886	-	(2,642)	15,245
SP Armow Wind Ontario LP	(150,695)	49.99	(75,332)	(3,655)	78,987	-
Kelar S.A.	106,380	35.00	37,233	7,390	(289)	44,335

¹ Since the disproportionate capital increase by the other investor was classified as financial liabilities, the Group applied 35.47% of ownership interest when calculating share of profit or loss of the associate.

The Group received dividends in excess of the book amounts from the investees classified as a joint venture, and recognized the excess in the profit during the year received (2021: ₩ 37,270 million, 2020: ₩ 94,174 million).

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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:

(in millions of Korean won)

	2021					
	Land	Buildings and structures	Animals& plants	Others	Construction in progress	Total
Beginning balance						
Acquisition cost	₩ 1,735,060	₩ 2,484,424	₩ 76,789	₩ 2,550,339	₩ 94,667	₩ 6,941,279
Accumulated impairment and depreciation	(11,597)	(811,011)	(12,826)	(1,245,547)	(8,953)	(2,089,934)
Beneficiary's share of construction cost	-	-	-	(84)	-	(84)
	1,723,463	1,673,413	63,963	1,304,708	85,714	4,851,261
Changes during the year						
Acquisition	238	6,222	3,336	152,257	568,144	730,197
Disposal and others	(282)	(3,561)	(118)	(21,860)	(5,605)	(31,426)
Depreciation	-	(74,215)	(2,761)	(239,712)	-	(316,688)
Transfer	(15,323)	62,623	583	129,082	(178,330)	(1,365)
Impairment and reversal	-	-	-	(712)	-	(712)
Others ¹	(2,853)	1,250	2,430	(3,761)	3,428	494
Ending balance	1,705,243	1,665,732	67,433	1,320,002	473,351	5,231,761
Acquisition cost	1,716,840	2,550,474	83,776	2,720,667	482,305	7,554,062
Accumulated impairment and depreciation	(11,597)	(884,742)	(16,343)	(1,400,603)	(8,954)	(2,322,239)
Beneficiary's share of construction cost	-	-	-	(62)	-	(62)
	₩ 1,705,243	₩ 1,665,732	₩ 67,433	₩ 1,320,002	₩ 473,351	₩ 5,231,761

¹ Others include exchange differences, changes in scope of consolidation and others.

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(in millions of Korean won)

	2020					
	Land	Buildings and structures	Animals& plants	Others	Construction in progress	Total
Beginning balance						
Acquisition cost	₩ 1,746,351	₩ 2,478,948	₩ 77,251	₩ 2,446,469	₩ 62,339	₩ 6,811,358
Accumulated impairment and depreciation	(11,597)	(743,713)	(11,004)	(1,107,599)	(8,953)	(1,882,866)
Beneficiary's share of construction cost	-	-	-	(2,463)	-	(2,463)
	1,734,754	1,735,235	66,247	1,336,407	53,386	4,926,029
Changes during the year						
Acquisition	1,174	5,856	2,811	122,597	176,202	308,640
Disposal and others	(12,302)	(2,456)	(41)	(14,100)	(1,853)	(30,752)
Depreciation	-	(73,309)	(2,658)	(253,446)	-	(329,413)
Transfer	-	9,767	34	118,108	(141,785)	(13,876)
Impairment and reversal	-	-	-	(4,211)	-	(4,211)
Others ¹	(163)	(1,680)	(2,431)	(647)	(235)	(5,156)
Ending balance	1,723,463	1,673,413	63,963	1,304,708	85,714	4,851,261
Acquisition cost	1,735,060	2,484,424	76,789	2,550,339	94,667	6,941,279
Accumulated impairment and depreciation	(11,597)	(811,011)	(12,826)	(1,245,547)	(8,953)	(2,089,934)
Beneficiary's share of construction cost	-	-	-	(84)	-	(84)
	₩ 1,723,463	₩ 1,673,413	₩ 63,963	₩ 1,304,708	₩ 85,714	₩ 4,851,261

¹ Others include exchange differences, changes in scope of consolidation and others.

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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)

	2021									
	Mineral rights	Memberships	Software	Right to use property	Goodwill	Customer relationships	Brands	Orders on hand	Others	Total
Beginning balance	₩ 131,210	₩ 54,535	₩ 65,563	₩ 2,014	₩ 59,932	₩ 33,513	₩ 172,778	₩ 204,733	₩ 55,297	₩ 779,575
Acquisition	2,966	7,804	2,524	-	-	-	-	-	39,844	53,138
Disposal	(693)	(486)	(324)	-	-	-	-	-	(1,426)	(2,929)
Amortization	(10,854)	-	(27,642)	(1,037)	-	(5,849)	-	(40,947)	(8,728)	(95,057)
Impairment and reversal	-	65	(46)	-	-	-	(7,800)	-	(1)	(7,782)
Transfer	-	543	23,396	-	-	-	-	-	(23,504)	435
Others ¹	11,387	52	(236)	-	846	147	(788)	-	15	11,423
Ending balance	<u>₩ 134,016</u>	<u>₩ 62,513</u>	<u>₩ 63,235</u>	<u>₩ 977</u>	<u>₩ 60,778</u>	<u>₩ 27,811</u>	<u>₩ 164,190</u>	<u>₩ 163,786</u>	<u>₩ 61,497</u>	<u>₩ 738,803</u>

¹ Others include exchange differences, changes in scope of consolidation and others.

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(in millions of Korean won)

(in millions of Korean won)

	2020										
	Mineral rights	Memberships	Software	Right to use property	Goodwill	Customer relationships	Brands	Orders on hand	Others	Total	
Beginning balance	₩ 186,249	₩ 55,568	₩ 70,789	₩ 3,173	₩ 60,295	₩ 37,475	₩ 173,355	₩ 245,679	₩ 50,777	₩ 883,360	
Acquisition	830	388	2,849	-	-	-	-	-	34,525	38,592	
Disposal	-	(1,649)	(308)	-	-	-	-	-	(648)	(2,605)	
Amortization	(10,164)	-	(28,723)	(1,055)	-	(5,579)	-	(40,946)	(7,964)	(94,431)	
Impairment and reversal	(38,203)	252	(1,402)	-	-	-	(600)	-	-	(39,953)	
Transfer	-	-	22,572	(99)	-	1,738	-	-	(21,507)	2,704	
Others ¹	(7,502)	(24)	(214)	(5)	(363)	(121)	23	-	114	(8,092)	
Ending balance	₩ 131,210	₩ 54,535	₩ 65,563	₩ 2,014	₩ 59,932	₩ 33,513	₩ 172,778	₩ 204,733	₩ 55,297	₩ 779,575	

¹ Others include exchange differences, changes in scope of consolidation and others.

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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.	₩	56,262	₩	56,262
Others		4,516		3,670
	₩	<u>60,778</u>	₩	<u>59,932</u>

The Group entered into a Collateral Trust Agreement with KB Real Estate Trust Co., Ltd., which the Group provided its land and building located in Yongin-si, Gyeonggi-do as trust property. Simultaneously, the Kookmin Bank holds the primary beneficiary right of the trust property and KBLCC 2nd LLC holds pledging rights on the secondary beneficiary right in relation to the borrowings (Notes 15 and 18).

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

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

<i>(in millions of Korean won)</i>	December 31, 2021		December 31, 2020	
Right-of-use assets ¹				
Land	₩	88,614	₩	129,839
Buildings and structures		165,920		198,449
Animals & plants		10,319		10,961
Others		<u>27,286</u>		<u>25,360</u>
		292,139		364,609
Investment properties ²		-		79,025
	₩	<u>292,139</u>	₩	<u>443,634</u>

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

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(in millions of Korean won) December 31, 2021 December 31, 2020

Lease liabilities¹

Current	₩	84,499	₩	109,228
Non-current		206,358		358,602
	₩	290,857	₩	467,830

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

Additions to the right-of-use assets during the 2021 financial year were ₩ 62,878 million.

As at December 31, 2021, details of lease liabilities classified into maturity based on the remaining period up to the maturity date are as follows:

(in millions of Korean won)					Contractual maturity			
					Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
	Book amount	Contractual cash flows						
Lease liabilities	₩ 290,857	₩ 360,587	₩ 102,170	₩ 54,711	₩ 37,728	₩ 165,978		

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

The consolidated 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	₩ 10,859	₩ 6,458
Buildings and structures	70,049	78,503
Animals & plants	1,205	1,135
Others	20,090	20,239
	₩ 102,203	₩ 106,335
Depreciation of investment properties	₩ 7,438	₩ 13,026
Interest expense relating to lease liabilities (included in cost of sales and financial expenses)	9,807	14,368
Expense relating to short-term leases (included in cost of sales and administrative expenses)	38,526	32,896
Expense relating to leases of low-value assets that are not short-term leases (included in administrative expenses)	67,553	62,408
Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)	279,505	247,974

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The total cash outflow for leases in 2021 was ₩ 498,677 million (including short-term leases and others).

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	0%
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 Group 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:

(in millions of Korean won)	Pre-tax discount rate	
	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 Group 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:

(in millions of Korean won)	Pre-tax discount rate	
	1% increase	1% decrease
Recoverable amount of brand	₩ (8,314)	₩ 9,673

As at December 31, 2021, the value of land owned by the Group, as determined by the local government in Korea for property tax assessment purposes, amounts to approximately ₩ 1,920,291 million.

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

Depreciation and amortization expenses allocated to cost of sales, selling and general administrative expense, and other expenses amount to ₩ 324,668 million and ₩ 189,280 million, respectively.

During the year, the Group has capitalized borrowing costs amounting to ₩ 4,259 million (2020: ₩ 81 million) on property, plant and equipment for Samsung Biologics Co., Ltd., a subsidiary. The capitalization rate of borrowings used to determine the amount of borrowing costs to be capitalized is 2.31% (2020: 2.61%). Contractual obligation of Samsung Biologics Co., Ltd. to purchase property, plant and equipment and intangible assets as at December 31, 2021 is ₩ 1,342,726 million (Note 28).

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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	₩ 33,990	₩ 105,426	₩ 139,416	₩ 33,990	₩ 113,349	₩ 147,339
Disposal	-	-	-	-	(165)	(165)
Depreciation	-	(7,764)	(7,764)	-	(13,828)	(13,828)
Others ^{1,2,3}	30,568	(64,903)	(34,335)	-	6,070	6,070
Ending balance	<u>₩ 64,558</u>	<u>₩ 32,759</u>	<u>₩ 97,317</u>	<u>₩ 33,990</u>	<u>₩ 105,426</u>	<u>₩ 139,416</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.

² Investment property amounting to ₩ 20,248 million of Samsung Biologics Co., Ltd., a subsidiary, was transferred to property, plant and equipment during the year ended December 31, 2021.

³ Others include adjustments due to exchange difference.

As at December 31, 2021, fair value of the investment properties above is ₩ 184,594 million (2020: ₩ 199,948 million).

The rental income for the years ended December 31, 2021 and 2020, arising from the investment properties above, amounts to ₩ 18,304 million and ₩ 21,757 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	₩ 1,210,341	₩ 1,419,563
Current portion of long-term borrowings	298,629	207,643
Current portion of debentures	50,000	500,000
Less: Discount on debentures	(38)	(228)
	<u>1,558,932</u>	<u>2,126,978</u>
Non-current liabilities		
Long-term borrowings	626,565	679,648
Debentures	790,000	340,000
Less: Discount on debentures	(2,021)	(959)
	<u>1,414,544</u>	<u>1,018,689</u>
	<u>₩ 2,973,476</u>	<u>₩ 3,145,667</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
Samsung C&T and domestic subsidiaries				
Loans in local currency ¹	Construction Guarantee	CD+1.11, 1.10,		
	Cooperative and others	2.45	₩ 126,223	₩ 411,223
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>851,072</u>	<u>812,552</u>
Foreign subsidiaries				
General loans	Citi Bank and others	0.23-6.60	359,269	607,011
			<u>359,269</u>	<u>607,011</u>
			<u>₩ 1,210,341</u>	<u>₩ 1,419,563</u>

¹ As at December 31, 2021, the Group has entered into a Collateral Trust Agreement with KB Real Estate Trust Co., Ltd., which the Group provided its land and building located in Yongin-si, Gyeonggi-do as trust property. Simultaneously, the Kookmin Bank holds the primary beneficiary right of the trust property and KBLCC 2nd LLC holds pledging rights on the secondary beneficiary right in relation to the borrowings (Notes 13 and 18).

As at December 31, 2021, the Group 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 Group 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.

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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
Private bonds	Apr. 13, 2020	Apr. 13, 2021	-	-	60,000
Private bonds	Apr. 27, 2018	Apr. 27, 2021	-	-	150,000
Private bonds	Apr. 27, 2018	Apr. 27, 2023	3.53	40,000	40,000
Public bonds	Sep. 3, 2021	Sep. 3, 2024	1.89	380,000	-
Public bonds	Sep. 3, 2021	Sep. 3, 2026	2.19	120,000	-
				<u>840,000</u>	<u>840,000</u>
Less: Current portion of debentures				<u>(50,000)</u>	<u>(500,000)</u>
				<u>₩ 790,000</u>	<u>₩ 340,000</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)			
Woori Bank and others (Facility loans)	1.50 - 2.70	₩ 603,000	₩ 488,100
Korea Development Bank and others (Working capital loans)	-	-	100,000
Korea Housing & Urban Guarantee Corporation (Working capital loans)	-	6,420	6,700
		609,420	594,800
Less: Current portion of long-term borrowings		(98,279)	(379)
		511,141	594,421
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
KEB Hana Bank and others (Facility loans)	1.37 - 1.87	82,985	54,400
(Foreign subsidiaries)			
Shoko Chukin Bank and others (General borrowings)	2.11 - 3.20	49,947	48,345
		315,774	292,491
Less: Current portion of long-term borrowings		(200,350)	(207,264)
		115,424	85,227
		₩ 626,565	₩ 679,648

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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	₩ 210,000	₩ 390,279	₩ 50,199	₩ 650,478
January 1, 2024~ December 31, 2024	380,000	115,279	42,085	537,364
January 1, 2025~ December 31, 2025	80,000	279	1,460	81,739
After January 1, 2026	120,000	5,304	21,680	146,984
	<u>₩ 790,000</u>	<u>₩ 511,141</u>	<u>₩ 115,424</u>	<u>₩ 1,416,565</u>

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

(in millions of Korean won)

	Long-term borrowings		Debtures (Amortized cost)	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
US Dollars	₩ 93,350	₩ 73,198	₩ -	₩ -
Korean Won	511,141	594,421	787,979	339,041
Japanese Yen	-	11,302	-	-
Others	22,074	727	-	-
	<u>₩ 626,565</u>	<u>₩ 679,648</u>	<u>₩ 787,979</u>	<u>₩ 339,041</u>

The unused credit limits of the Group as at December 31, 2021, amount to ₩ 2,174,714 million and USD 434,947 thousand (2020: ₩ 1,717,914 million and USD 619,808 thousand).

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16. Net Defined Benefit Liabilities (Assets)

Details of net defined benefit liabilities (assets) 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	₩ 1,034,695	₩ 953,611
Less: Plan assets ¹	(1,036,171)	(917,442)
Less: Contribution to National Pension Fund	(469)	(587)
	<u>₩ (1,945)</u>	<u>₩ 35,582</u>

¹ Included ₩ 19,260 million (2020: ₩ 11,958 million) of net defined benefit asset of the subsidiaries.

The Group under defined benefit plans is required to pay post-employment benefits to any employee who has provided one year or more of services as at reporting date, in accordance with the Group's policies on payment of post-employment benefits (in accordance with local regulations for overseas subsidiaries). Additionally, as at December 31, 2021, the Group is under contracts with Samsung Life Insurance Co., Ltd. and others for operations management and asset management of their defined benefit pension plans.

Details of defined benefit liabilities (assets) recognized in the consolidated 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	₩ 1,034,695	₩ 953,611
Fair value of plan assets ¹	(1,036,640)	(918,029)
Net defined benefit liabilities	₩ 17,315	₩ 47,540
Net defined benefit assets	<u>₩ 19,260</u>	<u>₩ 11,958</u>

¹ The amount includes contributions to the National Pension Fund of ₩ 469 million (2020: ₩ 587 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	₩	953,611	₩	922,715
Current service cost		105,505		108,255
Interest expense		22,383		18,685
Remeasurement (before tax effect)				
Actuarial loss from change in demographic assumptions		6,235		356
Actuarial gain from change in financial assumptions		(2,199)		(43,445)
Actuarial loss from experience adjustments		36,435		18,265
Benefits paid		(87,851)		(73,359)
Transfer-in		2,435		3,496
Others ¹		(1,859)		(1,357)
Ending balance	₩	<u>1,034,695</u>	₩	<u>953,611</u>

¹ Others include exchange differences.

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	₩	918,029	₩	820,175
Return on plan assets		20,311		15,496
Remeasurement (before tax effect)		(4,447)		27
Employer contributions		163,936		137,829
Benefits paid		(63,188)		(60,892)
Transfer-in		1,999		5,394
Ending balance	₩	<u>1,036,640</u>	₩	<u>918,029</u>

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The amounts recognized in the consolidated 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				
Service cost	₩	105,505	₩	108,255
Interest expense		22,383		18,685
Return on plan assets		(20,311)		(15,496)
Defined contribution plan				
Post-employment benefits		11,264		10,396
Others		44,417		32,794
	₩	<u>163,258</u>	₩	<u>154,634</u>

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	₩	91,880	₩	91,319
Selling and administrative expenses (post-employment benefits)		63,324		54,059
Selling and administrative expenses (research and development)		4,942		4,732
Other assets		3,112		4,524
	₩	<u>163,258</u>	₩	<u>154,634</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% - 3.95%	2.56% - 3.43%
Salary growth rate	2.80% - 5.42%	2.80% - 5.37%

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 ₩ 201,358 million as at December 31, 2021 (2020: ₩ 168,976 million).

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

<i>(in percentage)</i>	Changes in key assumption	Changes in liabilities
Discount rate	1%	5% decrease / 5% increase
Salary growth rate	1%	6% increase / 5% 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	₩ 526,078	50.75%	₩ 487,004	53.05%
Loans	394,314	38.04%	327,809	35.71%
Deposits and others	116,248	11.21%	103,216	11.24%
	<u>₩ 1,036,640</u>	<u>100.00%</u>	<u>₩ 918,029</u>	<u>100.00%</u>

The estimated amount that the Group's management expects to contribute to plan assets within 12 months after the end of the reporting period is ₩ 89,734 million.

Actual income on plan assets for the year ended December 31, 2021, is ₩ 15,865 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	₩ 161,086	₩ 180,120	₩ 401,997	₩ 519,489	₩ 1,262,692

The weighted average duration of the defined benefit obligation as at December 31, 2021 is 5.16 years.

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17. Provisions

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

(in millions of Korean won)

	2021				
	Construction warranties ¹	Restoring cost ²	Provisions for construction losses ³	Others ⁴	Total
January 1, 2021	₩ 168,308	₩ 44,353	₩ 119,271	₩ 427,925	₩ 759,857
Additional provisions	27,131	1,458	55,471	166,467	250,527
Used and reversal	(32,782)	(7,349)	(37,776)	(87,496)	(165,403)
Exchange differences	3,659	3,524	-	9,998	17,181
December 31, 2021	₩ 166,316	₩ 41,986	₩ 136,966	₩ 516,894	₩ 862,162
Current (Note 9)	₩ 35,591	₩ 552	₩ 136,966	₩ 180,264	₩ 353,373
Non-current	130,725	41,434	-	336,630	508,789

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

² The Group recognizes amounts discounted at present value, which are expected to be spent for future dismantling and removing of the oil and gas equipment or restoring the site, as a provision.

³ The Group recognizes losses, which are expected to occur in construction contract, as a provision.

⁴ Others include a provision for product warranty and a provision for litigations.

(in millions of Korean won)

	2020				
	Construction warranties ¹	Restoring cost ²	Provisions for construction losses ³	Others ⁴	Total
January 1, 2020	₩ 180,126	₩ 45,741	₩ 178,206	₩ 318,087	₩ 722,160
Transfer	-	-	-	132,648	132,648
Additional provisions	26,952	8,897	11,231	58,455	105,535
Used and reversal	(38,770)	(7,599)	(70,166)	(78,107)	(194,642)
Exchange differences	-	(2,686)	-	(3,158)	(5,844)
December 31, 2020	₩ 168,308	₩ 44,353	₩ 119,271	₩ 427,925	₩ 759,857
Current (Note 9)	₩ 36,243	₩ -	₩ 119,271	₩ 134,030	₩ 289,544
Non-current	132,065	44,353	-	293,895	470,313

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

² The Group recognizes amounts discounted at present value, which are expected to be spent for future dismantling and removing of the oil and gas equipment or restoring the site, as a provision.

³ The Group recognizes losses, which are expected to occur in construction contract, as a provision.

⁴ Others include a provision for product warranty and a provision for litigations.

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18. Contingencies and Commitments

As at December 31, 2021, the Group has agreements with several financial institutions, including Woori Bank, for the guarantees of letters of credit related to the Group's export and import, totaling USD 541,733 thousand, for the guarantee of the performance of export contracts amounting to USD 211,111 thousand and ₩ 69,500 million and for the guarantee of various trade finance with a limit of USD 2,747,314 thousand. In addition, the Group has entered into an insurance contract with Korea Trade Insurance Corporation, Seoul Guarantee Insurance and others in relation to export receivables. The receivables from export transactions sold to financial institutions, which amount to USD 680,394 thousand, are not yet due as at December 31, 2021.

As at December 31, 2021, the Group 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 Group is contingently liable for loan guarantees and others, principally for foreign associates and joint ventures amounting to USD 76,562 thousand (Note 28). The Group provides performance guarantees on the construction contracts of its foreign operations limited to USD 85,294 thousand, and there are no guarantees provided by the Group for the performance of other construction companies' projects. Conversely, other construction companies provide guarantees for the performance of the Group's projects amounting to ₩ 661,831 million.

As at December 31, 2021, the Group has been named as the defendant in certain lawsuits brought against it in the normal course of business. The aggregate amount of 363 claims brought against the Group, is approximately ₩ 533,669 million and USD 221,712 thousand. The Group also files 65 counterclaims amounting to ₩ 210,843 million and USD 749,538 thousand. The Group's management believes that the ultimate resolution of the case will not have a material adverse effect on the operations or financial position of the Group.

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

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In order to demonstrate the legitimacy of the Logics' accounting, Logics submitted requests for cancellation of the measures ordered by SFC on October 8, 2018 (the "first measures") and November 27, 2018 (the "second measures"). The litigation for cancellation against the measures is in progress. On September 24, 2020, the Seoul Administrative Court (the "Court") ruled that SFC cancel the administrative measures imposed on Logics in connection with the litigation for cancellation against the first measures, and decided to suspend the effect of the administrative measures until the Seoul High Court's ruling. On October 16, 2020, the SFC appealed the ruling and the litigation is currently pending in the Seoul High Court.

In addition, Logics submitted requests for suspension of measures on November 27, 2018 and December 18, 2018, to the Court.

Upon the request to the Court on November 27, 2018 relating to the second measures, Logics received the decision from the Court on January 22, 2019, to suspend the measures imposed by SFC, which include: i) an order of a corrective measure (retrospective restatement of financial statements); ii) compulsory designation of external auditors for three years; iii) recommendation of dismissal of Logic's representative director (CEO) and the executives in charge until 30 days after the Court makes its final ruling. The SFC appealed the Court's decision on January 30, 2019, but the Seoul High Court affirmed the decision of the Court and rejected the appeal by the SFC on May 13, 2019. The SFC appealed to the Supreme Court on May 23, 2019, but the re-appeal was rejected by the Supreme Court on September 6, 2019 and the decision on suspension of the second measures was finalized.

In addition, regarding the request for suspension of the first measures imposed by the SFC which were submitted on December 18, 2018, Logics received the decision from the Court to suspend measures ordered by the SFC on February 19, 2019, which include: i) external auditor designation by the regulator for three years; ii) recommendation of dismissal of Logics' representative director (CEO) and the executives in charge until 30 days after the Court makes its final ruling. The SFC appealed to the Seoul High Court for the decision on February 21, 2019, but the Seoul High Court affirmed the decision of the Court and rejected the appeal by the SFC on May 24, 2019. The SFC appealed to the Supreme Court on June 10, 2019, but the re-appeal was rejected by the Supreme Court on October 11, 2019 and the decision on suspension of the first measures was finalized.

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

With respect to this matter, the investigation by the Seoul Central Prosecutors Office against the Logics' former CEO and CFO for alleged violation of the Act on External Audit of Stock Companies, the Financial Investment Services and Capital Market Act, the Act on the Aggravated Punishment, Etc. of Specific Economic Crimes, and the allegations of document destruction under Criminal Act was conducted. On September 1, 2020, the CEO and executives in charge of Logics were indicted for violating the Act on External Audit of Stock companies and Criminal Act. On October 12, 2020, the CEO and executives in charge of Logics were indicted for violating Act on the Aggravated Punishment, Etc. of Specific Economic Crimes, and the allegations of document destruction under

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Criminal Act and others, and the first trial is in progress.

Apart from the matter with the SFC, 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 on September 1, 2020. The charge mentioned above has not been confirmed yet, and the Group's management will continue to monitor the progress of the lawsuit.

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

As at December 31, 2021, the Group has 1,316 forward exchange contracts amounting to USD 862,713 thousand, EUR 65,594 thousand, JPY 3,199,921 thousand and TWD 1,633,117 thousand and two interest rate swap contracts with financial institutions whose contracts amount to ₩ 50,000 million and USD 23,000 thousand. These forward exchange contracts and interest rate swap contracts are intended to hedge foreign exchange risk and interest risk exposures of the Group. In addition, the Group has entered into 613 commodity futures contracts with financial institutions with contract prices amounting to USD 310,384 thousand, 18 crude oil forward contracts (total volume of 476.68 barrels) and one currency swap contract with contract prices amounting to USD 30,000 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 ₩ 229,578 million and ₩ 145,291 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 income (loss)	
Currency forward contracts	₩	17,913	₩	(4,172)	₩	(815)
Interest swap contracts		87		-		87
Currency swaps contracts		5,357		(159)		(241)
Commodity futures contracts		5,985		-		(1,258)
Options		6,966		-		-

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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	₩	15,996	₩	4,100	₩	6,671	₩	6,021
Non-current		3,430		794		2,946		1,304
Interest swap contracts								
Current		173		1		-		55
Non-current		617		-		-		1,265
Currency swap contracts								
Non-current		3,475		-		-		-
Commodity futures contracts								
Current		3,071		4,782		981		8,488
Options								
Current		29,013		-		52,985		-

The Group recognized valuation loss of ₩ 559 million (after tax effect) as other comprehensive income in relation to the effective portion of changes in the fair value of cash flow hedge derivatives.

As at December 31, 2021, the Group has corporate purchase card agreements and collateral loan agreements using the trade receivables with a limit of ₩ 234,060 million with financial institutions, including Woori Bank.

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

Financial institution	Condition	Description
SMBC	Retain Component ratio of shareholders	The proportion of shares held by Samsung Group and Samsung C&T Corporation in Samsung Biologics shall remain over 50% and 30%, respectively
Mizuho Bank	Retain Component ratio of shareholders	The proportion of shares held by Samsung Group (Samsung C&T Corporation and Samsung Electronics Co., Ltd.) in Samsung Biologics shall remain over 60%

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

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(a) Period

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

(b) Exemption requirement

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

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

As at December 31, 2021, the Group, 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 caused by the developer, the Group is exempted from the obligation to complete the construction.

As at December 31, 2021, the Group'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 Group has entered into a debt acquisition agreement with a limit of ₩ 260,000 million.

As at December 31, 2021, the Group has entered into a Collateral Trust Agreement with KB Real Estate Trust Co., Ltd., which the Group provided its land and building located in Yongin-si, Gyeonggi-do as trust property. Simultaneously, the Kookmin Bank holds the primary beneficiary right of the trust property and KBLCC 2nd LLC holds pledging rights on the secondary beneficiary right in relation to the borrowings (Note 13).

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 Group has an obligation for preservation of preferential loss to pay all or part of the principal loss. The loss compensation paid by the Group 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 Group recognizes provisions amounting to ₩ 17,895 million.

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

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As at December 31, 2021, the Group has entered into a put option agreement with Qurayyah Project Company, a shareholder of Qurayyah Investment Company, to purchase its shares if the obligation to hold shares is met.

As at December 31, 2021, the Group 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 Group.

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 Group paid the following amount on May 27 and July 22, 2021. In addition, the Group entered in a contract to guarantee compensation for loss of Samsung C&T Corporation in bond call payment with the joint venture (TR) on October 5, 2021, and the result cannot be reasonably predicted.

As at December 31, 2020, the Group'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 Group has entered into a debt acquisition agreement with a limit of ₩ 217,000 million.

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 (tCO2-eq))	2021	2022	2023	2024	2025	Total
Freely allocated emission allowances	243,254	243,107	243,107	240,831	240,831	1,211,130

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

(in millions of Korean won)	2021			
	Beginning	Increase	Decrease	Ending
Provisions for emissions obligations (other liabilities)	₩ 427	₩ 726	₩ (427)	₩ 726
(in millions of Korean won)	2020			
	Beginning	Increase	Decrease	Ending
Provisions for emissions obligations (other liabilities)	₩ 554	₩ 427	₩ (554)	₩ 427

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The Group estimated that it emitted 233,332 tons for the year ended December 31, 2021.

As at December 31, 2021, the Group entered in an investment agreement with a limit of ₩ 148,500 million for SVIC No. 54 New Technology Business Investment Association. The Group 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 Group 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.

As at December 31, 2021, the contractual obligation of Samsung Biologics Co., Ltd., a subsidiary of the Group, in relation to acquisition of property, plant and equipment and intangible assets that have not been recognized as at December 31, 2021, amount to ₩ 1,342,726 million, of which the contractual obligation with Samsung Engineering Co., Ltd., and others, related parties, amount to ₩ 921,121 million.

19. Share Capital

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

As authorized in its Articles of Incorporation, the Group is able to issue convertible bonds which can be converted into ordinary shares and preferred shares of the Group, and bonds with warrants which grant the right to purchase new preferred shares to the amount of ₩ 850 billion each. As 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:

(in millions of Korean won, except number of shares)	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

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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)
Financial assets at fair value through other comprehensive income (Note 11)		12,703,695		13,839,417
Share of other comprehensive income of associates and joint ventures		91,258		50,009
Share of other comprehensive loss of associates and joint ventures		(168,396)		(178,630)
Exchange differences		(110,593)		(182,295)
Cash flow hedge		(2,227)		(1,514)
	₩	<u>10,356,512</u>	₩	<u>11,369,762</u>

21. Consolidated Retained Earnings

Consolidated 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		6,043,271
Retained earnings before appropriation		<u>3,542,007</u>		<u>2,274,285</u>
	₩	<u>9,548,129</u>	₩	<u>8,327,122</u>

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

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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:

<i>(in millions of Korean won)</i>	2021	2020
Salaries and others	₩ 863,646	₩ 679,151
Welfare	142,460	133,034
Depreciation	189,559	204,998
Travel	19,510	20,173
Commission	683,940	621,812
Rent	314,677	275,503
Taxes and dues	52,587	56,366
Advertising	45,904	42,564
Research and development	110,181	96,277
Impairment loss (Note 8)	21,565	9,354
Computational service fee	49,408	45,759
Sales promotion cost	42,800	30,776
Others	288,719	292,639
	<u>₩ 2,824,956</u>	<u>₩ 2,508,406</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	₩	1,043,510	₩	568,086
Foreign exchange gain		310,930		294,033
Gain on translation of foreign currency		93,265		132,538
Gain on disposal of financial assets at fair value through profit or loss		183		138
Gain on valuation of financial assets at fair value through profit or loss		25,280		1,012
Gain on disposal of investments		106,266		1,605
Gain on disposal of investment properties		-		3,571
Reversal of impairment loss on property, plant and equipment		131		-
Gain on disposal of property, plant and equipment		18,579		14,317
Gain on disposal of intangible assets		4,337		32
Reversal of impairment loss on intangible assets		65		342
Gain on disposal of assets held for sale		11,848		-
Gain on cancellation of lease		4,721		6,292
Reversal of provision for impairment (Note 8)		15,519		47,618
Gain on insurance settlement		220		748
Others ¹		306,685		182,496
	₩	<u>1,941,539</u>	₩	<u>1,252,828</u>
Other expenses				
Foreign exchange loss	₩	351,921	₩	340,874
Loss on translation of foreign currency		35,570		137,554
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		144		20,533
Loss on disposal of investments		9,914		570
Impairment loss on investments		14,814		25,766
Loss on disposal of property, plant and equipment		9,658		9,945
Impairment loss on property, plant and equipment		843		4,211
Loss on disposal of intangible assets		1,216		1,804
Impairment loss on intangible assets		7,847		40,296
Impairment loss on right-of-use assets		1,638		3,909
Loss on cancellation of lease		66		62
Other impairment loss (Note 8)		28,725		47,918

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Loss on disposal of trade receivables	20,832	29,888
Donations	18,211	19,160
Others ²	276,527	103,010
	<u>₩ 778,250</u>	<u>₩ 785,515</u>

¹ Gain on settlement of preemption rights for East Central Tower amounting to ₩ 114,685 million is included.

² A penalty amounting to ₩ 95,973 million imposed by the Fair Trade Commission for Samsung Welstory Incorporated is included.

24. Breakdown of Expenses by Nature

Expenses recorded by nature as cost of sales, selling and administrative expenses in the consolidated 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	₩ 20,522,649	₩ 16,356,983
Construction outsourcing	5,316,951	5,927,842
Employee benefit expenses	2,711,772	2,485,368
Commission	1,553,965	1,458,723
Freight	458,111	551,749
Research and development	110,181	96,277
Heavy construction equipment usage	55,678	68,685
Rent	402,304	364,884
Taxes and dues	132,145	127,339
Depreciation and amortization	416,291	417,157
Depreciation of right-of-use assets	102,165	106,335
Insurance	52,294	60,102
Outsourcing fee	366,741	395,603
Others	1,057,952	941,992
	<u>₩ 33,259,199</u>	<u>₩ 29,359,039</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	₩	66,334	₩	79,158
Foreign exchange gain		39,251		20,665
Gain on translation of foreign currency		79,684		69,706
Total financial income		<u>185,269</u>		<u>169,529</u>
Interest expense		93,066		94,487
Foreign exchange loss		23,259		17,490
Loss on translation of foreign currency		58,402		78,414
Total financial expenses		<u>174,727</u>		<u>190,391</u>
Financial income (expenses), net	₩	<u>10,542</u>	₩	<u>(20,862)</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	₩ 747,807	₩ 416,052
Deferred taxes from changes of temporary differences	(513,213)	1,844,231
Deferred taxes from tax credits	(5,798)	8,649
Total current tax	228,796	2,268,932
Income tax directly charged to equity	422,611	(1,964,428)
Income tax expense	₩ 651,407	₩ 304,504

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

<i>(in millions of Korean won)</i>	2021	2020
Profit before income tax	₩ 2,480,491	₩ 1,465,155
Tax at domestic tax rates applicable to profits in the respective countries	898,771	261,070
Tax effect of:		
- Expenses (income) not deductible (taxable) for tax purposes	(42,002)	(51,142)
- Tax credit	(140,540)	(11,044)
- Tax effects on loss of subsidiaries and others	(134,449)	15,008
- Others	2,808	(9,266)
Net adjustment items	66,819	99,878
Income tax expense	₩ 651,407	₩ 304,504

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	₩ 1,078,845	₩ 1,191,674
Deferred tax assets to be recovered within 12 months	298,313	234,536
Deferred assets before offsetting	1,377,158	1,426,210
Deferred tax liabilities		
Deferred tax liabilities to be recovered after more than 12 months	8,781,167	9,390,955
Deferred tax liabilities to be recovered within 12 months	62,272	20,547
Deferred liabilities before offsetting	8,843,439	9,411,502
Deferred assets after offsetting	₩ 69,892	₩ 111,801
Deferred liabilities after offsetting	₩ 7,536,173	₩ 8,097,093

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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	₩	2,267,571	₩ (124,034)	₩ 2,143,537	₩ 594,330	₩ (26,743)	₩ 567,587
Equity investments		(4,612,223)	799,045	(3,813,178)	(1,170,873)	171,953	(998,920)
Asset impairment		317,576	(8,540)	309,036	83,834	(961)	82,873
Post-employment benefits		(175,247)	(94,763)	(270,010)	(45,713)	(24,816)	(70,529)
Property, plant and equipment		94,167	(2,304)	91,863	24,419	(556)	23,863
Others		437,970	(100,780)	337,190	110,116	(28,275)	81,841
		(1,670,186)	468,624	(1,201,562)	(403,887)	90,602	(313,285)
Income taxes directly charged to equity							
Financial assets at fair value through other comprehensive income		(28,616,556)	1,572,462	(27,044,094)	(7,554,939)	415,298	(7,139,641)
Land revaluation		(562,003)	1,069	(560,934)	(127,874)	282	(127,592)
Remeasurements of net defined benefit liabilities		204,671	42,287	246,958	54,029	11,146	65,175
Cash flow hedges		33,668	(15,802)	17,866	8,827	(4,115)	4,712
		(28,940,220)	1,600,016	(27,340,204)	(7,619,957)	422,611	(7,197,346)
					(8,023,844)	513,213	(7,510,631)
Deferred foreign tax credit carryforward					38,552	5,798	44,350
	₩				₩ (7,985,292)	₩ 519,011	₩ (7,466,281)

(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	₩	2,085,460	₩ 182,111	₩ 2,267,571	₩ 544,157	₩ 50,173	₩ 594,330
Equity investments		(4,786,059)	173,836	(4,612,223)	(1,218,164)	47,291	(1,170,873)
Asset impairment		242,182	75,394	317,576	63,884	19,950	83,834
Post-employment benefits		(149,945)	(25,302)	(175,247)	(39,522)	(6,191)	(45,713)
Property, plant and equipment		88,276	5,891	94,167	22,622	1,797	24,419
Others		403,230	34,740	437,970	102,940	7,177	110,116
		(2,116,856)	446,670	(1,670,186)	(524,083)	120,197	(403,887)
Income taxes directly charged to equity							
Financial assets at fair value		(21,187,822)	(7,428,734)	(28,616,556)	(5,593,586)	(1,961,353)	(7,554,939)

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through other comprehensive income						
Land revaluation	(562,003)	-	(562,003)	(127,874)	-	(127,874)
Remeasurements of net defined benefit liabilities	234,932	(30,261)	204,671	61,626	(7,597)	54,029
Cash flow hedges	16,486	17,182	33,668	4,305	4,522	8,827
	<u>(21,498,407)</u>	<u>(7,441,813)</u>	<u>(28,940,220)</u>	<u>(5,655,529)</u>	<u>(1,964,428)</u>	<u>(7,619,957)</u>
				<u>(6,179,612)</u>	<u>(1,844,232)</u>	<u>(8,023,844)</u>
Deferred foreign tax credit carryforward				<u>47,201</u>	<u>(8,649)</u>	<u>38,552</u>
				<u>₩ (6,132,411)</u>	<u>₩ (1,852,881)</u>	<u>₩ (7,985,292)</u>

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

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

<i>(in millions of Korean won)</i>	December 31, 2021	December 31, 2020
Gain on disposal from split-off	₩ 47,553	₩ 47,553
Investments in subsidiaries, associates and joint ventures	1,075,873	1,061,429
Financial guarantee liabilities	102,419	118
Others	84,170	83,819

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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	₩ 1,635,046 million	₩ 1,035,495 million
Profit for the year attributable to ordinary shares	1,620,442 million	1,026,208 million
Weighted average number of ordinary shares outstanding	163,464,393 shares	163,464,393 shares
Basic earnings per ordinary share	₩ 9,913	₩ 6,278

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

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	₩ 1,635,046 million	₩ 1,035,495 million
Profit for the year attributable to preferred shares	14,622 million	9,287 million
Weighted average number of preferred shares outstanding	1,467,590 shares	1,467,590 shares
Basic earnings per preferred share	₩ 9,963	₩ 6,328

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

Since there is no dilutive potential ordinary share, the diluted earnings per ordinary share and the basic earnings per ordinary share are the same for the years ended December 31, 2021 and 2020, respectively.

28. Related Party Transactions

As at December 31, 2021, the Group's related parties consist of 51 associates and joint ventures, including Samsung Bioepis Co., Ltd. and other related parties (Note 1.3). Meanwhile, the Enterprise Group, which the Group 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.

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Significant transactions between the Parent Company and related parties (associates, joint ventures and other related party) 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
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 parties⁴								
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 from receivables and payables, respectively.

³ As at December 31, 2021, the Group deposited ₩ 729,389 million (2020: ₩ 641,848 million) in Samsung Life Insurance Co., Ltd. as plan assets. The amount contributed by the Group 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 Group's revenue (including its subsidiaries' revenues) is derived from the customer. The revenue (including unbilled revenue) derived from the customer amounting to ₩ 6,211,019 million (2020: ₩ 6,270,211 million) is reported from Construction, Trading and Resort segments of the Group.

⁵ As at December 31, 2021, the Group recognized provision for impairment amounting to ₩ 21,104

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million for related party receivables (Note 8).

Significant transactions between the Group and related parties (excluding the above transactions between the Parent Company and related parties) 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 ⁴		Payables	
	2021	2020	2021	2020	December 30, 2021	December 31, 2020	December 30, 2021	December 31, 2020
Associates								
Samsung Bioepis Co., Ltd.	₩281,264	₩276,898	₩ 178	₩ 1	₩ 84,116	₩ 66,242	₩ 90,290	₩ 95,837
Bahrain LNG W.L.L	2,724	2,893	-	-	7,484	4,279	-	-
Others	7,651	3,583	-	2,369	3,301	-	-	-
Joint ventures								
FCC Saudi LLC	71,601	71,660	-	-	33,308	-	-	208
LJG Green Source Energy Alpha S.R.L.	1,506	1,502	-	-	25,883	24,314	-	-
Kelar S.A.	1,819	2,032	-	-	28,120	24,077	-	-
Others	2,098	2,155	-	-	202	186	-	-
Other related parties								
Samsung Electronics Co., Ltd.	591,082	583,264	108,996	80,282	59,890	78,869	11,413	16,222
Others	1,507,078	923,323	3,161	4,867	105,218	59,288	250	1,274
Others¹								
Samsung SDS Co., Ltd.	24,177	31,081	46,449	42,444	2,112	2,602	7,874	6,898
Samsung Life Insurance Co., Ltd. ³	20,626	11,831	938	889	622	463	-	1,410
Others ³	752,357	664,015	263,438	62,188	141,017	105,733	223,779	21,695

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 ₩ (-)264,969 million (2020: ₩ 141,735 million) is excluded from sales. In addition, due from customer for contract work amounting to ₩ 25,241 million (2020: ₩ 152,075 million) and due to customers for contract work amounting to ₩ 172,465 million (2020: ₩ 85,010 million) are excluded from receivables and payables, respectively.

³ As at December 31, 2021, the Group (except for the Parent Company) deposited ₩ 219,295 million (2020: ₩ 197,837 million), ₩ 55,715 million (2020: ₩ 50,978 million) and ₩ 31,744 million (2020: ₩ 26,772 million) as plan assets in Samsung Life Insurance Co., Ltd., Samsung Fire & Marine Insurance Co., Ltd. and Samsung Securities Co., Ltd., respectively.

⁴ As at December 31, 2021, the Group recognized provision for impairment amounting to ₩ 2,315 million for related party receivables (Note 8).

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

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as follows:

(in millions of Korean won)	2021				2020			
	Loans		Collections		Loans		Collections	
Gaziantep SPV	₩	6,157	₩	-	₩	9,431	₩	-

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	
Associates and joint ventures				
South Kent Wind LP	₩	17,720	₩	15,762
Others		43,775		94,658
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 related parties and entities in the Large Enterprise Group.

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

(in millions of Korean won)	2021			
	Contributions		Recovery	
Mirae Asset MAPS Professional Private Real Estate Investment Trust 65th	₩	39,600	₩	-
SP Belle River LP		-		3,544
Others		6,546		2,900
(in millions of Korean won)				
	2020			
	Contributions		Recovery	
Gaziantep SPV	₩	5,657	₩	-
SP Belle River LP		-		3,206
Others		-		2,253

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As at December 31, 2021, the Group recognized lease liabilities of ₩ 17,776 million in relation to the lease of buildings from entities that are not related parties of the Group in accordance with Korean IFRS 1024, but included in the same Large Enterprise Group to which the Group also belongs in accordance with the Monopoly Regulation and Fair Trade Act. The lease payments during the year are ₩ 11,757 million and interest expenses recognized by the Group amount to ₩ 429 million.

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

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

	Principal debtor	Guaranteed period	Currency	Guaranteed amount	
				December 31, 2021	December 31, 2020
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 Bank and others	September 1, 2029	USD	44,872	47,686
Kelar S.A.	KEB Hana Bank 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 Group 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 Group 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 Group introduced long-term incentive plans for its executives based on a three-year management performance criteria. For the year ended December 31, 2021, the Group recognized expenses amounting to ₩ 3,285 million.

As at December 31, 2021, the contractual obligation of Samsung Biologics Co., Ltd., a subsidiary of the Group, in relation to acquisition of property, plant and equipment and intangible assets that have not been recognized as at December 31, 2021, amount to ₩ 1,342,726 million, of which the contractual obligation with Samsung Engineering Co., Ltd., and others, related parties, amount to ₩ 921,121 million.

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

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appraisal companies appointed by each party.

29. Consolidated Statements of Cash Flows

Reconciliation between operating profit and net cash inflow (outflow) from operating activities, for the years ended December 31, 2021 and 2020, is as follows:

<i>(in Korean won)</i>	2021	2020
Profit for the year	₩ 1,829,084,039,967	₩ 1,160,650,819,953
Addition		
Income tax expense	651,407,157,743	304,504,439,770
Interest expense	93,066,402,519	94,486,516,805
Depreciation and amortization	521,712,822,085	544,007,515,812
Post-employment benefits	107,576,769,141	111,444,295,802
Impairment loss	21,565,390,792	9,353,855,749
Other impairment loss	28,725,250,446	47,916,122,790
Transfer in provision for construction losses	55,470,465,047	11,231,459,564
Transfer in provision for construction warranties	27,131,315,785	26,951,873,302
Loss on foreign currency translation	93,972,013,936	215,968,578,033
Loss on disposal of investments	9,913,680,594	570,285,630
Impairment loss on investments	14,814,212,545	25,765,681,969
Loss on valuation of financial assets at fair value through profit or loss	143,626,320	20,532,603,839
Loss on disposal of financial assets at fair value through profit or loss	324,389,517	14,649,071
Loss on disposal of property, plant and equipment	9,657,888,098	9,945,367,332
Impairment loss on property, plant and equipment	842,538,730	4,210,845,685
Loss on disposal of intangible assets	1,215,655,502	1,804,443,405
Impairment loss on intangible assets	7,846,582,432	40,295,673,201
Impairment loss on right-of-use assets	1,637,682,670	3,909,475,838
Share of loss of associates and joint ventures	17,450,680,451	34,200,782,171
Other expenses	114,913,871,858	25,913,021,568
	<u>1,779,388,396,211</u>	<u>1,533,027,487,336</u>
Deduction		
Interest income	(66,334,409,903)	(79,157,592,831)
Dividend income	(1,043,510,068,838)	(568,085,668,964)
Gain on foreign exchange translation	(172,947,428,336)	(202,244,224,894)
Reversal of provision for construction losses	(37,775,925,954)	(70,166,385,638)
Reversal of provision for impairment	(15,519,182,284)	(47,616,462,326)
Gain on disposal of investments	(106,266,119,941)	(1,605,333,952)
Gain on valuation of financial assets at fair value through profit or loss	(25,280,287,510)	(1,011,919,375)
Gain on disposal of financial assets at fair value through profit or loss	(182,600,036)	(138,010,795)
Gain on disposal of property, plant and equipment	(18,578,632,360)	(14,317,347,364)

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<i>(in Korean won)</i>	2021	2020
Reversal of impairment loss on property, plant and equipment	(130,716,312)	-
Gain on disposal of intangible assets	(4,337,206,722)	(32,119,522)
Reversal of impairment loss on intangible assets	(64,999,616)	(342,333,333)
Gain on disposal of investment properties	-	(3,570,979,690)
Share of profit of associates and joint ventures	(128,128,176,155)	(195,825,335,144)
Gain on disposal of assets held for sale	(11,848,173,935)	-
Other income	(192,252,322,697)	(32,765,816,538)
	<u>(1,823,156,250,599)</u>	<u>(1,216,879,530,366)</u>
Changes in operating assets and liabilities		
Increase in trade receivables	(624,508,609,387)	(870,762,410,136)
Decrease (increase) in other current assets	(399,858,478,180)	308,003,292,766
Increase in inventories	(814,049,719,367)	(168,432,475,500)
Increase in trade payables	512,895,201,458	443,311,827,544
Increase (decrease) in other current liabilities	30,308,159,229	(46,683,856,335)
Decrease in provisions for construction warranties	(30,331,862,426)	(35,778,971,722)
Increase (decrease) in long-term unearned income	(194,446,036)	51,793,169,789
Decrease in long-term non-trade payables	(12,137,065,508)	(556,536,439)
Payment of defined benefit liability	(87,850,584,996)	(73,358,741,540)
Increase in plan assets	(100,747,971,951)	(76,936,880,099)
Transfer-in (out) of defined benefit liability	436,707,248	(1,897,907,340)
Others	208,831,316,442	(91,098,535,698)
	<u>(1,317,207,353,474)</u>	<u>(562,398,024,710)</u>
Cash generated from operations	<u>₩ 468,108,832,105</u>	<u>₩ 914,400,752,213</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	₩ 1,419,563	₩ (234,268)		₩ -	₩ 25,046	₩ 1,210,341	
Long-term borrowings ¹	887,291	54,063		-	(16,160)	925,194	
Debentures ¹	838,813	(1,564)		692	-	837,941	
	<u>₩ 3,145,667</u>	<u>₩ (181,769)</u>		<u>₩ 692</u>	<u>₩ 8,886</u>	<u>₩ 2,973,476</u>	

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

² Others include changes due to exchange differences and others.

<i>(in millions of Korean won)</i>	Transactions without cash
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	At January 1, 2020		Cash flows from financial activities	flows				At December 31, 2020	
				Amortization		Others ²			
Short-term borrowings	₩	1,927,232	₩ (459,846)	₩	-	₩ (47,823)	₩	1,419,563	
Long-term borrowings ¹		711,132	198,952		-	(22,793)		887,291	
Debentures ¹		778,966	59,171		676	-		838,813	
	₩	3,417,330	₩ (201,723)	₩	676	₩ (70,616)	₩	3,145,667	

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 ₩ 103,286 million (2020: ₩ 129,603 million), and cash outflows from interest expenses (operating activities) were ₩ 9,807 million (2020: ₩ 14,368 million).

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

<i>(in millions of Korean won)</i>	2021	2020
Transfer of debentures to current portion	₩ 50,000	₩ 440,000
Increase in right-of-use assets and lease liabilities	62,878	88,007
Transfer between other comprehensive income and retained earnings due to disposal of financial assets at fair value through other comprehensive income	(2,201)	(5,248)
Gain or loss on valuation of financial assets at fair value through other comprehensive income	(1,540,539)	7,431,818
Changes in exchange differences – other comprehensive income	71,701	(35,246)
Changes in gain (loss) on derivatives – other comprehensive income	(968)	189
Changes in non-trade receivables due to disposal of investments in associates and joint ventures	488,230	-
Changes in non-trade payables due to acquisition of property, plant and equipment	193,227	23,785

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30. Segment Information

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

Also, a summary of information on the Group's operations by business segment as at and for the years ended December 31, 2021 and 2020, is prepared after elimination of intercompany transactions in operating profit, and liabilities of operating segments are not included as those are not periodically reported to the Group's management.

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

*(in millions of
Korean won)*

(in millions of Korean won)	2021														
	Construction		Trading		Fashion		Resort		Food and beverages		Bio		Common		Total
External sales	₩	11,039,388	₩	21,374,484	₩	1,893,628	₩	525,202	₩	2,353,754	₩	1,574,849	₩	-	₩ 38,761,305
Internal sales		(50,472)		(4,020,006)		(126,733)		(8,129)		(93,941)		(6,842)		-	(4,306,123)
Net sales	₩	10,988,916	₩	17,354,478	₩	1,766,895	₩	517,073	₩	2,259,813	₩	1,568,007	₩	-	₩ 34,455,182
Depreciation	₩	75,378	₩	33,097	₩	32,466	₩	55,566	₩	30,959	₩	192,043	₩	-	₩ 419,509
Amortization		40,386		12,309		29,461		4,422		4,601		11,025		-	102,204
Operating profit (loss)		251,396		296,071		100,326		(32,192)		88,807		491,575		-	1,195,983
Total assets ¹		9,038,714		4,618,046		1,030,064		2,361,922		787,511		8,070,164		29,339,002	55,245,423

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

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(in millions of
Korean won)

(in millions of Korean won)	2020														
	Construction		Trading		Fashion		Resort		Food and beverages		Bio		Common		Total
External sales	₩	11,765,856	₩	16,176,238	₩	1,648,127	₩	433,380	₩	2,205,159	₩	1,165,907	₩	-	₩ 33,394,667
Internal sales		(63,899)		(2,924,655)		(102,616)		(7,393)		(77,725)		(2,260)		-	(3,178,548)
Net sales	₩	11,701,957	₩	13,251,583	₩	1,545,511	₩	425,987	₩	2,127,434	₩	1,163,647	₩	-	₩ 30,216,119
Depreciation	₩	112,496	₩	23,213	₩	38,156	₩	55,174	₩	30,718	₩	177,917	₩	-	₩ 437,673
Amortization		37,381		13,234		41,312		4,946		3,810		5,652		-	106,335
Operating profit (loss)		531,309		93,491		(35,685)		(82,177)		103,090		247,052		-	857,080
Total assets ¹		8,757,399		3,853,368		1,127,303		2,437,015		783,473		6,585,996		30,787,186	54,331,740

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

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Summary of information on the Group's operations by geographic areas for the years ended December 31, 2021 and 2020, is as follows:

(in millions of Korean won)

	2021				
	Domestic	Asia	Europe	The Americas	Total
Total revenue	₩ 25,124,177	₩ 10,147,461	₩ 1,282,484	₩ 2,207,184	₩ 38,761,305
Intercompany revenue	(2,694,437)	(1,037,806)	(278,981)	(294,901)	(4,306,123)
Revenue from external customers	₩ 22,429,740	₩ 9,109,655	₩ 1,003,503	₩ 1,912,283	₩ 34,455,182
Non-current assets ¹	₩ 5,998,678	₩ 121,760	₩ 34,756	₩ 212,271	₩ 6,367,465

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

(in millions of Korean won)

	2020				
	Domestic	Asia	Europe	The Americas	Total
Total revenue	₩ 22,566,198	₩ 8,169,624	₩ 1,041,663	₩ 1,617,182	₩ 33,394,667
Intercompany revenue	(1,953,624)	(847,634)	(275,453)	(101,837)	(3,178,548)
Revenue from external customers	₩ 20,612,574	₩ 7,321,990	₩ 766,210	₩ 1,515,345	₩ 30,216,119
Non-current assets ¹	₩ 5,768,261	₩ 116,973	₩ 41,573	₩ 213,444	₩ 6,140,251

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

31. Financial Risk Management

31.1 Financial Risk Management

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

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

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(a) Market risk

i) Foreign exchange risk

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

Details of foreign assets and liabilities of the Group 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	₩ 2,396,528	₩ 171,528	₩ 106,327	₩ 378,037
Financial liabilities	1,802,190	183,386	33,041	99,141

<i>(in millions of Korean won)</i>	December 31, 2020			
	USD	EUR	JPY	Others
Financial assets	₩ 1,559,308	₩ 93,642	₩ 8,700	₩ 106,016
Financial liabilities	1,245,020	104,902	25,916	69,792

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

<i>(in millions of Korean won)</i>	December 31, 2021	
	Strengthened	Weakened
Financial assets	₩ (152,621)	₩ 152,736
Financial liabilities	105,888	(105,888)
Net effect	₩ (46,733)	₩ 46,848

<i>(in millions of Korean won)</i>	December 31, 2020	
	Strengthened	Weakened
Financial assets	₩ (88,383)	₩ 88,383
Financial liabilities	72,281	(72,281)
Net effect	₩ (16,102)	₩ 16,102

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ii) Equity price risk

The Group's investment portfolio consists of direct and indirect investments in listed and non-listed securities for utilization of finances and enhancement of enterprise value (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 are as follows:

<i>(in millions of Korean won)</i>	2021		2020	
Changes in other comprehensive income	₩	208,234	₩	219,644
Changes in profit or loss		16		13

iii) Interest rate risk

The Group 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 Group's position with regard to interest rate risk exposure is mainly related to debt obligations such as debentures. To mitigate interest rate risk, the Group manages interest rate risk proactively by establishing and operating policies for minimizing interest risks, monitoring periodically interest rate trends in domestic and international markets and preparing countermeasures.

As 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	₩	1,720,843	₩	1,573,443

Interest sensitivity of the Group 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) in interest expense	₩ (17,208)	₩ 17,208	₩ (15,734)	₩ 15,734

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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 Group monitors and sets the counterparty's credit limit on a periodic basis based on the counterparty's financial conditions, default history and other important factors.

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

i) Trade receivables and contract assets

The Group applies the simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables and contract assets. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as 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						Impaired receivables	Total
	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			
Expected loss rate	0.29%	2.67%	6.12%	13.94%	24.62%	72.39%	3.19%	
Total carrying amount	₩ 5,371,123	₩ 212,194	₩ 38,659	₩ 13,025	₩ 59,981	₩ 204,120	₩ 5,899,102	
Loss allowance	(15,722)	(5,658)	(2,366)	(1,816)	(14,767)	(147,771)	(188,100)	

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

<i>(in millions of Korean won)</i>	2021	2020
Beginning balance	₩ 170,958	₩ 192,143
Increase in loss allowance recognized in profit or loss during the year	18,413	3,191
Receivables written off during the year as uncollectible	(32)	(21,944)
Others ¹	(1,239)	(2,432)
Ending balance	<u>₩ 188,100</u>	<u>₩ 170,958</u>

¹ Others include exchange differences, consolidation adjustments and others.

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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 Group considers that there is an evidence of impairment if any of the following indicators are present:

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

As at December 31, 2021, the gross carrying amount of trade receivables (including due from customer for contract work), reflecting the maximum exposure to credit risk, is ₩ 5,711,002 million (2020: ₩ 5,078,489 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	₩	18,413	₩	3,191

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	₩	506,697	₩	500,042
Increase in loss allowance recognized in profit or loss during the year		16,407		13,153
Receivables written off during the year as uncollectible		(23,090)		(5,494)
Others ¹		(821)		(1,004)
Ending balance	₩	<u>499,193</u>	₩	<u>506,697</u>

¹ Others include exchange differences, consolidation adjustments and others.

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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 Group considers that there is an evidence of impairment if any of the following indicators are present:

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

As at December 31, 2021, the gross carrying amount of other financial assets at amortized costs, reflecting the maximum exposure to credit risk, is ₩ 2,897,818 million (2020: ₩ 2,034,099 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	₩ 16,407	₩ 13,153

As at December 31, 2021 and 2020, the Group recognizes financial guarantee liabilities of ₩ 26,186 million and ₩ 26,599 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 ₩ 2,792,700 million and ₩ 2,494,228 million, respectively.

In addition, the Group has provided several agreements including the loan agreement for the members engaged in housing association, the supplemental funding agreement on borrowings to SOC 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 Group manages its liquidity risk to maintain adequate net working capital by constantly managing projected cash flows. Beyond effective working capital and cash management, the Group mitigates liquidity risk by factoring and contracting with financial institutions with respect to bank overdrafts and others. In addition, for efficient application of funds, the Group monitors its cash flows through medium and long-term management planning and short-term management strategy.

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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	₩ 2,135,535	₩ 2,173,751	₩ 1,546,516	₩ 467,246	₩ 152,764	₩ 7,225
Debentures	837,941	882,311	65,903	223,404	387,702	205,302
Derivative liabilities ¹	9,675	9,676	8,883	478	254	61
Financial guarantee liabilities ²	26,186	2,792,700	1,100,800	1,164,700	27,200	500,000
Trade payables	2,527,037	2,527,037	2,527,037	-	-	-
Other payables	3,721,541	3,721,541	3,441,111	280,430	-	-
	<u>₩ 9,257,915</u>	<u>₩12,107,016</u>	<u>₩ 8,690,250</u>	<u>₩ 2,136,258</u>	<u>₩ 567,920</u>	<u>₩ 712,588</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 Group provides the financial guarantee. Contractual cash flows of the financial liabilities are analyzed into the relevant maturity groupings based on the remaining period to the contractual maturity date. As 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	₩ 2,306,854	₩ 2,348,482	₩ 1,649,370	₩ 231,639	₩ 439,427	₩ 28,046
Debentures	838,813	863,389	511,405	56,229	214,483	81,272
Derivative liabilities ¹	17,133	17,167	15,840	938	209	180
Financial guarantee liabilities ²	26,599	2,494,228	918,150	470,912	1,068,363	36,803
Trade payables	2,001,152	2,001,152	2,001,152	-	-	-
Other payables	3,559,161	3,559,161	3,255,807	303,354	-	-
	<u>₩ 8,749,712</u>	<u>₩11,283,579</u>	<u>₩ 8,351,724</u>	<u>₩ 820,389</u>	<u>₩ 1,813,488</u>	<u>₩ 297,978</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 Group provides the financial guarantee. Contractual cash flows of the financial liabilities are analyzed into the relevant maturity groupings based on the remaining period to the contractual maturity date. As 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 Group 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 Group's capital management considers the Group's debt ratio, computed by dividing total liabilities by total equity disclosed in the consolidated financial statements.

As 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)	₩	21,892,979	₩	21,386,258
Equity (B)		33,352,444		32,945,482
Debt-to-equity ratio (A/B)		66%		65%

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 Group 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 Group uses various valuation methods such as estimated cash flows discount method to estimate fair value. Fair values of interest rate swap and currency swap are calculated by discounting future estimated cash flows. The fair values of metal futures and currency forward contract are estimated by using the official price and the official forward exchange rate as at the reporting date, respectively. The Group records the net book amount after deducting the provision for impairment from the gross amount as the approximate value of the trade receivables and other financial assets at amortized costs. The fair value of the financial liabilities is the discounted amount of the future cash flow under the terms of the contract by using current market interest rate applied on similar financial instruments.

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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	₩ 28,292,655	₩ 1,093,845	₩ 211,599	₩ 29,598,099
Financial assets at fair value through profit or loss	2,226	1,592,892	289,015	1,884,133
Derivative financial instruments:				-
Held for trading	-	3,157	29,013	32,170
Hedging	-	23,606	-	23,606
	<u>₩ 28,294,881</u>	<u>₩ 2,713,500</u>	<u>₩ 529,627</u>	<u>₩ 31,538,008</u>
Liabilities measured at fair value				
Derivative financial instruments:				
Held for trading	₩ -	₩ 3,043	₩ -	₩ 3,043
Hedging	-	6,634	-	6,634
	<u>₩ -</u>	<u>₩ 9,677</u>	<u>₩ -</u>	<u>₩ 9,677</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	₩ 29,842,914	₩ 997,720	₩ 170,745	₩ 31,011,379
Financial assets at fair value through profit or loss	1,775	1,000,800	252,988	1,255,563
Derivative financial instruments:				
Held for trading	-	3,797	52,985	56,782
Hedging	-	6,801	-	6,801
	<u>₩ 29,844,689</u>	<u>₩ 2,009,118</u>	<u>₩ 476,718</u>	<u>₩ 32,330,525</u>
Liabilities measured at fair value				
Derivative financial instruments:				
Held for trading	₩ -	₩ 5,003	₩ -	₩ 5,003
Hedging	-	12,131	-	12,131
	<u>₩ -</u>	<u>₩ 17,134</u>	<u>₩ -</u>	<u>₩ 17,134</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	47,376	3	Net asset value method, discounted cash flow method and others	Growth rate, discount rate and others
Other equities	404,040	3	Net asset value method, discounted cash flow method and others	Growth rate, discount rate and others
Investment bonds	2,686,737	2	Discounted cash flow method	Counterparty credit risk and others
Derivatives (assets)				
Currency forwards and others	26,763	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	9,677	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 Group's divisions is responsible for fair value measurements which contain fair value measurement categorized in Level 3 for the purpose of financial report and the said department reports periodically the fair value valuation process and its outcome on reporting schedule at the end of every year.

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

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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)

(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 assets at fair value through other comprehensive income ¹	₩	-	₩	1,805	₩	-	₩	(1,578)

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

(a) The Group 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.

(b) Samsung Biologics, a subsidiary of the Parent Company, 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.

The transaction amount is USD 2,300,000,000, which consists of purchase price of USD 2,250,000,000 and contingent consideration of USD 50,000,000. The purchase price will be paid in three installments as of the date of acquisition (USD 1,000,000,000 paid on the closing date of the transaction, USD 812,500,000 paid up to one year from the closing date, and USD 437,500,000 paid by the second year from the closing date of the transaction), and the contingent consideration will be paid in a lump sum in January 2027 if the conditions are met. The expected transaction closing date and acquisition date is April 2022, and it is subject to change according to the government approval schedule.

(c) Samsung BioLogics Co., Ltd., a subsidiary of the Parent Company, determined to increase capital for facility funds and funds to acquire other corporate securities at the Board of Directors on January 28, 2022. The estimated amount of capital increase is ₩ 3,000,391 million (5,009,000 shares of registered ordinary shares) and the expected listing date for new shares is April 28, 2022.

(d) In December 2020, Biogen Therapeutics Inc., a subsidiary of the Parent Company, requested for arbitration in the International Chamber of Commerce Court of International Arbitration against Samsung Biologics seeking interpretation of certain provisions in the Joint Agreement executed by and between Biogen and Samsung Biologics and the relevant proceedings were in progress, but the arbitration process has been suspended according to the agreement between these two companies in February 2022.