

Orion Holdings Corporation and Subsidiaries

Consolidated Financial Statements

December 31, 2022 and 2021

Orion Holdings Corporation and Subsidiaries
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December 31, 2022 and 2021

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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 Orion Holdings Corporation

Opinion

We have audited the accompanying consolidated financial statements of Orion Holdings Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, 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, 2022 and 2021, 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.

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.

(1) Promotion on sales of goods in confectionaries segment

Why it is determined to be a key audit matter

The Group manufactures and sells confectionaries and others, and applies various types of sales rebates and policies to increase sales considering the characteristic of the goods. As disclosed in Note 2 to the consolidated financial statements, the Group accounts for consideration payable to a customer as an expense or reduction of the revenue, depending on whether the payment to the customer is in exchange for a distinct good or service. The amount of sales of goods on the consolidated financial statements is one of the Group's key financial performance index and is measured taking into account of consideration payable to a customer such as sales rebates and others; thus, we identified overstating of revenue due to an error in recognition of consideration payable to a customer as a significant risk, as a result of considering the significance of classification between deductions in sales of goods and selling and administration expenses, materiality of the amount and others.

How our audit addressed the key audit matter

We have performed following audit procedures to address the key audit matter. We:

- Obtained an understanding on types of considerations to be paid to customers, assessed appropriateness of accounting policies for each classification, and obtained an understanding and assessed related internal control.
- Assessed appropriateness of the recognition of considerations to be paid to the customers in the relevant documents such as contracts, on a test basis by testing relevant transactions
- Assessed adequacy of the amount of revenue by reviewing the appropriateness of the account classification between reduction of the revenue and recognizing as selling, general and administrative expenses.

(2) Goodwill impairment assessment

Why it is determined to be a key audit matter

As disclosed in Note 8 to the consolidated financial statements, the amount of goodwill held by the Group as at December 31, 2022, is ₩ 874,345 million, and goodwill is tested annually for impairment. We focused our audit effort on Cash Generating Unit (CGU) of Orion Corporation, a subsidiary and the Group to which goodwill is allocated, taking into account business performance and size of related goodwill amounts. Corresponding goodwill amounts recognized are ₩ 873,853 million.

The Group engaged external evaluation experts for the impairment assessment of the CGU above to which goodwill is allocated, and concluded that there is sufficient headroom between the recoverable amount of the CGU and its carrying amounts. However, we considered goodwill impairment assessment to be a key audit matter given the size of the goodwill and the extent of significant management judgments involved in valuation models to use for estimating recoverable amount and assumptions including future business forecasts, discount rates and others.

How our audit addressed the key audit matter

We have performed following audit procedures to address the key audit matter. We:

- Assessed the appropriateness of valuation models used by management to estimate the recoverable amounts.
- Agreed the cash flow forecasts used in the impairment models to management approved forecasts
- Compared actual performance of current year with the estimations of previous year to confirm subsequently the estimations reflected optimistic assumptions.
- Assessed the reasonableness of the key assumptions used for the recoverable amounts estimation.
 - Evaluated the reasonableness of the sales growth rate, cost to sales rate and investment activity forecasts by comparing them with market conditions.
 - Compared the economic and industry forecasts with long-term growth rate.
 - Compared the discount rates used by management with those calculated independently using observable information.
- Assessed competence and objectivity of experts engaged by management in evaluating the recoverable amounts.
- Assessed the key assumptions and judgements used for evaluating the recoverable amounts through discussion with management and its experts.
- Assessed sensitive analysis results for discount rate and perpetual growth rate performed by management, to evaluate the impacts of changes in key assumptions on impairment assessment.
- Assessed the appropriateness of the Group's disclosure around the goodwill impairment assessment as included in the notes to the consolidated financial statements.

Other Matter

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 Yun Won Jang, Certified Public Accountant.

March 15, 2023

Seoul, Korea

This report is effective as of March 15, 2023, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Orion Holdings Corporation and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2022 and 2021

<i>(in thousands of Korean won)</i>	Notes	2022	2021
Assets			
Property, plant and equipment	6	W 1,986,066,121	W 2,042,973,604
Intangible assets	7	354,603,354	429,179,713
Goodwill	8	874,344,550	874,350,163
Investments property	9	57,107,284	81,624,575
Right-of-use assets	10	97,360,239	106,134,627
Investments in associates and joint ventures	11	55,934,097	47,486,353
Financial assets at fair value through profit or loss	12,34	9,695,920	7,113,462
Financial assets at fair value through other comprehensive income	12,34	24,567,044	24,124,009
Long-term trade receivables	16,34,36	678,027	354,297
Other non-current financial assets	16,34,36	3,012,044	941,587
Long-term deposits	17,34,36	7,485,912	2,535,269
Net defined benefit assets	27	3,332,185	-
Other non-current assets	13	28,359,771	26,233,797
Deferred income tax assets	35	15,561,009	17,942,943
Total non-current assets		<u>3,518,107,557</u>	<u>3,660,994,399</u>
Non-current assets held for sale	15	-	23,549,235
Inventories	14	236,448,834	209,362,083
Trade receivables	16,34,36	216,997,006	185,860,691
Other current financial assets	16,34,36	21,594,852	15,296,591
Financial assets at fair value through profit or loss	12,34	-	73,639,848
Short-term deposits	17,34,36	385,563,538	138,101,844
Other current assets	13	92,439,042	82,646,745
Current income tax assets	35	247,561	3,564,276
Cash and cash equivalents	17,34,36	630,770,041	568,772,628
Total current assets		<u>1,584,060,874</u>	<u>1,277,244,706</u>
Total assets		<u>W 5,102,168,431</u>	<u>W 4,961,788,340</u>

Orion Holdings Corporation and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2022 and 2021

	Notes	2022	2021
Equity			
Capital stock	1,18	₩ 31,322,711	₩ 31,322,711
Capital surplus	18	1,251,350,081	1,251,350,081
Treasury shares	19	(11,625,409)	(11,625,409)
Other capital	20	174,118,086	420,957,867
Reserves	21	177,251,290	163,038,892
Unappropriated retained earnings	21	542,119,765	242,449,213
Equity attributable to owners of the Parent		2,164,536,524	2,097,493,355
Non-controlling interest	4	1,960,417,599	1,773,353,528
Total equity		4,124,954,123	3,870,846,883
Liabilities			
Long-term borrowings	26,34,36	-	69,890,942
Long-term trade payables	34,36	460,781	522,441
Other non-current financial liabilities	24,34,36	700,064	2,276,536
Non-current lease liabilities	10,34,36	9,451,928	12,440,154
Net defined benefit liabilities	27	-	1,901,415
Deferred tax liabilities	35	301,808,164	361,385,680
Other non-current liabilities	28	1,280,773	1,480,303
Total non-current liabilities		313,701,710	449,897,471
Current portion of long-term borrowings	26,34,36	69,973,925	159,956,353
Short-term borrowings	26,34,36	105,907,383	95,734,778
Trade payables	34,36	151,162,312	118,639,591
Other current financial liabilities	24,34,36	195,069,318	167,312,042
Current lease liabilities	10,34,36	8,338,071	9,691,517
Current tax liabilities	35	57,434,809	36,515,444
Other current liabilities	25,28	75,626,780	53,194,261
Total current liabilities		663,512,598	641,043,986
Total liabilities		977,214,308	1,090,941,457
Total equity and liabilities		₩ 5,102,168,431	₩ 4,961,788,340

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

Orion Holdings Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2022 and 2021

(in thousands of Korean won,
except earnings per share)

	Notes	2022	2021
Revenue	29	₩ 2,934,623,361	₩ 2,415,059,149
Cost of sales	29,33	(1,827,978,798)	(1,445,964,162)
Gross profit		<u>1,106,644,563</u>	<u>969,094,987</u>
Selling expenses	30,33	(553,139,607)	(509,033,050)
General and administrative expenses	30,33	(153,680,146)	(144,364,538)
Operating profit		<u>399,824,810</u>	<u>315,697,399</u>
Net other income (expenses)	31	1,463,737	(159,596)
Net finance income	32,34	20,714,900	5,259,097
Share of loss of associates and joint ventures	11	(837,818)	(776,793)
Profit before income tax		<u>421,165,629</u>	<u>320,020,107</u>
Income tax expense	35	(97,590,907)	(94,691,766)
Profit for the year		<u>323,574,722</u>	<u>225,328,341</u>
Other comprehensive income (loss):			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translating foreign operations		(40,008,336)	201,308,916
Share of other comprehensive income of associates and joint ventures	11	(889,451)	1,029,675
Items that will not be reclassified to profit or loss			
Defined benefit plan actuarial gain (loss)	27	11,284,545	(3,798,379)
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	12	5,389,717	(5,178,189)
Share of defined benefit plan actuarial gain (loss) of joint ventures		152,840	53,503
Income tax of other comprehensive income	35	(2,464,231)	961,512
Total comprehensive income for the year		<u>₩ 297,039,806</u>	<u>₩ 419,705,379</u>

Orion Holdings Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2022 and 2021

*(in thousands of Korean won,
except earnings per share)*

	Notes	2022	2021
Profit attributable to:			
Owners of the Parent		₩ 102,966,522	₩ 85,985,013
Non-controlling interests	4	<u>220,608,200</u>	<u>139,343,328</u>
Profit for the year		<u>₩ 323,574,722</u>	<u>₩ 225,328,341</u>
Total comprehensive income attributable to:			
Owners of the Parent		₩ 92,875,752	₩ 156,186,626
Non-controlling interests		<u>204,164,054</u>	<u>263,518,753</u>
Total comprehensive income for the year		<u>₩ 297,039,806</u>	<u>₩ 419,705,379</u>
Earnings per share: (in Korean won)	22		
Basic earnings per share		₩ 1,712	₩ 1,429
Diluted earnings per share		1,712	1,429

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

Orion Holdings Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
Years Ended December 31, 2022 and 2021

<i>(in thousands of Korean won)</i>	<u>Capital stock</u>		<u>Capital surplus</u>		<u>Treasury shares</u>		<u>Other capital</u>		<u>Reserve</u>		<u>Retained earnings</u>		<u>Non-controlling interests</u>		<u>Total equity</u>	
Balance at January 1, 2021	₩	31,322,711	₩	1,251,350,081	₩	(11,625,409)	₩	349,634,162	₩	153,116,523	₩	192,613,299	₩	1,528,298,538	₩	3,494,709,905
Comprehensive income:																
Profit for the year		-		-		-		-		-		85,985,013		139,343,328		225,328,341
Other comprehensive income:																
Loss on valuation of financial assets at fair value through other comprehensive income		-		-		-		(1,905,524)		-		-		(3,239,399)		(5,144,923)
Exchange differences on translating foreign operations		-		-		-		72,394,909		-		-		128,914,008		201,308,917
Share of other comprehensive income of associates and joint ventures		-		-		-		838,096		-		-		191,579		1,029,675
Share of retained earnings of joint ventures		-		-		-		-		-		19,995		33,508		53,503
Remeasurements of net defined benefit liability		-		-		-		-		-		(1,145,862)		(1,724,272)		(2,870,134)
Transfer of disposal of financial assets at fair value through other comprehensive income		-		-		-		(13,613)		-		13,613		-		-
Total comprehensive income for the year		-		-		-		71,313,868		-		84,872,759		263,518,752		419,705,379
Total transactions with owners of the Company, recognized directly in equity																
Share-based compensation expense		-		-		-		-		-		-		111,313		111,313
Dividends		-		-		-		-		-		(25,114,476)		(18,565,238)		(43,679,714)
Transfer to statutory reserve		-		-		-		-		5,285,715		(5,285,715)		-		-
Transfer to voluntary reserve		-		-		-		-		16,136,654		(16,136,654)		-		-
Transfer from voluntary reserve		-		-		-		-		(11,500,000)		11,500,000		-		-
Changes in percentage ownership due to acquisition of subsidiaries		-		-		-		9,837		-		-		(9,837)		-
Total transactions with owners of the Company, recognized directly in equity		-		-		-		9,837		9,922,369		(35,036,845)		(18,463,762)		(43,568,401)
Balance at December 31, 2021	₩	31,322,711	₩	1,251,350,081	₩	(11,625,409)	₩	420,957,867	₩	163,038,892	₩	242,449,213	₩	1,773,353,528	₩	3,870,846,883

Orion Holdings Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
Years Ended December 31, 2022 and 2021

(in thousands of Korean won)

	<u>Capital stock</u>	<u>Capital surplus</u>	<u>Treasury shares</u>	<u>Other capital</u>	<u>Reserve</u>	<u>Retained earnings</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
Balance at January 1, 2022	₩ 31,322,711	₩ 1,251,350,081	₩ (11,625,409)	₩ 420,957,867	₩ 163,038,892	₩ 242,449,213	₩ 1,773,353,528	₩ 3,870,846,883
Comprehensive income:								
Profit for the year	-	-	-	-	-	102,966,522	220,608,200	323,574,722
Other comprehensive income:								
Gain on valuation of financial assets at fair value through other comprehensive income	-	-	-	1,263,862	-	-	4,435,351	5,699,213
Exchange differences on translating foreign operations	-	-	-	(14,190,763)	-	-	(25,817,573)	(40,008,336)
Share of other comprehensive income of associates and joint ventures	-	-	-	(785,485)	-	-	(103,967)	(889,452)
Share of retained earnings of joint ventures	-	-	-	-	-	57,129	95,711	152,840
Remeasurements of net defined benefit liability	-	-	-	-	-	3,564,487	4,946,332	8,510,819
Transfer of disposal of financial assets at fair value through other comprehensive income	-	-	-	98,577	-	(98,577)	-	-
Total comprehensive income for the year	-	-	-	(13,613,809)	-	106,489,561	204,164,054	297,039,806
Total transactions with owners of the Company, recognized directly in equity								
Exercise of share options	-	-	-	45,896	-	-	78,682	124,578
Grant of share options	-	-	-	-	-	-	7,331	7,331
Dividends	-	-	-	-	-	(33,107,246)	(18,565,238)	(51,672,484)
Transfer to statutory reserve	-	-	-	-	1,865,742	(1,865,742)	-	-
Transfer to voluntary reserve	-	-	-	-	22,346,656	(22,346,656)	-	-
Transfer from voluntary reserve	-	-	-	-	(10,000,000)	10,000,000	-	-
Transfer from capital surplus	-	-	-	(240,500,635)	-	240,500,635	-	-
Changes in percentage ownership due to equity transaction like acquisition of subsidiaries and others	-	-	-	-	-	-	1,379,242	1,379,242
Others	-	-	-	7,228,767	-	-	-	7,228,767
Total transactions with owners of the Company, recognized directly in equity	-	-	-	(233,225,972)	14,212,398	193,180,991	(17,099,983)	(42,932,566)
Balance at December 31, 2022	₩ 31,322,711	₩ 1,251,350,081	₩ (11,625,409)	₩ 174,118,086	₩ 177,251,290	₩ 542,119,765	₩ 1,960,417,599	₩ 4,124,954,123

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

Orion Holdings Corporation and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2022 and 2021

(in thousands of Korean won)

	2022	2021
Cash flows from operating activities		
Profit from continuing operations	₩ 323,574,722	₩ 225,328,341
Adjustments for:		
Retirement benefits	13,040,538	14,127,166
Depreciation of property, plant and equipment	141,553,178	132,823,082
Depreciation of investment property	330,556	409,789
Amortization	119,674,806	91,520,774
Depreciation of right-of-use assets	13,152,275	12,191,104
Share-based compensation expense	34,463	2,715,061
Impairment loss on publication rights	1,264	-
Impairment loss on prepayments	38,037	130,000
Bad debt expenses	3,920,033	96,404
Loss on sale of trade receivables	-	22,558
Loss on sale of property, plant and equipment	7,397,814	4,389,544
Loss on sale of intangible assets	27,427	48,363
Loss on valuation of financial assets at fair value through profit or loss	725,398	680,836
Bad debt expenses on other receivables (reversed)	(67,929)	273,675
Foreign currency translation loss	898,408	370,661
Interest expense	6,547,724	9,038,654
Other expenses	1,851,021	841,791
Income tax expense	97,590,908	94,691,767
Share of loss of associates and joint ventures	837,818	776,793
Gain on sale of property, plant and equipment	(3,101,426)	(979,677)
Gain on sale of intangible assets	(1,559,304)	-
Gain on sale of investment property	(2,145,498)	(771,378)
Gain on sale of non-current assets held for sale	(1,653,883)	-
Reversal of impairment loss on intangible assets	-	(152,310)
Foreign currency translation gain	(739,993)	(359,107)
Gain on sale of financial assets at fair value through profit or loss	(631,455)	(198,363)
Gain on valuation of financial assets at fair value through profit or loss	(743,415)	(161,105)
Interest income	(25,158,555)	(14,430,357)
Dividend income	(542,460)	(332,285)
Other income	(278,822)	(205,860)
	<u>370,998,928</u>	<u>347,557,580</u>

Orion Holdings Corporation and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2022 and 2021

<i>(in thousands of Korean won)</i>	2022		2021	
Changes in:				
Trade receivables	₩	(37,111,843)	₩	(16,900,806)
Other current financial assets		(637,363)		2,530,671
Other non-current financial assets		(20,239)		1,872,592
Inventories		(30,923,125)		(14,630,666)
Other current assets		(49,902,170)		1,482,737
Other non-current assets		(7,073,536)		(1,041,804)
Trade payables		34,637,253		3,911,414
Other current financial liabilities		65,657,046		(28,762,587)
Other current liabilities		(12,101,123)		8,481,266
Other non-current liabilities		2,973		-
Plan assets		284,245		(1,760,471)
Payment of defined benefit obligations		(7,894,137)		(15,357,311)
Payments of other long-term employee benefits liabilities		(131,466)		(80,438)
		(45,213,485)		(60,255,403)
Interest received		21,128,671		13,624,620
Dividend received		395,303		332,285
Interest paid		(11,314,006)		(7,020,297)
Income tax paid		(129,515,004)		(73,070,763)
Net cash inflow from operating activities	₩	530,055,129	₩	446,496,363
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	₩	10,600,465	₩	3,555,995
Proceeds from sale of intangible assets		4,170,526		1,714,065
Proceeds from sale of investment properties		8,655,000		3,475,500
Proceeds from sale of non-current assets held for sale		22,672,749		2,500,000
Decrease in operation deposits		93,400		133,690
Decrease in rental deposits		838,899		1,209,087
Collection of short-term loans		-		5,347
Acquisition of financial assets at fair value through profit or loss		(670,382,820)		(224,091,217)
Disposal of financial assets at fair value through profit or loss		747,549,169		156,220,489
Increase in financial assets at fair value through other comprehensive income		3,317		(10,139,993)
Decrease in financial assets at fair value through other comprehensive income		-		158,529
Acquisition of property, plant and equipment		(86,079,120)		(142,700,607)
Acquisition of intangible assets		(5,791,002)		(4,757,808)
Acquisition of investment property		-		(44,702)
Increase in prepayments		(207,000)		-
Acquisition of investments in associates and joint ventures		(10,022,173)		(16,101,520)
Increase in operation deposits		(179,850)		(93,400)
Increase in rental deposits		(1,917,319)		(1,256,047)
Net increase in deposits		(259,599,902)		(43,383,103)

Orion Holdings Corporation and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2022 and 2021

<i>(in thousands of Korean won)</i>	<u>2022</u>	<u>2021</u>
Net cash outflow from investing activities	₩ (239,595,661)	₩ (273,595,695)
Cash flows from financing activities		
Increase in short-term borrowings	₩ 521,718,983	₩ 532,761,398
Redemption of short-term borrowings	(509,935,267)	(456,543,281)
Redemption of current portion of long-term borrowings	(160,000,000)	(60,000,000)
Increase in deposits received	200,000	820,100
Decrease in deposits received	(263,100)	(563,500)
Dividends paid	(51,672,484)	(43,679,713)
Redemption of lease liabilities	(10,900,234)	(9,815,360)
Exercise of share options and others	124,578	-
Net cash outflow from financing activities	₩ (210,727,524)	₩ (37,020,356)
Effect of exchange rate fluctuations on cash and cash equivalents, and others	(17,734,531)	46,163,071
Net increase in cash and cash equivalents	61,997,413	182,043,383
Cash and cash equivalents at the beginning of year	568,772,628	386,729,245
Cash and cash equivalents at the end of year	₩ <u>630,770,041</u>	₩ <u>568,772,628</u>

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

Orion Holdings Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

1. General Information

These financial statements are consolidated financial statement prepared by Orion Holdings Corporation ("the Company" or the "Parent Company") and its subsidiaries (collectively referred to as the "Group"), which are subject to consolidation, in accordance with Korean IFRS 1110 *Consolidated Financial Statements*.

Description of the Controlling Company

Orion Holdings Corporation ("the Company" or the "Parent Company") was founded on July 25, 1956, and listed on the Korea Stock Exchange on June 27, 1975. As at December 31, 2022, the Company engages in the business of manufacturing and selling confectioneries with its headquarters in Baekbum-ro, Yongsan-gu, Seoul, Korea. The Company has increased its capital stock several times since incorporation and as at December 31, 2022, the Company has capital stock of ₩31,323 million, and its major stockholders are Lee Hwa Kyoung (32.63%) and six related individuals (31.21%).

In the meantime, the Company decided to equity spin off of the Investment business division and the confectionery manufacturing and selling division at the Board of Directors on November 22, 2016 and this resolution was approved by Shareholders' meeting on March 31, 2017. The Company established the Orion Corporation as a result of equity spin off as at June 1, 2017 and the Company, the surviving firm from the equity spin off changed its name to Orion Holdings Corporation.

The Company and its consolidated subsidiaries as at December 31, 2022 and 2021, are as follows:

Name	Location	Immediate controlling party	2022		
			Percentage of ownership		
			The Company	Subsidiary	Total
Orion Holdings Corporation	Korea	The Ultimate Parent Company	-	-	-
Orion Corporation ¹	Korea	Orion Holdings Corporation	37.37%	-	37.37%
RION Asset Development Co, Ltd. ³	Korea	Orion Holdings Corporation	-	-	-
SHOWBOX Corp.	Korea	Orion Holdings Corporation	57.47%	-	57.47%
Mega Mark Co., Ltd. ³	Korea	Orion Holdings Corporation	-	-	-
HighLand D&C Co., Ltd. ³	Korea	Orion Holdings Corporation	-	-	-
PAN Orion Corp. Limited.	Hong Kong	Orion Corporation	-	95.15%	95.15%
Orion International Euro LLC.	Russia	Orion Corporation	-	100.00%	100.00%
Orion Food VINA Co., Ltd.	Vietnam	Orion Corporation	-	100.00%	100.00%
Orion Nutritionals Private Ltd.	India	Orion Corporation	-	100.00%	100.00%
Supreme Star Investment Limited.	Hong Kong	Orion Holdings Corporation	62.66%	11.23%	73.89%
SHOWBOX Inc.	China	SHOWBOX Corp.	-	100.00%	100.00%
MisoIn Co., Ltd. ³	Korea	Mega Mark Co., Ltd.	-	-	-
Orion Food Co., Ltd.	China	PAN Orion Corp. Limited	-	100.00%	100.00%
Orion Food(Shanghai) Co., Ltd.	China	PAN Orion Corp. Limited	-	100.00%	100.00%
Orion Food Guangzhou Co., Ltd.	China	PAN Orion Corp. Limited	-	100.00%	100.00%
Orion Food (Shen Yang) Co., Ltd.	China	PAN Orion Corp. Limited	-	100.00%	100.00%
Orion Agro Co., Ltd.	China	Orion Food Co., Ltd.	-	100.00%	100.00%
Orion Agro DuoLun Co., Ltd.	China	Orion Food Co., Ltd.	-	100.00%	100.00%
LangFang Green Eco Packaging Co.,Ltd.	China	Orion Food Co., Ltd	-	100.00%	100.00%

Orion Holdings Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2022 and 2021

Name	Location	Immediate controlling party	2022		
			Percentage of ownership		
			The Company	Subsidiary	Total
Orion BioLogics Co.,Ltd. ⁴	Korea	Orion Holdings Corporation	60.00%	-	60.00%
Orion JeJu Yongam Soo Corp.	Korea	Orion Holdings Corporation	94.56%	-	94.56%
Beijing Zhongguan MegaboxCinema Co.,Ltd.	China	Supreme Star Investment Limited	-	90.00%	90.00%
Orion F&B US, INC. ²	USA	Orion Corporation	-	100.00%	100.00%

Name	Location	Immediate controlling party	2021		
			Percentage of ownership		
			The Company	Subsidiary	Total
Orion Holdings Corporation	Korea	The Ultimate Parent Company	-	-	-
Orion Corporation ¹	Korea	Orion Holdings Corporation	37.37%	-	37.37%
RION Asset Development Co, Ltd. ³	Korea	Orion Holdings Corporation	100.00%	-	100.00%
SHOWBOX Corp.	Korea	Orion Holdings Corporation	57.50%	-	57.50%
Mega Mark Co., Ltd. ³	Korea	Orion Holdings Corporation	100.00%	-	100.00%
HighLand D&C Co., Ltd. ⁴	Korea	Orion Holdings Corporation	100.00%	-	100.00%
PAN Orion Corp. Limited.	Hong Kong	Orion Corporation	-	95.15%	95.15%
Orion International Euro LLC.	Russia	Orion Corporation	-	100.00%	100.00%
Orion Food VINA Co., Ltd.	Vietnam	Orion Corporation	-	100.00%	100.00%
Orion Nutritionals Private Ltd.	India	Orion Corporation	-	100.00%	100.00%
Supreme Star Investment Limited.	Hong Kong	Orion Holdings Corporation	62.66%	11.23%	73.89%
SHOWBOX Inc.	China	SHOWBOX Corp.	-	100.00%	100.00%
MisoIn Co., Ltd. ³	Korea	Mega Mark Co., Ltd.	-	100.00%	100.00%
Orion Food Co., Ltd.	China	PAN Orion Corp. Limited	-	100.00%	100.00%
Orion Food(Shanghai) Co., Ltd.	China	PAN Orion Corp. Limited	-	100.00%	100.00%
Orion Food Guangzhou Co., Ltd.	China	PAN Orion Corp. Limited	-	100.00%	100.00%
Orion Food (Shen Yang) Co., Ltd.	China	PAN Orion Corp. Limited	-	100.00%	100.00%
Orion Agro Co., Ltd.	China	Orion Food Co., Ltd.	-	100.00%	100.00%
Orion Agro DuoLun Co., Ltd.	China	Orion Food Co., Ltd.	-	100.00%	100.00%
LangFang Green Eco Packaging Co.,Ltd.	China	Orion Food Co., Ltd	-	100.00%	100.00%
Orion BioLogics Co.,Ltd. ⁴	Korea	Orion Holdings Corporation	-	-	-
Orion JeJu Yongam Soo Corp.	Korea	Orion Holdings Corporation	94.56%	-	94.56%
Beijing Zhongguan MegaboxCinema Co.,Ltd.	China	Supreme Star Investment Limited	-	90.00%	90.00%
Orion F&B US, INC. ²	USA	Orion Corporation	-	100.00%	100.00%

¹ The Company's ownership of Orion Corporation is less than 50%, but it is classified as a subsidiary based on the judgement that the Company has control over Orion Corporation considering the presence of contracts on exercising of the voting rights with major shareholders and others.

Orion Holdings Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
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² In 2021, Orion F&B US, Inc. was established.

³ In 2022, Mega Mark Co., Ltd., HighLand D&C Co., Ltd., RION Asset Development Co, Ltd., and Misoin Co., Ltd. was sold.

⁴ In 2022, Orion BioLogics Co.,Ltd. was established.

Orion Holdings Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2022 and 2021

Financial information of the Company and its consolidated subsidiaries is summarized as follows:

(In millions of Korean won)

Name	Main business	2022					
		Total assets	Total liabilities	Total equity	Sales	Profit (loss) for the year	Comprehensive income (loss)
Orion Holdings Corporation	Investment	₩ 1,990,028	₩ 122,291	₩ 1,867,737	₩ 30,499	₩ 19,122	₩ 18,469
Orion Corporation	Manufacturing and selling confectioneries	1,228,500	276,810	951,690	939,113	104,657	112,348
Mega Mark Co., Ltd. ¹	Construction	-	-	-	-	(13)	(13)
RION Asset Development Co, Ltd. ¹	Real estate	-	-	-	-	(546)	(546)
HighLand D&C Co., Ltd. ¹	Developing and selling buildings for residence	-	-	-	-	(415)	(415)
Misoin Co., Ltd. ¹	Developing and supplying buildings for residence	-	-	-	-	(692)	(692)
SHOWBOX Corp.	Movie, broadcasting and performance	162,938	28,009	134,929	56,627	(2,378)	(2,343)
SHOWBOX Inc.	Planning and developing movie	315	5	310	57	(266)	(267)
Orion JeJu Yongam Soo Corp.	Beverage Business	115,998	58,978	57,020	12,560	(6,016)	(5,940)
Beijing Zhongguan Megabox Cinema Co., Ltd.	Cinema operation	10,462	1,559	8,903	3,598	(839)	(839)
Supreme Star Investment Limited	Holding company	7,902	-	7,902	-	(64)	(64)
PAN ORION Corp. Limited	Holding company	659,867	4,125	655,742	347,838	345,218	352,101
Orion International Euro LLC	Manufacturing and selling confectioneries	189,511	36,044	153,467	209,827	30,196	30,196
Orion Food VINA Co., Ltd.	Manufacturing and selling confectioneries	526,274	68,903	457,371	472,902	82,374	82,375
Orion Nutritionals Private Ltd.	Manufacturing and selling confectioneries	29,195	6,815	22,380	13,615	(11,628)	(11,628)
Orion Food Co., Ltd.	Manufacturing and selling confectionerie	787,447	198,988	588,459	1,265,189	134,612	134,612
Orion Food(Shanghai) Co., Ltd.	Manufacturing confectioneries	240,328	43,286	197,042	220,316	16,770	16,770
Orion Food Guangzhou Co., Ltd.	Manufacturing confectioneries	204,793	29,226	175,567	150,347	11,859	11,859
Orion Food (Shen Yang) Co., Ltd.	Manufacturing confectioneries	168,168	24,002	144,166	105,506	10,874	10,874
Orion Agro Co., Ltd.	Manufacturing food and beverages	9,710	1,749	7,961	16,552	1,520	1,520

Orion Holdings Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2022 and 2021

(In millions of Korean won)

Name	Main business	2022					
		Total assets	Total liabilities	Total equity	Sales	Profit (loss) for the year	Comprehensive income (loss)
Orion Agro DuoLun Co., Ltd.	Processing the agricultural products	4,761	849	3,912	3,704	253	253
LangFang Green Eco Packaging Co.,Ltd.	Manufacturing pulp and paper	25,362	6,095	19,267	30,962	3,483	3,483
Orion F&B US Inc.	Selling confectioneries	912	698	214	1,470	26	26
Orion BioLogics Co.,Ltd. ²	Bio	3,588	140	3,448	-	-	-
Total		₩ 6,366,059	₩ 908,572	₩ 5,457,487	₩ 3,880,682	₩ 738,107	₩ 752,139

¹ In 2022, the Group sold Mega Mark Co., Ltd., HighLand D&C Co., Ltd., RION Asset Development Co, Ltd., and Misoin Co., Ltd. and the amount stated above presents financial information before the sale.

² In 2022, Orion BioLogics Co.,Ltd. was established.

Above summarized financial information is based on the separate financial statements.

Orion Holdings Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
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(In millions of Korean won)

Name	Main business	2021					
		Total assets	Total liabilities	Total equity	Sales	Profit (loss) for the year	Comprehensive income (loss)
Orion Holdings Corporation	Investment	₩ 1,943,950	₩ 61,575	₩ 1,882,375	₩ 27,554	₩ 23,625	₩ 23,312
Orion Corporation	Manufacturing and selling confectioneries	1,268,635	399,647	868,988	807,372	92,263	89,385
Mega Mark Co., Ltd.	Construction	27,330	409	26,921	-	(15)	(15)
RION Asset Development Co, Ltd.	Real estate	8,067	54,617	(46,550)	-	(2,278)	(2,278)
HighLand D&C Co., Ltd.	Developing and selling buildings for residence	6,722	41,203	(34,481)	-	(1,732)	(1,732)
Misoin Co., Ltd.	Developing and supplying buildings for residence	10,730	78,188	(67,458)	-	(2,876)	(2,876)
SHOWBOX Corp.	Movie, broadcasting and performance	160,138	22,998	137,140	50,676	2,320	2,516
SHOWBOX Inc.	Planning and developing movie	583	5	578	258	(258)	(183)
Orion JeJu Yongam Soo Corp.	Beverage Business	123,706	60,746	62,960	15,163	(4,099)	(4,052)
Beijing Zhongguan Megabox Cinema Co., Ltd.	Cinema operation	15,374	5,767	9,607	7,399	2,583	2,583
Supreme Star Investment Limited	Investment Holding company	8,093	-	8,093	-	2,545	2,545
Orion Consulting Co., Ltd. ¹	Consulting	-	-	-	-	(46)	(46)
PAN ORION Corp. Limited	Holding company	367,190	3,829	363,361	-	(1,231)	(6,257)
Orion International Euro LLC	Manufacturing and selling confectioneries	132,318	13,158	119,160	116,987	13,780	13,780
Orion Food VINA Co., Ltd.	Manufacturing and selling confectioneries	419,802	53,945	365,857	341,449	56,912	56,912
Orion Nutritionals Private Ltd.	Manufacturing and selling confectioneries	23,885	1,908	21,977	3,129	(4,401)	(4,401)
Orion Food Co., Ltd.	Manufacturing and selling confectionerie	791,318	164,862	626,456	1,100,237	88,737	88,735
Orion Food(Shanghai) Co., Ltd.	Manufacturing confectioneries	368,552	39,174	329,378	192,572	18,099	18,099
Orion Food Guangzhou Co., Ltd.	Manufacturing confectioneries	237,565	30,153	207,412	129,257	12,797	12,797
Orion Food (Shen Yang) Co., Ltd.	Manufacturing confectioneries	188,502	51,080	137,422	91,701	7,458	7,458
Orion(Bei Tun) Agro Processing Co., Ltd. ¹	Processing the agricultural products	-	-	-	-	111	111

Orion Holdings Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2022 and 2021

(In millions of Korean won)

Name	Main business	2021					
		Total assets	Total liabilities	Total equity	Sales	Profit (loss) for the year	Comprehensive income (loss)
Orion Agro Co., Ltd.	Manufacturing food and beverages	12,412	1,589	10,823	10,460	807	807
Orion Agro DuoLun Co., Ltd.	Processing the agricultural products	4,761	992	3,769	3,539	133	133
LangFang Green Eco Packaging Co.,Ltd.	Manufacturing pulp and paper	33,587	5,836	27,751	27,747	3,104	3,104
Orion F&B US Inc. ²	Selling confectioneries	869	693	176	858	136	136
Total		₩ 6,154,089	₩ 1,092,374	₩ 5,061,715	₩ 2,926,358	₩ 308,474	₩ 300,573

¹ In 2021, Orion(Bei Tun) Agro Processing Co., Ltd. and Orion Consulting Co., Ltd. went through liquidation and the amount stated above presents financial information before liquidation.

² In 2021, Orion F&B US Inc. was established.

Above summarized financial information is based on the separate financial statements.

Orion Holdings Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

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)
- defined benefit pension plans – plan assets measured at fair value

The preparation of the consolidated 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 3.

2.2 Changes in Accounting Policies and Disclosures

2.2.1 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, 2022.

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

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

Orion Holdings Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2022 and 2021

(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 amendment does not have a significant impact on the financial statements.

(d) 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 amendment does not have a significant impact on the 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 1041 Agriculture – Measuring fair value

2.2.2 New standards and interpretations not yet adopted by the Group

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

(a) 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 includes the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments is met the definition of equity instruments and recognized separately from the liability. The amendments should be applied for annual periods beginning on or after January 1, 2024, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

(b) 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 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 financial statements.

(c) 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 financial statements.

Orion Holdings Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

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(d) 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 financial statements.

(f) Korean IFRS 1001 Presentation of Financial Statements - Disclosure of gain or loss on valuation of financial liabilities subject to adjustment of exercise price

If the entire or a part of financial instrument, whose exercise price is subject to change due to the issuer's share price, is classified as a financial liability, the carrying amount of the financial liability and related gains and losses shall be disclosed. 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 financial statements.

2.3 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.

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.

Orion Holdings Corporation and Subsidiaries

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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 changed 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 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.

2.4 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 borrowings are presented in the consolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss within 'other income or other 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

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in other comprehensive income.

(c) Translation to the presentation currency

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period,
- income and expenses for each statement of profit or loss are translated at average exchange rates,
- equity is translated at the historical exchange rate, and
- all resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate at the end of the reporting period.

2.5 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments with a maturity of three months or less from the date of acquisition that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

2.6 Financial Assets

(a) Classification

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

- those to be measured at fair value through profit or loss
- those to be measured at fair value through other comprehensive income, 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.

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

A. 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 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 'finance 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 'finance income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'finance income or costs' and impairment losses are presented in 'finance costs'.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the consolidated statement of comprehensive income within 'finance income or costs' in the year in which it arises.

B. 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, which held for long-term investment or strategic purpose, 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 'finance 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 'finance income or costs' in the consolidated statement of comprehensive income 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. For trade receivables and lease receivables, the Group applies the simplified approach, which requires expected lifetime credit losses to be recognized from initial recognition of the receivables.

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(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 "borrowings" in the consolidated statement of financial position.

(e) Offsetting of financial instruments

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

2.8 Inventories

The cost of inventories is determined by the weighted average method, except for materials-in-transit by for specific identification method. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The allocation of fixed manufacturing overheads which are included in the costs of products and work-in-process is based on the normal capacity of the production facilities.

The carrying amount of inventories is recognized as cost of sales during the period when revenue from the sale of related goods is recognized.

Inventories are stated at the lower of cost and net realizable value. Amounts of inventory written down to net realizable value due to losses occurring in the normal course of business are recognized as cost of sales and are deducted as an allowance from the carrying value of inventories.

The amount of any reversal of any write-down of inventories, arising from an increase in net realizable value, shall be recognized as a reduction in the amount of inventories recognized as an expense (cost of sales) in the period in which the reversal occurs.

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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.

Depreciation of all property, plant and equipment, except for land, is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

Asset	Useful lives (years)
Buildings	15 ~ 55
Structures	10 ~ 30
Machinery	5 ~ 17
Others	3 ~ 10, Indefinite

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

2.10 Borrowing Costs

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

2.11 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 consolidated 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.

2.13 Intangible Assets

Goodwill is measured as described in Note 2.3 (a), 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.

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 over the following periods:

Asset	Useful lives (years)
Industrial property rights	5~10
Concession	10
Copyright	Period over which related revenue is realized
Others	5
Customer relationships value	5~10
Brand value	10

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2.13 Investment Property

Investment property is property (including right-of-use assets) 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 30 ~ 55 years.

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 Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of reporting period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities, unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2.16 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.

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', 'other financial liabilities', 'borrowings' and others in the statement of financial position.

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

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

(b) Derecognition

Financial liabilities are removed from the consolidated statement of financial position when it is extinguished; for example, when the obligation specified in the contract is discharged or cancelled or

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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.

2.17 Provisions

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

2.18 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 current income tax expense is measured at the amount expected to be paid to the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

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

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

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

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

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2.19 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 consolidated 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) Share-based payments

Equity-settled share-based payment is recognized at fair value of equity instruments granted, and employee benefit expense is recognized over the vesting period. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Group issues new shares. The proceeds received, net of any directly attributable transaction costs, are recognized as share capital (nominal value) and share premium.

For share-based payment transactions among group entities, the entity receiving the goods or services measures the goods or services received as either an equity-settled or a cash-settled share-based payment transaction by assessing: (a) the nature of the awards granted, and (b) its own rights and obligations. The amount recognized by the entity receiving the goods or services may differ from the amount recognized by the consolidated group or by another group entity settling the share-based payment transaction.

The entity receiving the goods or services measures the goods or services received as an equity-settled share-based payment transaction when the awards granted are its own equity instruments, or the entity has no obligation to settle the share-based payment transaction.

(c) Other long-term employee benefits

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

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2.20 Revenue from Contracts with Customers

(a) Revenue from contracts with customers

Revenue from the sale of goods, rendering of services or use of the Group assets is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates, and are recognized as a reduction of revenue. Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

① Variable consideration

The Group estimates an amount of variable consideration by using the method that the Group expects to better predict the amount of consideration to which it will be entitled for discount, incentive, penalty and others to be paid to customers.

② Consideration payable to a customer

The Group accounts for consideration payable to a customer as an expense or reduction of the revenue, depending on whether the payment to the customer is in exchange for a distinct good or service.

2.21 Leases

(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 offices, cars and others. Lease contracts are typically made for fixed periods, but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, the Group applies the practical expedient which has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The Group determines the lease term as the non-cancellable period of a lease, together with both (a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. When the lessee and the lessor each has the right to terminate the lease without permission from the other party, the Group should consider a termination penalty in determining the period for which the contract is enforceable.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities

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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:

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

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

Each lease payment is allocated between the liability and finance cost. The finance cost 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 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 office equipment and others.

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(c) Extension and termination options

Extension and termination options are included in a number of property leases across the Group. These terms are used to maximize operational flexibility in terms of managing contracts.

2.22 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.

2.23 Operating Segments

All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. As described in Note 5, the Group has five confectionary segments which are the Group's strategic operating segment unit. The strategic operating segment units are operated separately from others because strategic operating segments provide different products and render different services and each segments require different technology and marketing strategy.

Segment information reported to the chief operating decision-maker includes items directly attributable to the division and the items that can be reasonably allocated.

2.24 Approval of Issuance of the Financial Statements

The consolidated financial statements were authorized to be issued by the Board of Directors on February 8, 2023, and will be approved with or without a modification on the shareholders' meeting.

3. 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.

Russia's war on Ukraine is continuing and Russia is imposed to the international sanctions. As a result, the Group may experience situations such as a decrease in value of financial assets or operating assets owned by the Group regarding the conflict, an increase in receivable payment terms, limitation to transfer funds, a decrease in the profit. The Group has not identified such impact as at December 31, 2022, but the future effects cannot be determined.

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.

(a) Estimated goodwill impairment

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.

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(b) Income taxes

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

If certain portion of the taxable income is not used for investments or increase in wages or dividends in accordance with the *Tax System for Recirculation of Corporate Income*, the Group is liable to pay additional income tax calculated based on the tax laws. The new tax system is effective for three years from 2015. Accordingly, the measurement of current and deferred income tax is affected by the tax effects from the new tax system. 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.

(c) 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 estimates at the end of each reporting period.

(d) 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.

(e) 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.

(f) Share-based payments

The Group measures the cost of share-based payments based on fair value at the date of granting share options, and estimates the fair value by using an appropriate valuation model considering the vesting conditions.

Also, the Group is required to determine the most appropriate pricing inputs for valuation model, including share options' variation, risk-free interest rates and others, and establish assumption on the inputs.

(g) Impairment loss on prepayments

Prepayments are tested for impairment if events or changes in circumstances indicate that they might be impaired. 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. Prepayments that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

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4. Non-Controlling Interests

The profit or loss allocated to non-controlling interests and accumulated non-controlling interests of subsidiaries that are material to the Group for the years ended December 31, 2022 and 2021, is as follows.

Major consolidated subsidiaries are summarized as follows:

Subsidiary	Location	Non-controlling interest percentage	
		2022	2021
Orion Corp.	Korea	62.63%	62.63%
SHOWBOX Corp.	Korea	42.53%	42.50%

Cumulative non-controlling interests and dividends paid to non-controlling interests:

(in thousands of Korean won)

Subsidiary	2022		
	Profit allocated to non-controlling interests	Cumulative non-controlling interests	Dividends paid to non-controlling interests
Orion Corp.	₩ 221,847,577	₩ 1,896,182,339	₩ 18,565,238
SHOWBOX Corp.	(892,127)	57,506,991	-

(in thousands of Korean won)

Subsidiary	2021		
	Profit allocated to non-controlling interests	Cumulative non-controlling interests	Dividends paid to non-controlling interests
Orion Corp.	₩ 137,833,009	₩ 1,709,750,263	₩ 18,565,238
SHOWBOX Corp.	961,754	58,636,753	-

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Financial position and financial performance:

(in thousands of Korean won)

		2022	
		Orion Corp.	SHOWBOX Corp.
Current assets	₩	1,470,432,836	₩ 98,945,573
Non-current assets		2,346,485,553	64,233,157
Current liabilities		556,179,578	24,944,376
Non-current liabilities		284,150,642	3,069,558
Revenue		2,873,246,771	56,684,307
Profit (loss) for the year		350,844,497	(2,124,883)
Comprehensive income (loss)		325,354,353	(2,114,017)

(in thousands of Korean won)

		2021	
		Orion Corp.	SHOWBOX Corp.
Current assets	₩	1,146,230,732	₩ 110,635,962
Non-current assets		2,488,752,796	49,513,674
Current liabilities		521,911,014	20,922,512
Non-current liabilities		431,944,683	2,080,220
Revenue		2,355,499,706	50,933,935
Profit for the year		216,957,820	2,248,106
Comprehensive income		411,194,681	2,503,160

The non-current assets of Orion Corp. do not include goodwill arising from the business combination.

Cash flow:

(in thousands of Korean won)

		2022	
		Orion Corp.	SHOWBOX Corp.
Cash flows from operating activities	₩	546,192,637	₩ (21,270,501)
Cash flows from investing activities		(292,147,728)	26,641,412
Cash flows from financing activities		(177,104,330)	(238,492)
Effect of exchange rate fluctuations on cash held		(17,626,700)	21,664
Net increase (decrease) in cash and cash equivalents		59,313,879	5,154,083

(in thousands of Korean won)

		2021	
		Orion Corp.	SHOWBOX Corp.
Cash flows from operating activities	₩	404,732,645	₩ 25,526,017
Cash flows from investing activities		(226,682,942)	(27,535,925)
Cash flows from financing activities		(39,849,698)	(263,081)
Effect of exchange rate fluctuations on cash held		44,783,741	59,597
Net increase (decrease) in cash and cash equivalents		182,983,746	(2,213,392)

Summarized financial information of Orion Corp. and SHOW BOX Corp. is based on each consolidated financial statement.

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5. Operating Segments

The Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's CEO reviews internal management reports on at least a quarterly basis.

The following summary describes the operations in each of the Group's reportable segments:

Operating segments	Principal operations
Confectioneries	Manufacturing and selling of snacks and confectioneries
Entertainment	Film investments and distribution
Construction	Construction and sale of real estate
Holding business	The holding company's dividend, royalty, rental income and others
Others	Beverage, business Information services, Investment and Trading business

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

(in thousands of Korean won)

	2022					Reportable Segment Total	Elimination	Consolidated Total
	Confectioneries	Entertainment	Construction	Holding	Others			
Total segment sales	₩ 3,777,341,079	₩ 60,282,770	₩ -	₩ 30,498,603	₩ 12,560,298	₩ 3,880,682,750	₩ (946,059,389)	₩ 2,934,623,361
Less: Inter segment sales	<u>(904,160,566)</u>	<u>(1,760)</u>	<u>-</u>	<u>(29,336,765)</u>	<u>(12,560,298)</u>	<u>(946,059,389)</u>	<u>946,059,389</u>	<u>-</u>
External sales	<u>2,873,180,513</u>	<u>60,281,010</u>	<u>-</u>	<u>1,161,838</u>	<u>-</u>	<u>2,934,623,361</u>	<u>-</u>	<u>2,934,623,361</u>
Depreciation ¹	(161,762,216)	(44,405,603)	-	(1,058,454)	(6,299,904)	(213,526,177)	(61,184,639)	(274,710,816)
Profit (loss) for the year	464,630,322	(4,989,749)	(25,373)	18,313,544	(4,549,091)	473,379,653	(73,554,843)	399,824,810

¹ Depreciation of property, plant and equipment, intangible assets, investment property and right of use assets are included.

(in thousands of Korean won)

	2021					Reportable Segment Total	Elimination	Consolidated Total
	Confectioneries	Entertainment	Construction	Holding	Others			
Total segment sales	₩ 2,825,307,202	₩ 58,333,324	₩ -	₩ 27,554,079	₩ 15,163,321	₩ 2,926,357,926	₩ (511,298,777)	₩ 2,415,059,149
Less: Inter segment sales	<u>(469,555,790)</u>	<u>(1,989)</u>	<u>-</u>	<u>(26,588,487)</u>	<u>(15,152,511)</u>	<u>(511,298,777)</u>	<u>511,298,777</u>	<u>-</u>
External sales	<u>2,355,751,412</u>	<u>58,331,335</u>	<u>-</u>	<u>965,592</u>	<u>10,810</u>	<u>2,415,059,149</u>	<u>-</u>	<u>2,415,059,149</u>
Depreciation ¹	(150,126,539)	(21,716,759)	-	(1,084,847)	(6,242,536)	(179,170,681)	(57,774,067)	(236,944,748)
Profit (loss) for the year	375,292,279	2,649,776	(288,599)	14,974,703	(3,147,145)	389,481,014	(73,783,615)	315,697,399

¹ Depreciation of property, plant and equipment, intangible assets, investment property and right of use assets are included.

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Segment assets and liabilities as at December 31, 2022 and 2021, as follows:

(in thousands of Korean won)

	2022							
	Confectioneries	Entertainment	Construction	Holding	Others	Reportable Segment Total	Elimination	Consolidated Total
Total assets	₩ 4,074,828,451	₩ 173,640,849	₩ -	₩ 1,990,027,647	₩ 127,412,846	₩ 6,365,909,793	₩ (1,263,741,362)	₩ 5,102,168,431
Total liabilities	697,590,283	29,572,192	-	122,290,883	59,043,236	908,496,594	68,717,714	977,214,308
Investments in associates and joint ventures	60,892,766	3,123,215	-	18,197,812	-	82,213,793	(26,279,696)	55,934,097
Increase (decrease) of non-current assets ¹	(81,796,957)	2,810,397	(1,863,107)	75,341,392	(3,833,736)	(9,342,011)	(143,217,020)	(152,559,031)

¹Financial assets, goodwill and deferred tax assets have been excluded from non-current assets above.

(in thousands of Korean won)

	2021							
	Confectioneries	Entertainment	Construction	Holding	Others	Reportable Segment Total	Elimination	Consolidated Total
Total assets	₩ 3,849,395,663	₩ 176,094,076	₩ 52,848,003	₩ 1,943,949,718	₩ 131,799,080	₩ 6,154,086,540	₩ (1,192,298,200)	₩ 4,961,788,340
Total liabilities	766,866,082	28,770,075	174,416,649	61,575,158	60,746,260	1,092,374,224	(1,432,767)	1,090,941,457
Investments in associates and joint ventures	61,669,445	2,504,167	-	10,483,957	-	74,657,569	(27,171,216)	47,486,353
Increase (decrease) of non-current assets ¹	149,586,970	307,255	(120,000)	7,243,544	(5,952,149)	151,065,620	(43,430,848)	107,634,772

¹Financial assets, goodwill and deferred tax assets have been excluded from non-current assets above.

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The Group analyses and categorizes its revenue and non-financial assets according to geographical locations. The information on revenue from each segment is specified based on the regions where the related revenue is earned and the information on non-financial assets from each segment is based on where the listed assets are located.

Information on regional sales (after inter-company eliminations) for the years ended December 31, 2022 and 2021, is as follows:

<i>(in thousands of Korean won)</i>		<u>2022</u>		<u>2021</u>
Domestic	₩	965,366,038	₩	841,130,175
China		1,274,253,962		1,113,322,338
Other		695,003,361		460,606,636
Total	₩	<u>2,934,623,361</u>	₩	<u>2,415,059,149</u>

Information on regional non-current assets (after inter-company eliminations) for the years ended December 31, 2022 and 2021, is as follows:

<i>(in thousands of Korean won)</i>		<u>2022</u>		<u>2021</u>
Domestic	₩	1,414,261,301	₩	1,500,651,696
China		816,684,806		923,284,363
Other		348,484,758		309,696,610
Total	₩	<u>2,579,430,865</u>	₩	<u>2,733,632,669</u>

Financial assets, goodwill and deferred tax assets have been excluded from non-current assets above.

See Note 29 for the detailed information on revenues of the Group for the years ended December 31, 2022 and 2021.

There is no main customer who contributes more than 10% of the Group's revenues for the years ended December 31, 2022 and 2021.

Orion Holdings Corporation and Subsidiaries
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6. Property, Plant and Equipment

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

<i>(in thousands of Korean won)</i>	<u>Land</u>	<u>Buildings</u>	<u>Structures</u>	<u>Machinery</u>	<u>Others</u>	<u>Construction in-progress</u>	<u>Total</u>
Acquisition Cost							
Balance at January 1, 2022	₩ 381,591,966	₩ 819,622,641	₩ 18,496,461	₩ 1,084,130,778	₩ 93,504,151	₩ 73,440,765	₩ 2,470,786,762
Additions	7,534	1,079,723	108,140	10,214,376	3,745,865	78,232,026	93,387,664
Disposals	(1,592,359)	(610,336)	-	(27,995,325)	(7,337,519)	(99,176)	(37,634,715)
Transfers	-	60,115,900	9,131,350	46,425,061	4,575,069	(120,247,380)	-
Transfer to investment properties	-	(971,761)	-	-	-	-	(971,761)
Transfer from investment properties	17,363,500	694,477	-	-	-	-	18,057,977
Changes in consolidation scope	-	-	-	-	(167,862)	-	(167,862)
Others ¹	88,683	(19,518,940)	(916,227)	(15,361,448)	(132,809)	10,768,684	(25,072,057)
Balance at December 31, 2022	₩ <u>397,459,324</u>	₩ <u>860,411,704</u>	₩ <u>26,819,724</u>	₩ <u>1,097,413,442</u>	₩ <u>94,186,895</u>	₩ <u>42,094,919</u>	₩ <u>2,518,386,008</u>
Accumulated depreciation and impairment							
Balance at January 1, 2022	₩ -	₩ (96,060,570)	₩ (3,678,285)	₩ (309,935,891)	₩ (18,138,412)	₩ -	₩ (427,813,158)
Depreciation	-	(25,872,830)	(1,683,702)	(99,909,515)	(14,087,131)	-	(141,553,178)
Disposal	-	257,943	-	26,344,049	6,346,585	-	32,948,577
Transfer to investment properties	-	100,112	-	-	-	-	100,112
Transfer from investment properties	-	(185,194)	-	-	-	-	(185,194)
Changes in consolidation scope	-	-	-	-	167,838	-	167,838
Others ¹	-	3,352,032	(33,213)	235,022	461,275	-	4,015,116
Balance at December 31, 2022	₩ -	₩ <u>(118,408,507)</u>	₩ <u>(5,395,200)</u>	₩ <u>(383,266,335)</u>	₩ <u>(25,249,845)</u>	₩ -	₩ <u>(532,319,887)</u>
Book amount							
Balance at January 1, 2022	₩ <u>381,591,966</u>	₩ <u>723,562,071</u>	₩ <u>14,818,176</u>	₩ <u>774,194,887</u>	₩ <u>75,365,739</u>	₩ <u>73,440,765</u>	₩ <u>2,042,973,604</u>
Balance at December 31, 2022	₩ <u>397,459,324</u>	₩ <u>742,003,197</u>	₩ <u>21,424,524</u>	₩ <u>714,147,107</u>	₩ <u>68,937,050</u>	₩ <u>42,094,919</u>	₩ <u>1,986,066,121</u>

¹ Fluctuations due to foreign currency translation of foreign operations are included in others.

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

<i>(in thousands of Korean won)</i>	<u>Land</u>	<u>Buildings</u>	<u>Structures</u>	<u>Machinery</u>	<u>Others</u>	<u>Construction in-progress</u>	<u>Total</u>
Acquisition Cost							
Balance at January 1, 2021	₩ 383,511,100	₩ 719,140,696	₩ 17,977,544	₩ 919,075,689	₩ 79,755,071	₩ 64,900,001	₩ 2,184,360,101
Additions	1,946,889	1,168,909	153,381	11,721,328	8,526,200	115,720,885	139,237,592
Disposals	(21)	(1,209,037)	(26,000)	(22,190,541)	(10,969,261)	(1,804,474)	(36,199,334)
Increase due to business combination	7,153	33,674,709	-	69,746,753	6,674,623	(110,103,238)	-
Transfers	(3,977,041)	(411,605)	-	-	-	-	(4,388,646)
Others ¹	103,886	67,258,969	391,536	105,777,549	9,517,518	4,727,591	187,777,049
Balance at December 31, 2021	₩ <u>381,591,966</u>	₩ <u>819,622,641</u>	₩ <u>18,496,461</u>	₩ <u>1,084,130,778</u>	₩ <u>93,504,151</u>	₩ <u>73,440,765</u>	₩ <u>2,470,786,762</u>
Accumulated depreciation and impairment							
Balance at January 1, 2021	₩ -	₩ (63,022,947)	₩ (2,039,668)	₩ (177,434,595)	₩ (8,809,465)	₩ -	₩ (251,306,675)
Depreciation	-	(22,233,310)	(1,500,221)	(95,221,024)	(13,868,526)	-	(132,823,081)
Reversal of impairment loss	-	950,916	25,999	18,180,438	10,076,119	-	29,233,472
Disposals	-	77,857	-	-	-	-	77,857
Others ¹	-	(11,833,086)	(164,395)	(55,460,710)	(5,536,540)	-	(72,994,731)
Balance at December 31, 2021	₩ -	₩ <u>(96,060,570)</u>	₩ <u>(3,678,285)</u>	₩ <u>(309,935,891)</u>	₩ <u>(18,138,412)</u>	₩ -	₩ <u>(427,813,158)</u>
Book amount							
Balance at January 1, 2021	₩ <u>383,511,100</u>	₩ <u>656,117,749</u>	₩ <u>15,937,876</u>	₩ <u>741,641,094</u>	₩ <u>70,945,606</u>	₩ <u>64,900,001</u>	₩ <u>1,933,053,426</u>
Balance at December 31, 2021	₩ <u>381,591,966</u>	₩ <u>723,562,071</u>	₩ <u>14,818,176</u>	₩ <u>774,194,887</u>	₩ <u>75,365,739</u>	₩ <u>73,440,765</u>	₩ <u>2,042,973,604</u>

¹ Fluctuations due to foreign currency translation of foreign operations are included in others.

Borrowing costs of ₩ 912,147 thousand in relation to the completion of construction, were capitalized as part of the cost of qualifying assets for the year ended December 31, 2022. The capitalization rates were 8.14% for the year ended December 31, 2022.

As at December 31, 2022, the Group has entered into purchase agreements with respect to buildings and machinery, and the amount expected to be incurred in the future is ₩ 60,133 million (2021: ₩ 70,516 million).

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As at December 31, 2022, the Group has fire and other insurance coverage from Hyundai Marine & Fire Insurance Co., Ltd and others on the Group's inventories, property, plant and equipment against fire and others. In addition, as at December 31, 2022, the Group maintains insurance policies covering loss and liability arising from products, gas accidents, directors' and officers' liability and automobile accidents.

7. Intangible Assets

Changes in intangible assets for the year ended December 31, 2022, are as follows:

<i>(in thousands of Korean won)</i>	<u>Industrial property rights</u>	<u>Publication rights</u>	<u>Rights to use facility</u>	<u>Other intangible assets</u>	<u>Construction- in-progress</u>	<u>Brand value</u>	<u>Customer relationships value</u>	<u>Total</u>
Acquisition Cost								
Balance at January 1, 2022	₩ 11,544,851	₩ 656,069,896	₩ 16,616,646	₩ 23,202,674	₩ 2,309,620	₩ 245,346,503	₩ 430,260,349	₩ 1,385,350,539
Additions	138,177	14,034	-	128,245	7,043,287	-	-	7,323,743
Disposals	-	-	(3,871,646)	(8,150)	(25,803)	-	-	(3,905,599)
Others ¹	480,767	44,669,134	3,234,113	2,409,107	(6,990,674)	(2,580,819)	(8,171,750)	33,049,878
Balance at December 31, 2022	₩ 12,163,795	₩ 700,753,064	₩ 15,979,113	₩ 25,731,876	₩ 2,336,430	₩ 242,765,684	₩ 422,088,599	₩ 1,421,818,561
Accumulated amortization and impairment								
Balance at January 1, 2022	₩ (5,839,474)	₩ (655,257,653)	₩ (476,881)	₩ (12,212,128)	₩ -	₩ (98,138,601)	₩ (184,246,089)	₩ (956,170,826)
Amortization	(1,192,816)	(42,175,725)	-	(3,619,177)	-	(25,273,044)	(47,414,044)	(119,674,806)
Disposals	-	-	898,800	8,150	-	-	-	906,950
Others ¹	6,061	18,512	5,693	692,109	-	2,028,804	4,972,296	7,723,475
Balance at December 31, 2022	₩ (7,026,229)	₩ (697,414,866)	₩ 427,612	₩ (15,131,046)	₩ -	₩ (121,382,841)	₩ (226,687,837)	₩ (1,067,215,207)
Book amount								
Balance at January 1, 2022	₩ 5,705,377	₩ 812,243	₩ 16,139,765	₩ 10,990,546	₩ 2,309,620	₩ 147,207,902	₩ 246,014,260	₩ 429,179,713
Balance at December 31, 2022	₩ 5,137,566	₩ 3,338,198	₩ 16,406,725	₩ 10,600,830	₩ 2,336,430	₩ 121,382,843	₩ 195,400,762	₩ 354,603,354

¹ Others mainly include transfers from prepayments and fluctuation due to foreign currency translation of foreign operations during 2021.

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Changes in intangible assets for the year ended December 31, 2021, are as follows:

<i>(in thousands of Korean won)</i>	<u>Industrial property rights</u>	<u>Publication rights</u>	<u>Rights to use facility</u>	<u>Other intangible assets</u>	<u>Construction- in-progress</u>	<u>Brand value</u>	<u>Customer relationships value</u>	<u>Total</u>
Acquisition Cost								
Balance at January 1, 2021	₩ 11,108,226	₩ 636,733,913	₩ 16,603,097	₩ 19,528,055	₩ 1,229,389	₩ 226,748,205	₩ 390,893,623	₩ 1,302,844,508
Additions	98,729	391,304	1,619,011	210,793	2,751,456	-	-	5,071,293
Disposals	(6,928)	-	(1,720,973)	(160,051)	(462)	-	-	(1,888,414)
Others ¹	344,824	18,944,679	115,511	3,623,877	(1,670,763)	18,598,298	39,366,726	79,323,152
Balance at December 31, 2021	₩ 11,544,851	₩ 656,069,896	₩ 16,616,646	₩ 23,202,674	₩ 2,309,620	₩ 245,346,503	₩ 430,260,349	₩ 1,385,350,539
Accumulated amortization and impairment								
Balance at January 1, 2021	₩ (4,597,761)	₩ (636,024,526)	₩ (606,398)	₩ (7,788,649)	₩ -	₩ (68,024,461)	₩ (125,500,609)	₩ (842,542,404)
Amortization	(1,230,625)	(19,154,004)	-	(3,299,384)	-	(23,699,393)	(44,137,367)	(91,520,773)
Reversal of impairment loss	-	-	152,310	-	-	-	-	152,310
Disposals	-	-	-	125,986	-	-	-	125,986
Others ¹	(11,088)	(79,123)	(22,793)	(1,250,081)	-	(6,414,747)	(14,608,113)	(22,385,945)
Balance at December 31, 2021	₩ (5,839,474)	₩ (655,257,653)	₩ (476,881)	₩ (12,212,128)	₩ -	₩ (98,138,601)	₩ (184,246,089)	₩ (956,170,826)
Book amount								
Balance at January 1, 2021	₩ 6,510,465	₩ 709,387	₩ 15,996,699	₩ 11,739,406	₩ 1,229,389	₩ 158,723,744	₩ 265,393,014	₩ 460,302,103
Balance at December 31, 2021	₩ 5,705,377	₩ 812,243	₩ 16,139,765	₩ 10,990,546	₩ 2,309,620	₩ 147,207,902	₩ 246,014,260	₩ 429,179,713

¹ Others mainly include transfers from prepayments and fluctuation due to foreign currency translation of foreign operations during 2021.

As at December 31, 2022, the Group has entered into purchase agreements with respect to the acquisition of other intangible assets. The amount expected to be incurred in the future is ₩ 327 million (2021: ₩ 494 million).

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8. Goodwill

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

<i>(in thousands of Korean won)</i>	2022	2021	Acquisitor	Description
Orion Corporation and subsidiaries	₩ 873,853,289	₩ 873,853,289	Orion Holdings Corp.	Acquisition of Orion Corp. from the business combination
Orion Jeju Yongam Soo Corp.	279,975	279,975	Orion Holdings Corp.	Acquisition of JeJu Yongam Soo Corp. from business combination
Beijing Zhongguan Megabox Cinema Co., Ltd.	211,286	216,899	Supreme Star Investment Limited	Acquisition of Beijing Zhongguan Megabox Cinema Co., Ltd. from business combination
	<u>₩ 874,344,550</u>	<u>₩ 874,350,163</u>		

The Group assesses goodwill for impairment at the end of each reporting period. As a result of performing the annual impairment test, the Group concluded that the book amount of cash generating units did not exceed the recoverable amount.

(a) Goodwill of Orion Corporation and subsidiaries

The recoverable amount of cash generating unit(group) of Orion Corporation has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them as at December 31, 2022.

	2022			
	Gross margin ¹	Sales growth rate ²	Permanent growth rate ³	Pre-tax discount rate⁴
Orion Corporation	40.75%	2.38%	1%	12.03%
PAN Orion Corp. Limited.	38.75%	4.99%	1.5%	11.20%
Orion Food VINA Co., Ltd.	36.63%	8.09%	1.5%	14.00%
Orion International Euro LLC.	30.72%	10.63%	2%	16.59%

¹ Average gross margin for the next five years

² Average sales growth rate for the next five years

³ The expected growth rate after five years

⁴ Pre-tax discount rate applied to expected cash flow.

- Beta: Average Monthly Adjusted Beta for the past five years was applied at the evaluation date
- Risk-free interest rate: Interest rate of government bonds for the past two years which have 10-years maturity are applied at the evaluation date
- Market-risk premium: Average equity risk premium for the past five years was applied at the evaluation date

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(b) Goodwill of Orion JeJu Yongam Soo Corp.

The recoverable amount of cash generating unit(group) of Orion JeJu Yongam Soo Corp. has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them as at December 31, 2022 and 2021.

	<u>Gross margin ¹</u>	<u>Sales growth rate ²</u>	<u>Permanent growth rate ³</u>	<u>Pre-tax discount rate⁴</u>
December 31, 2022				
Orion JeJu Yongam Soo Corp.	20.58%	36.29%	1~1.5%	11.39%
December 31, 2021				
Orion JeJu Yongam Soo Corp.	25.16%	34.21%	1~1.5%	10.62%

¹ Average gross margin for the next five years

² Average sales growth rate for the next five years

³ The expected growth rate after five years

⁴ Pre-tax discount rate applied to expected cash flow.

- Beta: Average Monthly Adjusted Beta for the past five years was applied at the evaluation date
- Risk-free interest rate: Interest rate of government bonds which have 10-years maturity are applied at the evaluation date
- Market-risk premium: Equity risk premium under the guidance of market-risk premium of Korea Institute of Certified Public Accountants

The cash flow projections based on financial budgets approved by management covering a five-year period has been used. It is assumed that 1.5% of medium-term growth rate is used for the periods over 5 years until the time that depreciation of machinery is completed, with considering that the business is in early stage by entering into the market, and thereafter, 1% of growth rate is used.

The Group reasonably estimated discount rate of the entity who is subject to evaluation (WACC) by weighted average of the cost of equity and the cost of debt which were calculated using CAPM method, considering the circumstances that variability of key indexes was increased as market uncertainty has been increased.

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9. Investment Property

Changes in investment property for the year ended December 31, 2022, are as follows:

<i>(in thousands of Korean won)</i>	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Acquisition cost			
Balance at January 1, 2022	₩ 68,913,576	₩ 17,163,023	₩ 86,076,599
Addition	-	-	-
Reclassification from property, plant and equipment	-	971,761	971,761
Reclassification to property, plant and equipment	(17,363,500)	(694,477)	(18,057,977)
Disposal	(3,458,893)	(4,617,752)	(8,076,645)
Others ¹	-	(244,040)	(244,040)
Balance at December 31, 2022	₩ <u>48,091,183</u>	₩ <u>12,578,515</u>	₩ <u>60,669,698</u>
Accumulated depreciation			
Balance at January 1, 2022	₩ (249,161)	₩ (4,202,863)	₩ (4,452,024)
Depreciation	-	(330,556)	(330,556)
Reclassification from property, plant and equipment	-	(100,112)	(100,112)
Reclassification to property, plant and equipment	-	185,194	185,194
Disposal	-	1,117,143	1,117,143
Others ¹	-	17,941	17,941
Balance at December 31, 2022	₩ <u>(249,161)</u>	₩ <u>(3,313,253)</u>	₩ <u>(3,562,414)</u>
Book amount			
Balance at January 1, 2022	₩ 68,664,415	₩ 12,960,160	₩ 81,624,575
Balance at December 31, 2022	₩ <u>47,842,022</u>	₩ <u>9,265,262</u>	₩ <u>57,107,284</u>

¹ Fluctuations due to foreign currency translation of foreign operations are included in others.

Changes in investment property for the year ended December 31, 2021, are as follows:

<i>(in thousands of Korean won)</i>	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Acquisition cost			
Balance at January 1, 2021	₩ 68,201,105	₩ 16,869,658	₩ 85,070,763
Addition	-	44,702	44,702
Reclassification from property, plant and equipment	3,977,041	411,605	4,388,646
Reclassification to property, plant and equipment	-	-	-
Disposal	(3,264,570)	(934,354)	(4,198,924)
Others ¹	-	771,412	771,412
Balance at December 31, 2021	₩ <u>68,913,576</u>	₩ <u>17,163,023</u>	₩ <u>86,076,599</u>
Accumulated depreciation			
Balance at January 1, 2021	₩ (1,260,925)	₩ (4,052,902)	₩ (5,313,827)
Depreciation	-	(409,789)	(409,789)
Reclassification from property, plant and equipment	-	(77,857)	(77,857)
Reclassification to property, plant and equipment	-	-	-
Disposal	1,011,764	483,039	1,494,803
Others ¹	-	(145,354)	(145,354)
Balance at December 31, 2021	₩ <u>(249,161)</u>	₩ <u>(4,202,863)</u>	₩ <u>(4,452,024)</u>
Book amount			

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Balance at January 1, 2021	₩	<u>66,940,180</u>	₩	<u>12,816,756</u>	₩	<u>79,756,936</u>
Balance at December 31, 2021	₩	<u>68,664,415</u>	₩	<u>12,960,160</u>	₩	<u>81,624,575</u>

¹ Fluctuations due to foreign currency translation of foreign operations are included in others.

The amounts recognized in profit or loss from investment property for the years ended December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>		<u>2022</u>		<u>2021</u>
Rental income	₩	1,635,337	₩	1,303,108
Direct operating expense ¹		1,298,371		1,471,637

¹ Depreciation of investment property is included in direct operating expenses.

The fair values of investment property as at December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>		<u>2022</u>		<u>2021</u>
Land	₩	121,965,551	₩	102,124,965
Buildings		<u>4,591,354</u>		<u>13,946,524</u>
	₩	<u>126,556,905</u>	₩	<u>116,071,489</u>

As at December 31, 2022 and 2021, investment property (buildings) of the Group is secured by leasehold rights for ₩ 384 million.

Operating lease

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate.

The future minimum lease payments expected to be received in relation to the above operating lease agreement for investment property as at December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>		<u>2022</u>		<u>2021</u>
Within one year	₩	1,199,953	₩	1,588,323
Later than one year but not later than five years		2,701,083		1,901,289
Over five years		<u>342,500</u>		<u>-</u>
Total	₩	<u>4,243,536</u>	₩	<u>3,489,612</u>

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10. Leases

Set out below is information for leases when the Group is a lessee.

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

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

(in thousands of Korean won)

	2022		2021	
Right-of-use assets				
Properties	₩	95,078,163	₩	103,815,245
Machinery		15,850		35,940
Vehicles		2,266,226		2,283,442
	₩	<u>97,360,239</u>	₩	<u>106,134,627</u>

(in thousands of Korean won)

	2022		2021	
Lease liabilities				
Current	₩	8,338,071	₩	9,691,517
Non-current		9,451,928		12,440,154
	₩	<u>17,789,999</u>	₩	<u>22,131,671</u>

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(b) Amounts recognized in the consolidated statement of profit or loss

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

<i>(in thousands of Korean won)</i>	2022		2021	
Depreciation of right-of-use assets				
Properties	₩	11,522,773	₩	11,003,856
Machinery		14,344		13,252
Vehicles		<u>1,615,158</u>		<u>1,173,995</u>
	₩	<u>13,152,275</u>	₩	<u>12,191,103</u>
Interest expense relating to lease liabilities (recognized in finance cost)	₩	814,241	₩	963,621
Expense relating to short-term leases (recognized in cost of goods sold and selling and administrative expenses)		18,835,224		18,092,234
Expense relating to leases of low-value assets excluding short-term leases of low-value assets (recognized in cost of goods sold and administrative expenses)		744,113		632,867
Expense relating to variable lease payments not included in the measurement of lease liabilities (recognized in cost of goods sold and administrative expenses)		1,343,652		1,647,251

The total cash outflow for leases in 2022 was ₩ 32,637 million (2021: ₩ 31,151 million).

Movements in carrying amounts of right-of-use assets for the years ended December 31, 2022 and 2021, are as follows:

<i>(In thousands of Korean won)</i>	2022					
	<u>Beginning balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Depreciation</u>	<u>Others¹</u>	<u>Ending balance</u>
Property	₩ 103,815,245	₩ 6,055,256	₩ (2,184,802)	₩ (11,522,773)	₩ (1,084,763)	₩ 95,078,163
Machinery	35,940	-	-	(14,344)	(5,746)	15,850
Vehicles	<u>2,283,442</u>	<u>1,647,764</u>	<u>(32,748)</u>	<u>(1,615,158)</u>	<u>(17,074)</u>	<u>2,266,226</u>
	₩ <u>106,134,627</u>	₩ <u>7,703,020</u>	₩ <u>(2,217,550)</u>	₩ <u>(13,152,275)</u>	₩ <u>(1,107,583)</u>	₩ <u>97,360,239</u>

¹ Fluctuations due to foreign currency translation of foreign operations are included in the others.

<i>(In thousands of Korean won)</i>	2021					
	<u>Beginning balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Depreciation</u>	<u>Others¹</u>	<u>Ending balance</u>
Property	₩ 95,053,702	₩ 10,237,311	₩ (647,295)	₩ (11,003,856)	₩ 10,175,383	₩ 103,815,245
Machinery	12,312	39,856	(5,452)	(13,252)	2,476	35,940
Vehicles	<u>1,876,257</u>	<u>1,546,014</u>	<u>(19,975)</u>	<u>(1,173,995)</u>	<u>55,141</u>	<u>2,283,442</u>
	₩ <u>96,942,271</u>	₩ <u>11,823,181</u>	₩ <u>(672,722)</u>	₩ <u>(12,191,103)</u>	₩ <u>10,233,000</u>	₩ <u>106,134,627</u>

¹ Fluctuations due to foreign currency translation of foreign operations are included in the others.

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11. Investments in Associate and Joint ventures

Investments in associates and joint ventures as at December 31, 2022 and 2021, are summarized as follows:

(in thousands of Korean won)

		2022		2021	
Name		Percentage of ownership	Book value	Percentage of ownership	Book value
Joint venture	Shandong Luckang Biotechnology Development Co., Ltd. ¹	65.00%	₩ 21,338,079	65.00%	₩ 13,327,043
Associate	Capitalone Showbox-iMBC Contents Fund.	49.98%	2,128,183	49.98%	2,504,167
Joint venture	Delfi-Orion Pte Ltd.	50.00%	931,909	50.00%	791,336
Joint venture	Orion Nonghyup Agri, inc. ²	49.00%	31,535,926	49.00%	30,863,807
			<u>₩ 55,934,097</u>		<u>₩ 47,486,353</u>

¹ The Group holds 65% shares of Shandong Lukng Biotechnology Development Co., Ltd.; however, the Group classified Shandong Lukng Biotechnology Development Co., Ltd. as a joint venture since it satisfied the classification of joint venture pursuant to the Articles of Incorporation which specifies the unanimous consent of the parties.

² The Group holds 49% shares of Orion Nonghyup Agri, inc.; however, the Group classified Orion Nonghyup Agri, inc. as a joint venture since it satisfied the classification of joint venture pursuant to the contract which specifies the unanimous consent of the parties that collectively control the arrangement and others. And an agreement that NongHyup Agribusiness Group Inc. sells 1% shares of total issued shares to the Group on January 12, 2023, the date after five years from the approval date of plant usage, and the Group purchases them is included in the contract.

Shares and stock warrant for associates and joint ventures held by the Group cannot be transferred to a third party without the prior written consent of co-investors in accordance with the Joint Investment Agreement.

The Group concluded to classify them as joint ventures since all the joint arrangements which the Group has the joint control of are structured through a separate vehicle and the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The reporting date of the financial statements of associates and joint ventures which are used in order to prepare the consolidated financial statements is December 31, 2022.

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

(in thousands of Korean won)

Name	2022				
	Balance at beginning of year	Acquisition	Share of profit (loss) of associate and joint ventures	Others ¹	Balance at end of year
Shandong Luckang Biotechnology Development Co., Ltd.	₩ 13,327,043	₩ 10,022,173	₩ (1,068,755)	₩ (942,382)	₩ 21,338,079
Capitalone Showbox-iMBC Contents Fund.	2,504,167	-	(375,984)	-	2,128,183
Delfi-Orion Pte Ltd.	791,336	-	87,643	52,930	931,909
Orion Nonghyup Agri, inc.	30,863,807	-	519,278	152,841	31,535,926
	₩ <u>47,486,353</u>	₩ <u>10,022,173</u>	₩ <u>(837,818)</u>	₩ <u>(736,611)</u>	₩ <u>55,934,097</u>

¹ Fluctuations due to foreign currency translation of foreign operations are included in others.

(in thousands of Korean won)

Name	2021				
	Balance at beginning of year	Acquisition	Share of profit (loss) of associate and joint ventures	Others ¹	Balance at end of year
Shandong Luckang Biotechnology Development Co., Ltd.	₩ -	₩ 13,601,520	₩ (1,242,467)	₩ 967,990	₩ 13,327,043
Capitalone Showbox-iMBC Contents Fund.	-	2,500,000	4,167	-	2,504,167
Delfi-Orion Pte Ltd.	660,736	-	68,915	61,685	791,336
Orion Nonghyup Agri, inc.	30,417,712	-	392,592	53,503	30,863,807
	₩ <u>31,078,448</u>	₩ <u>16,101,520</u>	₩ <u>(776,793)</u>	₩ <u>1,083,178</u>	₩ <u>47,486,353</u>

¹ Fluctuations due to foreign currency translation of foreign operations are included in others.

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Summary of financial information of associates and joint ventures as at and for the years ended December 31, 2022 and 2021, is as follows:

(in thousands of Korean won)

Name	2022					
	Assets	Liabilities	Equity	Revenue	Profit(loss) for the year	Total comprehensive income (loss)
Shandong Luckang Biotechnology Development Co., Ltd.	₩ 34,395,013	₩ 1,709,572	₩ 32,685,441	₩ 8,560,523	₩ (1,644,238)	₩ (1,644,238)
Capitalone Showbox-iMBC Contents Fund.	4,264,261	23,803	4,240,458	19,224	(752,269)	(752,269)
Delfi-Orion Pte Ltd.	2,677,742	813,924	1,863,818	3,899,081	124,124	124,124
Orion Nonghyup Agri, inc.	72,154,187	8,864,736	63,289,451	45,292,702	1,050,309	1,355,989

The financial information above shows the financial position as at December 31, 2022 and financial performance from January 1, 2022 to December 31, 2022.

(in thousands of Korean won)

Name	2021					
	Assets	Liabilities	Equity	Revenue	Profit(loss) for the year	Total comprehensive income (loss)
Shandong Luckang Biotechnology Development Co., Ltd.	₩ 22,337,341	₩ 1,980,354	₩ 20,356,987	₩ -	₩ (2,005,005)	₩ (2,005,005)
Capitalone Showbox-iMBC Contents Fund.	5,010,338	-	5,010,338	73,165	8,338	8,338
Delfi-Orion Pte Ltd.	2,099,605	516,933	1,582,672	2,675,508	137,829	137,829
Orion Nonghyup Agri, inc.	71,080,431	9,146,969	61,933,462	39,406,166	796,814	903,819

The financial information above shows the financial position as at December 31, 2021 and financial performance from January 1, 2021 to December 31, 2021.

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The details of investments in associates and joint ventures as at December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>		2022				
Name		Net assets	Percentage of ownership(%)		Group's share of net assets	Book amount
Shandong Luckang Biotechnology Development Co., Ltd.	₩	32,685,441	65.00	₩	21,245,537	₩ 21,338,079
Capital One Showbox – iMBC Content Investment Association.		4,240,458	49.98		2,119,381	2,128,183
Delfi-Orion Pte Ltd.		1,863,818	50.00		931,909	931,909
Orion Nonghyup Agri, inc.		63,289,451	49.00		31,011,831	31,535,926

<i>(in thousands of Korean won)</i>		2021				
Name		Net assets	Percentage of ownership(%)		Group's share of net assets	Book amount
Shandong Luckang Biotechnology Development Co., Ltd.	₩	20,356,987	65.00	₩	13,232,043	₩ 13,327,043
Capital One Showbox – iMBC Content Investment Association.		5,010,338	49.98		2,504,167	2,504,167
Delfi-Orion Pte Ltd.		1,582,672	50.00		791,336	791,336
Orion Nonghyup Agri, inc.		61,933,462	49.00		30,347,396	30,863,807

There are no amount of unrecognized share of losses of associate and joint venture due to the discontinued recognition of its share of losses of associates as at December 31, 2022 and 2021.

12. Financial Assets

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

<i>(in thousands of Korean won)</i>		2022	2021
Current			
Special purpose bonds	₩	-	₩ 73,639,848
		-	73,639,848
Non-current			
Beneficiary certificates		9,695,920	6,959,988
Equity investments		-	153,474
		<u>9,695,920</u>	<u>7,113,462</u>
	₩	<u>9,695,920</u>	₩ <u>80,753,310</u>

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Amounts recognized in profit or loss related to financial assets at fair value through profit or loss for the year ended December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>	<u>2022</u>		<u>2021</u>	
Gain on valuation of financial assets at fair value through profit or loss	₩	743,415	₩	161,105
Gain on disposal of financial assets at fair value through profit or loss		631,455		198,363
Loss on valuation of financial assets at fair value through profit or loss		(725,398)		(680,836)
	₩	<u>649,472</u>	₩	<u>(321,368)</u>

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

<i>(in thousands of Korean won)</i>	<u>2022</u>		<u>2021</u>	
	<u>Book amount</u>	<u>Fair value</u>	<u>Book amount</u>	<u>Fair value</u>
Listed				
- Genomictree Inc.	₩ 3,000,001	₩ 3,000,001	₩ 4,539,250	₩ 4,539,250
- Crown Haitai Holdings Corp.	-	-	52	52
- Crown Confectionery Co., Ltd.	-	-	73	73
- Lotte Holdings Corp.	-	-	508	508
- Lotte Confectionery Co., Ltd.	-	-	241	241
- Taokaenoi Food & Marketing Public Company Limited	15,171,169	15,171,169	13,230,944	13,230,944
	<u>18,171,170</u>	<u>18,171,170</u>	<u>17,771,068</u>	<u>17,771,068</u>
Unlisted				
- Quratis Inc.	4,999,992	4,999,992	4,999,992	4,999,992
- Daegu Football Club	3,000	3,000	3,000	3,000
- E-mart everyday	-	-	81	81
- Chung Gu Co., Ltd	195	195	195	195
- The Korea Economics Daily Co., Ltd	28,400	28,400	28,400	28,400
- ELAND PARK LIMITED	80	80	80	80
- Tong Yang leisure	1,354,454	1,354,454	1,311,440	1,311,440
- Howon	9,753	9,753	9,753	9,753
	<u>6,395,874</u>	<u>6,395,874</u>	<u>6,352,941</u>	<u>6,352,941</u>
	₩ <u>24,567,044</u>	₩ <u>24,567,044</u>	₩ <u>24,124,009</u>	₩ <u>24,124,009</u>

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13. Other Assets

Other assets as at December 31, 2022 and 2021, are summarized as follows:

*(in thousands of
Korean won)*

	2022		2021	
	Current	Non-current	Current	Non-current
Prepayments	₩ 80,713,234	₩ 22,320,375	₩ 70,439,423	₩ 19,293,282
Prepaid expenses	5,610,698	5,348,670	5,198,528	5,094,534
Prepaid value added tax	5,459,974	-	6,377,831	-
Others	655,136	690,726	630,962	1,845,981
	<u>₩ 92,439,042</u>	<u>₩ 28,359,771</u>	<u>₩ 82,646,744</u>	<u>₩ 26,233,797</u>

14. Inventories

Inventories as at December 31, 2022 and 2021, are summarized as follows:

(in thousands of Korean won)

	2022		
	Amount before write-down	Provision for write-down	Book amount
Merchandise	₩ 5,282,954	₩ (162,970)	₩ 5,119,984
Finished goods	81,598,711	(6,756)	81,591,955
Work-in-progress	8,783,092	-	8,783,092
Raw materials	111,401,325	-	111,401,325
Agricultural products	1,384,993	-	1,384,993
Raw materials-in-transit	28,167,485	-	28,167,485
	<u>₩ 236,618,560</u>	<u>₩ (169,726)</u>	<u>₩ 236,448,834</u>

(in thousands of Korean won)

	2021		
	Amount before write-down	Provision for write-down	Book amount
Merchandise	₩ 8,639,170	₩ (1,002,158)	₩ 7,637,012
Finished goods	83,435,119	(71,600)	83,363,519
Work-in-progress	8,217,536	-	8,217,536
Raw materials	85,168,298	-	85,168,298
Agricultural products	1,707,739	-	1,707,739
Raw materials-in-transit	23,267,979	-	23,267,979
	<u>₩ 210,435,841</u>	<u>₩ (1,073,758)</u>	<u>₩ 209,362,083</u>

The amount of inventories recognized as an expense and included as a part of cost of sales during the year is ₩ 1,283,400 million (2021: ₩ 991,803 million).

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15. Non-current Assets Held for Sale

During 2022, the Group entered into share transfer contracts with Mega Mark Co., Ltd., RION Asset Development Co, Ltd., and HighLand D&C Co., Ltd., therefore, it was reclassified to non-current assets held for sale in the financial statements of the Group. Mega Mark Co., Ltd., RION Asset Development Co, Ltd. and HighLand D&C Co., Ltd., which are subsidiaries of the Group were sold during 2022.

Non-current assets held for sale as at December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>	<u>2022</u>	<u>2021</u>
Sites for construction and others	₩ -	₩ 23,549,235

16. Trade and Other Financial Assets

Trade receivables as at December 31, 2022, are summarized as follows:

<i>(in thousands of Korean won)</i>	<u>2022</u>		<u>2021</u>	
	<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
Trade receivables ¹	₩ 221,942,169	₩ 678,027	₩ 187,162,841	₩ 354,296
Less: loss allowance ¹	(4,945,163)	-	(1,302,150)	-
	<u>₩ 216,997,006</u>	<u>₩ 678,027</u>	<u>₩ 185,860,691</u>	<u>₩ 354,296</u>

¹ As at December 31, 2021, trade receivables of ₩ 22,918 million and its loss allowance of ₩ 22,918 million were transferred to non-current assets held for sale.

Other financial assets as a December 31, 2022 and 2021, are summarized as follows:

<i>(in thousands of Korean won)</i>	<u>2022</u>		<u>2021</u>	
	<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
Other receivables	₩ 12,453,565	₩ -	₩ 11,944,581	₩ -
Less: loss allowance	(1,004,816)	-	(1,143,087)	-
Accrued income	7,675,378	-	3,064,055	3,077
Guarantee deposits	2,470,725	3,012,045	1,431,041	938,510
Loans ¹	257,982	-	257,982	-
Less: loss allowance ¹	(257,982)	-	(257,982)	-
	<u>₩ 21,594,852</u>	<u>₩ 3,012,045</u>	<u>₩ 15,296,590</u>	<u>₩ 941,587</u>

¹ As at December 31, 2021, loans of ₩ 622 million and its loss allowance of ₩ 622 million were transferred to non-current assets held for sale.

Trade and other financial assets are financial instruments incurred in the ordinary course of business and consist of trade receivables, other receivables and others. The Group holds the trade receivables and other financial assets with the objective to collect the contractual cash flows and, therefore, measures them subsequently at amortized cost. Details about the Group's impairment policies and the calculation of the loss allowance are provided in Note 36.

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17. Cash and Cash Equivalents, and Restricted Deposits

Cash and cash equivalents as at December 31, 2022 and 2021, are summarized as follows:

<i>(in thousands of Korean won)</i>	<u>2022</u>		<u>2021</u>	
Cash on hand	₩	35,509	₩	39,505
Demand deposits		630,734,532		568,733,123
Total	₩	<u>630,770,041</u>	₩	<u>568,772,628</u>

Deposits which are restricted in use as at December 31, 2022 and 2021, are summarized as follows:

<i>(in thousands of Korean won)</i>	<u>2022</u>		<u>2021</u>	
Long-term deposits	₩	6,000	₩	6,000
		-		49,357
Short-term deposits		<u>5,000,000</u>		<u>5,000,000</u>
Total	₩	<u>5,006,000</u>	₩	<u>5,055,357</u>

18. Capital Stock and Capital Surplus

Details of capital stock as at December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won, except number of shares)</i>	<u>2022</u>		<u>2021</u>	
Number of common shares:				
- Authorized		480,000,000		480,000,000
- Issued		62,645,422		62,645,422
- Share capital	₩	31,322,711	₩	31,322,711
Par value per share <i>(in Korean won)</i>	₩	500	₩	500

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

<i>(in thousands of won, except number of shares)</i>	<u>2022</u>			<u>2021</u>		
	<u>Number of Common shares</u>	<u>Capital stock</u>	<u>Capital surplus</u>	<u>Number of Common shares</u>	<u>Share capital</u>	<u>Share premium</u>
Beginning of year	62,645,422	₩ 31,322,711	₩ 1,251,350,081	62,645,422	₩ 31,322,711	₩ 1,251,350,081
Increase (decrease)	-	-	-	-	-	-
End of year	<u>62,645,422</u>	<u>₩ 31,322,711</u>	<u>₩ 1,251,350,081</u>	<u>62,645,422</u>	<u>₩ 31,322,711</u>	<u>₩ 1,251,350,081</u>

According to its Articles of Incorporation, cumulative participating preferred stocks can be issued as non-voting registered stocks for up to 240,000,000 shares with dividend rate of more than 5% preferred dividend rates based on the face amount with the approval of the Board of Directors. As at December 31, 2022, no preferred stocks have been issued.

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The Company is allowed to grant stock options within 15/100 of the total number of stocks issued with the approval from the shareholders and within 3/100 of the total number of stocks issued with the approval of the Board of Directors to its employees who contributed or are able to contribute to the performance of the Company.

According to its Articles of Incorporation, the Company can issue convertible bonds and bonds with stock warrants up to the face value of ₩ 300 billion with the approval from the Board of Directors. As at December 31, 2022, no convertible bonds or bonds with stock warrants have been issued.

19. Treasury Shares

The Group has 2,488,769 treasury shares as at December 31, 2022 with the acquisition cost of ₩ 11,625,409 thousand. The Group intends to dispose of the treasury shares in the future depending on the market conditions.

20. Other Capital

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

<i>(in thousands of Korean won)</i>	<u>2022</u>	<u>2021</u>
Changes from equity transactions	₩ (196,207,051) ₩	43,976,187
Gains on sale of treasury stock	319,102,187	312,098,858
Changes in fair value of financial assets at fair value through other comprehensive income	(1,004,808)	(2,367,247)
Exchange differences on translating foreign operations	52,687,974	66,878,736
Share of other comprehensive income of associates and joint ventures	386,431	1,171,916
Others ¹	(846,647)	(800,583)
	<u>₩ 174,118,086 ₩</u>	<u>420,957,867</u>

¹ During 2022, it was transferred to retained earnings.

21. Retained Earnings

Details of retained earnings as at December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>	<u>2022</u>	<u>2021</u>
Legal reserve	₩ 102,154,920 ₩	100,289,178
Voluntary reserve	75,096,370	62,749,714
Retained earnings before appropriation	542,119,764	242,449,213
	<u>₩ 719,371,054 ₩</u>	<u>405,488,105</u>

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22. Earnings per Share

(a) Basic earnings per share

<i>(in Korean won, except share information)</i>	<u>2022</u>	<u>2021</u>
Profit for the year from continuing operations attributable to owners of the Parent Company	₩ 102,966,522,187	₩ 85,985,012,798
Weighted-average number of ordinary shares	<u>60,156,653</u>	<u>60,156,653</u>
Basic earnings per share from continuing operations	₩ <u>1,712</u>	₩ <u>1,429</u>

Weighted average number of ordinary shares

<i>(in shares)</i>	<u>2022</u>	<u>2021</u>
The number of ordinary shares issued at January 1	62,645,422	62,645,422
Treasury shares	<u>(2,488,769)</u>	<u>(2,488,769)</u>
Weighted average number of ordinary shares	<u>60,156,653</u>	<u>60,156,653</u>

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As at December 31, 2022 and 2021, there are no dilutive potential ordinary shares, and basic earnings per share of 2022 and 2021 are identical to diluted earnings per share of 2022 and 2021.

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23. Share-based Payments

The terms and conditions of grants as at December 31, 2022 and 2021, are as follows:

1) PAN Orion Corp. Limited

Pan Orion Corp. Limited, a subsidiary of the Group, has granted share-based payments to the management and employees of certain entities in the Group of Orion Holdings Co., Ltd, the Parent Company of the Group, with the approval of the Board of Directors. The entities including the Company, which received services from the management and employees recognized the share-based payments and obligation to settle the share-based payment transaction lies with Pan Orion Corp. Limited.

Details of the contract for share-based payments, which the Group granted as at December 31, 2022, are as follows:

(in Korean won, except number of shares)

Arrangement	Share-based	Cash-based
Granted date	October 19, 2020	October 19, 2020
The first grant quantity	170,876,500	39,613,000
Exercise quantity	-	-
Cancel quantity	-	-
Number of shares at the end of the year	170,876,500	39,613,000
Available at the end of the year ¹	-	-
Exercise price	HKD 1.31	HKD 1.31
Date of maturity	2030.10.19	2030.10.19
Vesting conditions	1.5 months service	12.5 months service

¹ Disposal or similar transaction of shares acquired by exercising the option is prohibited during the period from the effective date and ending on the 180th after the date on which dealings in the first commence on the HongKong Stock Exchange Market.

2) Showbox Corp.

(in Korean won, except number of shares)

Arrangement	1st	2nd	3rd
Granted date	2018.4.1	2019.4.1	2020.3.19
The first grant quantity	106,000	195,000	186,000
Exercise quantity	-	(38,000)	-
Cancel quantity	(30,000)	(32,000)	(16,000)
Number of shares at the end of the year	76,000	125,000	170,000
Exercise price	₩ 5,785	₩ 3,316	₩ 3,819
Date of maturity	2028.3.31	2029.3.31	2030.3.18
Vesting conditions	2 years' service	2 years' service	2 years' service

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The inputs used in the measurement of the fair values at grant date of the share-based payment are the following:

1) PAN Orion Corp. Limited.

<i>(in Korean won)</i>	2022	
	Share-based	Cash-based
Date of grant	2020.10.19	2020.10.19
Fair value at grant date	HKD 0.59, HKD 0.64, HKD 1.39	HKD 0.54
Fair value at settlement date	HKD 0.59, HKD 0.64, HKD 1.39	HKD 0.58
Risk-free interest rate	3.22%	2.83%
Applied volatility	32.8%	33.37%
Model used	Binomial option price model	Binomial option price model

<i>(in Korean won)</i>	2021	
	Share-based	Cash-based
Date of grant	2020.10.19	2020.10.19
Fair value at grant date	HKD 0.59, HKD 0.64, HKD 1.39	HKD 0.54
Fair value at settlement date	HKD 0.59, HKD 0.64, HKD 1.39	HKD 0.59
Risk-free interest rate	3.22%	2.78%
Applied volatility	32.8%	33.12%
Model used	Binomial option price model	Binomial option price model

2) Showbox Corp.

<i>(in Korean won)</i>	Inputs		
	1st	2nd	3rd
Date of grant	2018.4.1	2019.4.1	2020.3.19
Risk-free interest rate	2.645%	1.820%	1.355%
Applied volatility	17.56%	19.10%	50.782%
Model used	CRR binomial model	CRR binomial model	CRR binomial model
Fair value	₩ 1,207	₩ 504	₩ 652

Share-based payments recognized as expenses for the year ended December 31, 2022 amount to ₩ 34 million (2021: ₩ 2,715 million)

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24. Other financial liabilities

Other financial liabilities as at December 31, 2022 and 2021, are summarized as follows:

<i>(in thousands of Korean won)</i>	2022		2021	
	Current	Non-current	Current	Non-current
Other payables	₩ 100,601,042	₩ 191,257	₩ 82,375,539	₩ 782,804
Withholdings	-	-	18,867,120	129,943
Accrued expenses	93,525,799	10,528	65,492,309	-
Deposits received	942,477	498,279	576,765	1,363,790
Others	-	-	309	-
	<u>₩ 195,069,318</u>	<u>₩ 700,064</u>	<u>₩ 167,312,042</u>	<u>₩ 2,276,537</u>

25. Assets and Liabilities related to Contracts with Customers

Details of liabilities related to contracts with customers as at December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>	2022	2021
Contract liabilities ¹	₩ 39,198,372	₩ 50,879,511

¹ Contract liabilities are recognized as other current liabilities on the consolidated statements of financial position.

Revenue recognized that was included in the contract liability balance at the end of the previous year amounted to ₩ 50,120 million.

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26. Borrowings and Debentures

Borrowings and debentures as at December 31, 2022 and 2021, are summarized as follows:

<i>(in thousands of Korean won)</i>	2022		2021	
	Current	Non-current	Current	Non-current
Long-term borrowings				
Debentures	₩ 70,000,000	₩ -	₩ 160,000,000	₩ 70,000,000
Less: discount	(26,075)	-	(43,647)	(109,058)
	<u>69,973,925</u>	<u>-</u>	<u>159,956,353</u>	<u>69,890,942</u>
Short-term borrowings				
Short-term borrowings in Korean won	94,949,122	-	95,294,432	-
Short-term borrowings in foreign currency	10,958,261	-	440,346	-
	<u>105,907,383</u>	<u>-</u>	<u>95,734,778</u>	<u>-</u>
	₩ <u>175,881,308</u>	₩ <u>-</u>	₩ <u>255,691,131</u>	₩ <u>69,890,942</u>

Terms and conditions of debentures as at December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>	Maturity	Interest rate	2022	2021
101th	-	-	-	60,000,000
102th	-	-	-	50,000,000
103th-2	-	-	-	50,000,000
104th	2023-04-23	1.8%	<u>70,000,000</u>	<u>70,000,000</u>
			<u>70,000,000</u>	<u>230,000,000</u>
Less: current portion of debentures			<u>(70,000,000)</u>	<u>(160,000,000)</u>
			₩ <u>-</u>	₩ <u>70,000,000</u>

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Short-term borrowings as at December 31, 2022 and 2021 are as follows:

<i>(in thousands of Korean won)</i>	Contents	Interest rate	2022		2021	
Kookmin Bank	Usance	Term SOFR + 0.5	₩	273,483 (USD 215,800)	₩	34,024 (USD 28,700)
	Bills bought	-		-		406,322 (USD 342,743)
		Term SOFR + 1.22		544,778 (USD 429,873)		-
Hana Bank	Credit loan	8.14%		10,140,000 (RUB 600,000)		-
Hyundai Card	Purchasing card	1.44%		949,122		1,294,432
NH bank	Credit loan	4.53%		12,000,000		-
Shinhan Bank	Credit loan	5.48%		4,000,000		-
DBS	Commercial paper	5.41%		20,000,000		-
KB Securities	Commercial paper	-		-		34,000,000
KB Securities	Commercial paper	2.58%		58,000,000		60,000,000
			₩	<u>105,907,383</u>	₩	<u>95,734,778</u>

There are no assets pledged as collateral for the Group's other financial liabilities, short-term borrowings long-term debts and debentures as at December 31, 2022.

Book amount and fair value of borrowings as at December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>	2022		2021	
	Book amount	Fair value	Book amount	Fair value
Short-term borrowings (including current portion of long-term borrowings)	₩ 175,881,308	₩ 175,881,308	₩ 255,691,131	₩ 255,691,131
Long-term borrowings	-	-	69,890,942	69,996,899
	<u>₩ 175,881,308</u>	<u>₩ 175,881,308</u>	<u>₩ 325,582,073</u>	<u>₩ 325,688,030</u>

The fair values of short-term borrowings and current portion of long-term borrowings are equal to their book amounts as the impact of discounting is not significant.

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27. Employee Benefits

The Group operates a defined benefit plan and a defined contribution plan as a retirement benefit plan for employees, and the actuarial evaluation of the defined benefit obligation was performed by qualified independent actuaries using the projected unit credit method.

The retirement benefit expenses for the years ended December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>		<u>2022</u>		<u>2021</u>
Contributions to defined contribution plans	₩	1,241,678	₩	1,193,498
Expenses related to post-employment defined benefit plans		<u>13,040,538</u>		<u>14,127,166</u>
	₩	<u>14,282,216</u>	₩	<u>15,320,664</u>

Changes in net defined benefit liability for the years ended December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>	<u>Defined benefit obligation</u>		<u>Fair value of plan assets</u>		<u>Net defined benefit liability (asset)</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Balance at January 1	₩ 109,827,026	₩ 106,258,891	₩ (107,925,611)	₩ (105,387,549)	₩ 1,901,415	₩ 871,342
Included in profit or loss:						
Current service costs	13,840,084	13,624,638	-	-	13,840,084	13,624,638
Interest costs (income)	<u>1,908,831</u>	<u>2,145,000</u>	<u>(2,708,377)</u>	<u>(1,642,472)</u>	<u>(799,546)</u>	<u>502,528</u>
	<u>15,748,915</u>	<u>15,769,638</u>	<u>(2,708,377)</u>	<u>(1,642,472)</u>	<u>13,040,538</u>	<u>14,127,166</u>
Included in other comprehensive income:						
Remeasurements loss (gain)						
- Actuarial loss (gain) arising from:						
Experience adjustment	(11,667,495)	3,880,329	-	-	(11,667,495)	3,880,329
Demographic assumptions	6,145,419	3,069,847	-	-	6,145,419	3,069,847
Financial assumptions	3,840	5,767,120	-	-	3,840	5,767,120
- Return on plan assets excluding interest income	(17,816,754)	(4,956,638)	-	-	(17,816,754)	(4,956,638)
	<u>-</u>	<u>-</u>	<u>382,949</u>	<u>(81,950)</u>	<u>382,949</u>	<u>(81,950)</u>
	<u>(11,667,495)</u>	<u>3,880,329</u>	<u>382,949</u>	<u>(81,950)</u>	<u>(11,284,546)</u>	<u>3,798,379</u>
Others:						
Contributions paid by the employer	-	-	(6,967,128)	(17,085,870)	(6,967,128)	(17,085,870)
Transfer from affiliated companies	659,526	367,372	(112,921)	(1,971,698)	546,605	(1,604,326)
Transfer to affiliated companies	(655,958)	(204,967)	737,884	2,034,785	81,926	1,829,818
Benefits paid	<u>(8,171,338)</u>	<u>(16,244,237)</u>	<u>7,520,343</u>	<u>16,209,143</u>	<u>(650,995)</u>	<u>(35,094)</u>
	<u>(8,167,770)</u>	<u>(16,081,832)</u>	<u>1,178,178</u>	<u>(813,640)</u>	<u>(6,989,592)</u>	<u>(16,895,472)</u>
Balance at December 31	₩ <u>105,740,676</u>	₩ <u>109,827,026</u>	₩ <u>(109,072,861)</u>	₩ <u>(107,925,611)</u>	₩ <u>(3,332,185)</u>	₩ <u>1,901,415</u>

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The components of plan assets as at December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>	<u>2022</u>		<u>2021</u>	
Debt securities	₩	88,684,085	₩	17,681,479
Others		<u>20,388,776</u>		<u>90,244,132</u>
	₩	<u>109,072,861</u>	₩	<u>107,925,611</u>

The principal actuarial assumptions as at December 31, 2022 and 2021, are as follows:

	<u>2022</u>	<u>2021</u>
Discount rate	5.08% ~ 5.37%	2.37% ~ 3.06%
Future salary growth	3.00% ~ 7.97%	3.00% ~ 7.58%

For the purpose of calculating present value of defined benefit obligation, the Group used the discount rate determined based on the yield rate of bonds with good ratings which are in line with defined benefit obligations in terms of currency and maturity.

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

<i>(in thousands of Korean won)</i>	<u>2022</u>			
	<u>1% increase</u>		<u>1% decrease</u>	
Discount rate	₩	(5,693,156)	₩	6,409,049
Future salary growth		6,392,415		(5,785,490)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. The sensitivity of the defined benefit obligation to changes in principal actuarial assumptions is calculated using the projected unit credit method, the same method applied when calculating the defined benefit obligations recognized on the consolidated statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The weighted average duration of the defined benefit obligations is 2.92 ~ 10.88 years as at December 31, 2022 (2021: 3.007 ~ 10.90 years).

The expected maturity analysis of undiscounted pension benefits as at December 31, 2022, is as follows:

<i>(in thousands of Korean won)</i>	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
Pension benefits	₩ 10,972,144	₩ 10,954,718	₩ 76,714,124	₩ 214,247,492	₩ 312,888,478

Expected contributions to post-employment benefit plans for the year ending December 31, 2023, are ₩ 12,084 million.

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28. Other Liabilities

Other liabilities as at December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>	2022		2021	
	Current	Non-current	Current	Non-current
Advances received ¹	₩ 39,198,372	₩ -	₩ 50,879,511	₩ -
Unearned revenue	7,232	21,459	1,703	51,463
Withholdings	18,235,358	474,289	-	-
Value added tax withheld	16,019,523	-	-	-
Provision for warranty	1,916,446	-	1,937,839	-
Others	249,849	785,025	375,208	1,428,840
	₩ <u>75,626,780</u>	₩ <u>1,280,773</u>	₩ <u>53,194,261</u>	₩ <u>1,480,303</u>

¹ All of advances received are contract liabilities recognized from revenue from contracts with customers as at December 31, 2022 and 2021.

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

<i>(in thousands of Korean won)</i>	2022	2021
Beginning balance	₩ 1,937,839	₩ 2,863,526
Increase	1,215,122	361,049
Decrease	<u>(1,236,515)</u>	<u>(1,286,736)</u>
Ending balance	₩ <u>1,916,446</u>	₩ <u>1,937,839</u>

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29. Sales and Cost of Sales

Sales and cost of sales for the years ended December 31, 2022 and 2021, are as follows:

The amounts recognized as revenue for the years ended December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>	<u>2022</u>		<u>2021</u>	
Revenue from contracts with customers	₩	2,932,967,689	₩	2,413,756,041
Revenue from other sources		<u>1,655,672</u>		<u>1,303,108</u>
Total revenue	₩	<u>2,934,623,361</u>	₩	<u>2,415,059,149</u>

Details of revenue from contracts with customers for the years ended December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>	<u>2022</u>			
	<u>Sale of goods</u>	<u>Royalty</u>	<u>Service and others</u>	<u>Total</u>
Recognized at a point in time	₩ 2,864,968,257	₩ -	₩ 6,570,068	₩ 2,871,538,325
Recognized over time	<u>-</u>	<u>37,022</u>	<u>61,392,342</u>	<u>61,429,364</u>
	₩ <u>2,864,968,257</u>	₩ <u>37,022</u>	₩ <u>67,962,410</u>	₩ <u>2,932,967,689</u>

<i>(in thousands of Korean won)</i>	<u>2021</u>			
	<u>Sale of goods</u>	<u>Royalty</u>	<u>Service and others</u>	<u>Total</u>
Recognized at a point in time	₩ 2,363,174,855	₩ -	₩ 7,996,704	₩ 2,371,171,559
Recognized over time	<u>-</u>	<u>267,439</u>	<u>42,317,043</u>	<u>42,584,482</u>
	₩ <u>2,363,174,855</u>	₩ <u>267,439</u>	₩ <u>50,313,747</u>	₩ <u>2,413,756,041</u>

Details of cost of sales for the years ended December 31, 2022 and 2021, are as follows.

<i>(in thousands of Korean won)</i>	<u>2022</u>		<u>2021</u>	
Sales of goods	₩	1,760,797,924	₩	1,396,924,391
Service costs and others		<u>67,180,873</u>		<u>49,039,771</u>
	₩	<u>1,827,978,797</u>	₩	<u>1,445,964,162</u>

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30. Selling Expenses and General and Administrative Expenses

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

<i>(in thousands of Korean won)</i>		<u>2022</u>		<u>2021</u>
Salaries	₩	165,945,132	₩	156,525,227
Retirement benefits		4,865,330		4,893,341
Employee welfare		32,816,798		33,446,578
Travel expenses		5,056,639		5,204,052
Taxes and dues		20,346,589		17,973,740
Rental expenses		15,180,096		13,081,460
Depreciation		8,727,332		8,699,763
Amortization		1,797,974		1,598,168
Advertising expenses		32,513,858		31,178,636
Ordinary development expense		1,533,360		931,017
Freight expenses		95,417,300		75,805,459
Commissions		54,949,264		57,462,713
Promotion		8,042,654		7,946,319
Bad debt expenses		3,920,033		96,404
Depreciation and amortization relating to business combination ¹		73,377,788		68,437,948
Depreciation of right-of-use assets		4,373,383		4,050,465
Others		24,276,078		21,701,760
	₩	<u>553,139,608</u>	₩	<u>509,033,050</u>

¹ Depreciation and amortization relating to business combination in selling and general and administrative expenses is the depreciation and amortization expense for valuation of property, plant and equipment and intangible assets that are incurred in the acquisition of control over Orion Corp. during 2017.

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

<i>(in thousands of Korean won)</i>		<u>2022</u>		<u>2021</u>
Salaries	₩	68,416,095	₩	60,319,291
Retirement benefits		7,249,371		7,927,378
Employee welfare		12,845,367		11,498,221
Share-based payments		34,463		2,715,061
Travel expenses		1,099,993		1,070,598
Taxes and dues		3,895,570		3,147,194
Rental expenses		5,087,325		4,324,247
Depreciation		7,080,699		6,985,062
Amortization		2,996,036		2,928,742
Commissions		29,452,566		28,146,839
Depreciation of right-of-use assets		6,482,132		5,808,534
Others		9,040,529		9,493,371
	₩	<u>153,680,146</u>	₩	<u>144,364,538</u>

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31. Other Income and Other Expenses

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

<i>(in thousands of Korean won)</i>	<u>2022</u>	<u>2021</u>
Other income		
Foreign currency transaction gain	₩ 2,042,747	₩ 1,126,125
Foreign currency translation gain	460,148	30,825
Gain on sale of property, plant and equipment	3,101,426	979,677
Gain on sale of intangible assets	1,559,304	-
Gain on sale of investment properties	2,145,498	771,378
Gain on sale of non-current assets held for sale	1,653,883	-
Reversal of impairment loss on intangible assets	-	152,310
Others	5,516,190	6,047,465
	<u>16,479,196</u>	<u>9,107,780</u>
Other expenses		
Foreign currency transaction loss	(1,634,352)	(191,752)
Foreign currency translation loss	(117,084)	(334,031)
Loss on sale of property, plant and equipment	(7,397,814)	(4,389,544)
Loss on sale of intangible assets	(27,427)	(48,363)
Impairment loss on intangible assets	(1,264)	-
Donation	(2,569,540)	(2,718,082)
Loss on sale of trade receivables	-	(22,558)
Impairment loss on prepayments	(38,037)	(130,000)
Others	(3,229,941)	(1,433,046)
	<u>(15,015,459)</u>	<u>(9,267,376)</u>
Net other income (expenses)	₩ <u>1,463,737</u>	₩ <u>(159,596)</u>

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32. Finance Income and Costs

Details of finance income and costs for the years ended December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>	<u>2022</u>	<u>2021</u>
Finance income		
Interest income	₩ 25,158,555	₩ 14,430,357
Foreign currency transaction gain	3,896,831	1,261,734
Foreign currency translation gain	279,845	328,283
Gain on valuation of financial assets at fair value through profit or loss	743,415	161,105
Gain on disposal of financial assets at fair value through profit or loss	631,455	198,363
Others	24,386	-
	<u>30,734,487</u>	<u>16,379,842</u>
Finance cost		
Interest expense	(6,547,723)	(9,038,654)
Foreign currency transaction loss	(1,965,141)	(1,364,624)
Foreign currency translation loss	(781,325)	(36,630)
Loss on valuation of financial assets at fair value through profit or loss	(725,398)	(680,836)
	<u>(10,019,587)</u>	<u>(11,120,744)</u>
Net finance income	₩ <u>20,714,900</u>	₩ <u>5,259,098</u>

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33. Expenses By Nature

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

(in thousands of Korean won)

	2022		
	Cost of sales	Selling, general and administrative expense	Total
Raw materials used	₩ 1,176,280,820	₩ -	₩ 1,176,280,820
Purchasing merchandise	107,838,318	-	107,838,318
Changes in inventories	(719,406)	-	(719,406)
Employee benefits expense	103,407,242	246,510,390	349,917,632
Depreciation and amortization	167,578,711	93,979,829	261,558,540
Depreciation of right-of-use assets	2,296,760	10,855,515	13,152,275
Service fees	67,189,469	84,401,830	151,591,299
Advertising expenses	1,100	32,513,858	32,514,958
Freight and custody	45,281,174	95,417,300	140,698,474
Others	158,824,609	143,141,032	301,965,641
	<u>₩ 1,827,978,797</u>	<u>₩ 706,819,754</u>	<u>₩ 2,534,798,551</u>

(in thousands of Korean won)

	2021		
	Cost of sales	Selling, general and administrative expense	Total
Raw materials used	₩ 908,017,940	₩ -	₩ 908,017,940
Purchasing merchandise	93,504,014	-	93,504,014
Changes in inventories	(9,719,340)	-	(9,719,340)
Employee benefits expense	85,277,476	232,380,298	317,657,774
Depreciation and amortization	136,103,960	88,649,683	224,753,643
Depreciation of right-of-use assets	2,332,104	9,858,999	12,191,103
Service fees	43,099,737	85,609,552	128,709,289
Advertising expenses	-	31,178,636	31,178,636
Freight and custody	1,597,784	75,805,459	77,403,243
Others	185,750,487	129,914,961	315,665,448
	<u>₩ 1,445,964,162</u>	<u>₩ 653,397,588</u>	<u>₩ 2,099,361,750</u>

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34. Financial Instruments by Categories

Finance income and cost by categories for the years ended December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>	2022				
	Finance income	Finance cost	Net income	Other compre- hensive income	Total compre- hensive income
Financial assets					
Financial assets at amortized cost	₩ 28,536,286	₩ -	₩ 28,536,286	₩ -	₩ 28,536,286
Financial assets at fair value through profit or loss	1,399,256	(725,398)	673,858	-	673,858
Financial assets at fair value through other comprehensive income ¹	-	-	-	5,389,717	5,389,717
	<u>29,935,542</u>	<u>(725,398)</u>	<u>29,210,144</u>	<u>5,389,717</u>	<u>34,599,861</u>
Financial liabilities					
Financial liabilities measured at amortized cost	798,945	(8,479,948)	(7,681,003)	-	(7,681,003)
Lease liabilities	-	(814,241)	(814,241)	-	(814,241)
	<u>798,945</u>	<u>(9,294,189)</u>	<u>(8,495,244)</u>	<u>-</u>	<u>(8,495,244)</u>
	<u>₩ 30,734,487</u>	<u>₩ (10,019,587)</u>	<u>₩ 20,714,900</u>	<u>₩ 5,389,717</u>	<u>₩ 26,104,617</u>

¹ Dividend income from financial assets at fair value through other comprehensive income is included in revenue.

<i>(in thousands of Korean won)</i>	2021				
	Finance income	Finance cost	Net income	Other compre- hensive income	Total compre- hensive income
Financial assets					
Financial assets at amortized cost	₩ 15,706,648	₩ -	₩ 15,706,648	₩ -	₩ 15,706,648
Financial assets at fair value through profit or loss	359,468	(680,836)	(321,368)	-	(321,368)
Financial assets at fair value through other comprehensive income ¹	-	-	-	(5,178,189)	(5,178,189)
	<u>16,066,116</u>	<u>(680,836)</u>	<u>15,385,280</u>	<u>(5,178,189)</u>	<u>10,207,091</u>
Financial liabilities					
Financial liabilities measured at amortized cost	313,726	(9,476,287)	(9,162,561)	-	(9,162,561)
Lease liabilities	-	(963,621)	(963,621)	-	(963,621)
	<u>313,726</u>	<u>(10,439,908)</u>	<u>(10,126,182)</u>	<u>-</u>	<u>(10,126,182)</u>
	<u>₩ 16,379,842</u>	<u>₩ (11,120,744)</u>	<u>₩ 5,259,098</u>	<u>₩ (5,178,189)</u>	<u>₩ 80,909</u>

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¹ Dividend income from financial assets at fair value through other comprehensive income is included in revenue.

The book amount and the fair value of financial instruments as at December 31, 2022 and 2021, are summarized as follows:

<i>(in thousands of Korean won)</i>	2022		2021	
	Book Value	Fair value	Book Value	Fair value
Financial assets				
Financial assets at amortized cost	₩ 1,265,349,558	₩ 1,265,349,558	₩ 911,763,479	₩ 911,763,479
Financial assets at fair value through profit or loss	9,695,920	9,695,920	80,753,311	80,753,311
Financial assets at fair value through other comprehensive income	<u>24,567,044</u>	<u>24,567,044</u>	<u>24,124,009</u>	<u>24,124,009</u>
	<u>₩ 1,299,612,522</u>	<u>₩ 1,299,612,522</u>	<u>₩ 1,016,640,799</u>	<u>₩ 1,016,640,799</u>
Financial liabilities				
Financial liabilities measured at amortized cost	₩ 503,816,968	₩ 503,816,968	₩ 582,386,548	₩ 582,492,504
Lease liabilities ¹	<u>17,789,999</u>	<u>17,789,999</u>	<u>22,131,671</u>	<u>22,131,671</u>
	<u>₩ 521,606,967</u>	<u>₩ 521,606,967</u>	<u>₩ 604,518,219</u>	<u>₩ 604,624,175</u>

¹ It is lease liabilities that are not financial liabilities categorized.

The Group estimates the book amounts of financial assets, other than and long-term borrowings and financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, at reasonable amounts that approximate fair values.

The levels of the fair value hierarchy and its application to financial assets and liabilities are described below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs, other than quoted prices, that are observable from market for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

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The fair value measurements classified by fair value hierarchy as at December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2022				
Financial assets at fair value through profit or loss ₩	- ₩	4,552,315 ₩	5,143,605 ₩	9,695,920
Financial assets at fair value through other comprehensive income	18,171,170	-	6,395,874	24,567,044
December 31, 2021				
Financial assets at fair value through profit or loss ₩	- ₩	79,556,115 ₩	1,197,196 ₩	80,753,311
Financial assets at fair value through other comprehensive income	17,771,068	-	6,352,941	24,124,009

Valuation techniques and inputs used in the recurring and non-recurring fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy as at December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>	<u>Fair value</u>	<u>Level</u>	<u>Valuation method</u>	<u>Inputs</u>
2022				
Financial assets at fair value through profit or loss				
Corporate bonds	₩ 4,552,315	2	DCF model	Discount rate
Investments	5,143,605	3	Asset approach	Net asset value
Financial assets at fair value through other comprehensive income				
	5,041,420	3	Cost method ¹	-
Unlisted equity securities	1,354,454	3	Discounted cash flow method	Weighted average cost of capital
			Similar companies comparison method	PSR, PBR
2021				
Financial assets at fair value through profit or loss				
Corporate bonds	₩ 79,556,115	2	DCF model	Discount rate
Investments	1,197,196	3	Asset approach	Net asset value
Financial assets at fair value through other comprehensive income				
	5,041,501	3	Cost method ¹	-
Unlisted equity securities	1,311,440	3	Discounted cash flow method	Weighted average cost of capital
			Similar companies comparison method	PSR, PBR

¹ The instruments above cannot be reliably measured, and the acquisition cost is considered as a reasonable approximation of fair value.

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35. Income Taxes

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

<i>(in thousands of Korean won)</i>	<u>2022</u>	<u>2021</u>
Current income tax expense	₩ 150,075,828	₩ 60,809,716
Adjustment for prior periods	(1,330,289)	(10,258,987)
Origination and reversal of temporary differences	<u>(57,195,582)</u>	<u>43,179,526</u>
Total income tax effect	91,549,957	93,730,255
Income taxes related to items recognized outside profit or loss	<u>6,040,951</u>	<u>961,512</u>
Total income tax expense	<u>₩ 97,590,908</u>	<u>₩ 94,691,767</u>

Origination and reversal of temporary differences for the years ended December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>	<u>2022</u>	<u>2021</u>
Deferred tax liabilities net, year-end	₩ (301,808,164)	₩ (361,385,680)
(-)Deferred tax liabilities net, beginning	(361,385,680)	(318,963,722)
Deferred tax assets net, year-end	15,561,009	17,942,943
(-)Deferred tax assets net, beginning	<u>17,942,943</u>	<u>18,700,511</u>
Origination and reversal of temporary differences	<u>₩ (57,195,582)</u>	<u>₩ 43,179,526</u>

Income taxes related to items recognized outside profit or loss for the years ended December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>	<u>2022</u>	<u>2021</u>
Remeasurements of the defined benefit liability	₩ (2,773,727)	₩ 928,246
Gain on valuation of financial assets at fair value through other comprehensive income	309,496	33,266
Exchange gain (loss) on translation of foreign operations	<u>8,505,182</u>	<u>-</u>
Income tax expense recognized other than in profit or loss	<u>₩ 6,040,951</u>	<u>₩ 961,512</u>

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Reconciliation between profit before income tax and income tax expense for the years ended December 31, 2022 and 2021, follows:

<i>(in thousands of Korean won)</i>	<u>2022</u>	<u>2021</u>
Profit before income tax	₩ 421,165,629	₩ 320,469,278
Income tax using the Group's statutory tax rate	137,363,015	78,906,454
Adjustments:		
Non-deductible expense (revenue)	164,492	(1,368,791)
Tax credits	(5,322,758)	(1,836,867)
Adjustments for prior periods	(1,330,289)	(10,258,987)
Income tax effects on temporary changes on unrealized deferred income tax	1,151,392	-
Tax on promotion of investment and mutual cooperation	3,865,116	3,092,756
Tax effects of profit or loss and others of subsidiaries	(39,225,146)	25,082,053
Change in the Korean tax rate	(2,047,407)	-
Others	2,972,493	1,075,149
Income tax expense	<u>₩ 97,590,908</u>	<u>₩ 94,691,767</u>
Effective tax rate	<u>23.17%</u>	<u>29.55%</u>

The net deferred tax liabilities are reflected in the consolidated statements of financial position after offsetting assets and liabilities only if there is the legal right to offset current tax assets and liabilities and they are levied by the same taxing authority.

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

(in thousands of Korean won)

	2022			
	Beginning balance	Profit or loss	Directly reflected in capital	Ending balance
Bad debt expense	₩ 555,274	₩ 782,692	₩ -	₩ 1,337,966
Provision for warranty	287,863	216,762	-	504,625
Accumulated depreciation	(109,324,867)	3,603,744	-	(105,721,123)
Defined benefit liability	(8,545)	2,757,462	(2,773,727)	(24,810)
Land	(44,268,093)	2,039,728	3,314	(42,225,051)
Increase in the value of buildings and machinery	8,126,204	(2,993,539)	219,166	5,351,831
Prepaid expenses	(10,261,959)	304,391	127,170	(9,830,398)
Identifiable intangible assets	(96,465,154)	18,129,915	1,003,239	(77,332,000)
Investments in subsidiaries	(97,189,038)	10,649,864	50,958	(86,488,216)
Tax loss carryforwards	355,178	18,639,024	-	18,994,202
Others	4,750,400	(2,975,412)	7,410,831	9,185,819
	₩ <u>(343,442,737)</u>	₩ <u>51,154,631</u>	₩ <u>6,040,951</u>	₩ <u>(286,247,155)</u>

(in thousands of Korean won)

	2021			
	Beginning balance	Profit or loss	Directly reflected in capital	Ending balance
Bad debt expense	₩ 520,914	₩ 34,360	₩ -	₩ 555,274
Provision for warranty	566,050	(278,187)	-	287,863
Accumulated depreciation	(92,140,487)	(17,184,380)	-	(109,324,867)
Defined benefit liability	7,535	(944,326)	928,246	(8,545)
Land	(44,271,975)	3,882	-	(44,268,093)
Increase in the value of buildings and machinery	10,346,519	(2,220,315)	-	8,126,204
Prepaid expenses	(9,488,680)	(773,279)	-	(10,261,959)
Identifiable intangible assets	(103,795,524)	7,330,370	-	(96,465,154)
Investments in subsidiaries	(70,086,383)	(27,102,655)	-	(97,189,038)
Tax loss carryforwards	751,281	(396,103)	-	355,178
Others	7,327,539	(2,610,405)	33,266	4,750,400
	₩ <u>(300,263,211)</u>	₩ <u>(44,141,038)</u>	₩ <u>961,512</u>	₩ <u>(343,442,737)</u>

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The amount of deductible temporary differences for which deferred tax assets are not recognized as at December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>		<u>2022</u>		<u>2021</u>
Investments in subsidiaries	₩	130,440,655	₩	162,329,032
Allowance for doubtful accounts		247,589		105,623,457
Others		485,132		34,090,567
Tax loss carryforwards		21,043,925		48,738,664

The Group does not recognize any deferred tax asset for the deductible temporary differences stated above as these are not probable to reverse in the foreseeable future and sufficient future taxable profits will not be available against which tax loss carryforwards can be used.

The amounts of tax loss carryforwards for which no deferred tax assets are recognized for the year ended December 31, 2022, are as follows:

<i>(in thousands of Korean won)</i>		<u>Tax loss</u>	<u>Expiration year</u>
Year of incurrence			
2015	₩	9,717	2025
2016		38,513	2026
2017		961,186	2027
2018		1,465,953	2028
2019		3,066,026	2029
2020		5,776,631	2035
2021		3,808,834	2036
2022		5,917,065	2037
	₩	<u>21,043,925</u>	

The amounts of taxable temporary differences for which no deferred tax liabilities are recognized as at December 31, 2022 and 2021, are as follows:

<i>(in thousands of Korean won)</i>		<u>2022</u>		<u>2021</u>
Investments in subsidiaries	₩	(405,672,512)	₩	(414,825,985)
Others		(12,335,100)		(16,046,653)

As at December 31, 2022 and 2021, the Group does not recognize any deferred tax liability for the above, because the Group is able to control the timing of the reversal of taxable temporary differences related to investments of subsidiaries and it is probable that the temporary difference will not reverse in the foreseeable future.

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

<i>(in thousands of Korean won)</i>	2022	2021
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	₩ 51,585,896	₩ 60,854,786
Deferred tax asset to be recovered within 12 months	1,347,028	1,082,511
	<u>52,932,924</u>	<u>61,937,297</u>
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	(338,173,848)	(380,646,271)
Deferred tax liability to be recovered within 12 months	(1,006,231)	(24,733,763)
	<u>(339,180,079)</u>	<u>(405,380,034)</u>
Deferred tax liabilities, net	<u>₩ (286,247,155)</u>	<u>₩ (343,442,737)</u>

36. Financial Risk Management

The levels of risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Currency risk
- Interest risk
- Other price risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further Qualitative disclosures and quantitative disclosures are included throughout these consolidated financial statements.

Risk management activities

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. The Finance Department has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Finance Department; these limits are reviewed quarterly.

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1) Exposure to credit risk

The carrying amount of financial assets is maximum exposure to credit risk. The maximum exposure to credit risk as at December 31, 2022 and 2021, is as follows:

<i>(in thousands of Korean won)</i>		<u>2022</u>		<u>2021</u>
Short-term and long-term deposits	₩	393,049,450	₩	140,637,113
Trade receivables		217,675,033		186,214,988
Other financial assets (current)		21,594,852		15,296,590
Other financial assets (non-current)		3,012,045		941,587
Cash equivalents ¹		630,734,532		568,733,123
	₩	<u>1,266,065,912</u>	₩	<u>911,823,401</u>

¹ The difference between the cash and cash equivalents on the consolidated statements of financial position is cash held by the Group.

As at December 31, 2022 and 2021, there are no significant concentrations of credit risk and diversified to various customers. On the one hand, the Group deposits cash and cash equivalents in financial institutions such as Shinhan Bank and credit risk from financial institutions is limited because it deals with financial institutions with superior credit ratings.

2) Impairment of financial assets

(a) Trade receivables

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 12 month before December 31, 2022, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect forward-looking information affecting the ability of the customers to settle the receivables.

The loss allowance as at December 31, 2022 and 2021, was determined as follows for trade receivables:

<i>(in thousands of Korean won)</i>		<u>Current</u>		<u>More than 60 days past due</u>		<u>More than 90 days past due</u>		<u>More than 180 days past due</u>		<u>Bad debts¹</u>		<u>Total</u>
December 31, 2022:												
Expected loss rate		0.03%		0.11%		0.15%		25.44%		56.10%		2.22%
Gross carrying amount	₩	197,325,307	₩	13,468,538	₩	2,205,562	₩	1,696,143	₩	7,924,646	₩	222,620,196
Loss allowance provision		50,185		14,665		3,269		431,504		4,445,540		4,945,163
December 31, 2021:												
Expected loss rate		0.03%		0.08%		0.08%		0.36%		81.41%		0.69%
Gross carrying amount	₩	159,565,108	₩	12,558,741	₩	3,901,447	₩	10,012,633	₩	1,479,209	₩	187,517,138
Loss allowance provision		49,888		9,428		3,024		35,555		1,204,255		1,302,150

¹ The Group analyzed individual bad debt and recognized loss allowance.

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

<i>(in thousands of Korean won)</i>		<u>2022</u>		<u>2021</u>
Beginning balance	₩	1,302,150	₩	24,218,807
Increase in loss allowance recognized in profit or loss during the year		3,928,698		21,494
Receivables written off during the year as uncollectible		(86,600)		(25,387)
Others		(199,085)		(22,912,764)
Ending balance	₩	<u>4,945,163</u>	₩	<u>1,302,150</u>

Trade receivables are written off or non-performing receivables are disposed when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, impossibility of collection due to the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables are presented as net impairment losses on trade receivables within impairment loss in the consolidated statements of comprehensive income. Subsequent recoveries of amounts previously written off are recognized as 'other income'.

(b) Other financial assets

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

<i>(in thousands of Korean won)</i>		<u>2022</u>		<u>2021</u>
Beginning balance	₩	3,623,585	₩	3,820,389
Increase in loss allowance recognized in profit or loss during the year		(58,557)		478,585
Receivables written off during the year as uncollectible		(20,766)		(60,628)
Others		(20,912)		(614,761)
Ending balance	₩	<u>3,523,350</u>	₩	<u>3,623,585</u>

As at December 31, 2022 and 2021, other financial assets at amortized cost include other receivables, loans and others. The Group recognizes the loss allowance on credit-impaired other receivables and loans.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's management manages liquidity risk by setting both short-term and long-term fund management plan, and immunizing the maturity of financial assets and financial liabilities by reviewing and analyzing cash out flow forecasts and realized cash outflows consistently. The Group's management believes that the Group has sufficient liquid resources from operating cash flows and financial assets to meet finance charges and principal repayments on its debt instruments. Meanwhile, in order to manage the Group's liquidity risks, the Group has entered into an overdraft protection provided by KEB Hana Bank and etc.

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Details of analysis of liquidity risk as at December 31, 2022 and 2021, are as follows. The tables below analyze the Group's financial liabilities into relevant maturity groupings, and the amounts disclosed in the table are the contractual undiscounted cash flows.

<i>(in thousands of Korean won)</i>	2022					
	Book Value	Contractual cash flow	Within 6 months	6-12 months	1-2 years	Over 2 years
Debentures and borrowings	₩ 175,881,308	₩ 176,275,048	₩ 176,275,048	₩ -	₩ -	₩ -
Trade payables	151,623,093	152,771,694	152,301,130	5,025	406,708	58,831
Other current financial liabilities	195,069,318	206,902,560	48,848,282	158,054,278	-	-
Other non-current financial liabilities	700,064	1,246,398	-	-	917,090	329,308
Lease liabilities	17,789,999	17,226,596	3,890,202	4,015,902	4,543,478	4,777,014
	<u>₩ 541,063,782</u>	<u>₩ 554,422,296</u>	<u>₩ 381,314,662</u>	<u>₩ 162,075,205</u>	<u>₩ 5,867,276</u>	<u>₩ 5,165,153</u>

<i>(in thousands of Korean won)</i>	2021					
	Book Value	Contractual cash flow	Within 6 months	6-12 months	1-2 years	Over 2 years
Debentures and borrowings	₩ 325,582,073	₩ 327,577,980	₩ 206,346,433	₩ 50,602,597	₩ 70,628,950	₩ -
Trade payables	119,162,032	119,162,032	119,162,032	-	-	-
Other current financial liabilities	167,312,042	166,996,186	165,650,762	1,345,424	-	-
Other non-current financial liabilities	2,276,537	2,672,721	-	-	2,024,496	648,225
Lease liabilities	22,131,671	28,008,907	5,500,936	4,454,728	6,386,923	11,666,320
	<u>₩ 636,464,355</u>	<u>₩ 644,417,826</u>	<u>₩ 496,660,163</u>	<u>₩ 56,402,749</u>	<u>₩ 79,040,369</u>	<u>₩ 12,314,545</u>

The Group does not expect that this cash flow will appear substantially earlier than or substantially different in amounts from what the Group forecasts.

Currency risk

The Group's exposure to foreign currency risk occurs on the assets and liabilities that are not presented with functional currency. The Group's exposure to foreign currency risk is as follows based on notional amounts:

<i>(in thousands of Korean won)</i>	USD	JPY	EUR	RUB	CHF	VND	CNY	HKD	MMK
December 31, 2022									
Cash and cash equivalents	₩ 9,332,600	₩ -	₩ -	₩ 968	₩ -	₩ 236	₩ 7,785,497	₩ 36,997	₩ 11,248
Trade receivables and other financial assets	6,648,073	-	150,632	-	-	-	2,166,883	-	-
Trade payables and other financial liabilities	(16,572,831)	(4,340,782)	(7,990,445)	-	(9,270)	-	(10,015)	-	(13,101)
Borrowings	(818,261)	-	-	-	-	-	(2,866,752)	-	-
	<u>₩ (1,410,419)</u>	<u>₩ (4,340,782)</u>	<u>₩ (7,839,813)</u>	<u>₩ 968</u>	<u>₩ (9,270)</u>	<u>₩ 236</u>	<u>₩ 7,075,613</u>	<u>₩ 36,997</u>	<u>₩ (1,853)</u>

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<i>(in thousands of Korean won)</i>		<u>USD</u>		<u>JPY</u>		<u>EUR</u>		<u>CNY</u>		<u>HKD</u>		<u>MMK</u>
December 31, 2021												
Cash and cash equivalents	₩	3,736,619	₩	45,757	₩	-	₩	2,116,182	₩	239	₩	481
Trade receivables and other financial assets		8,409,038		1,881,581		532,071		1,323,187		-		-
Trade payables and other financial liabilities		(15,012,162)		(285,740)		(1,825,488)		-		-		(757)
Borrowings		(342,139)		-		-		-		-		-
	₩	<u>(3,208,644)</u>	₩	<u>1,641,598</u>	₩	<u>(1,293,417)</u>	₩	<u>3,439,369</u>	₩	<u>239</u>	₩	<u>(276)</u>

As at December 31, 2022 and 2021, the effects of a 10% appreciating or depreciating of foreign currencies against functional currency on profit before tax are as follows:

<i>(in thousands of Korean won)</i>		<u>2022</u>		<u>2021</u>	
		<u>10% strengthening</u>	<u>10% weakening</u>	<u>10% strengthening</u>	<u>10% weakening</u>
USD	₩	(141,042)	₩ 141,042	₩ (320,864)	₩ 320,864
JPY		(434,078)	434,078	164,160	(164,160)
EUR		(783,981)	783,981	(129,342)	129,342
RUB		97	(97)	-	-
CHF		(927)	927	-	-
VND		24	(24)	-	-
CNY		707,561	(707,561)	343,937	(343,937)
HKD		3,700	(3,700)	24	(24)
MMK		(185)	185	(28)	28
	₩	<u>(648,831)</u>	₩ <u>648,831</u>	₩ <u>57,887</u>	₩ <u>(57,887)</u>

Interest rate risk

At the reporting date, the variable rate financial liabilities are as follows:

<i>(in thousands of Korean won)</i>		<u>2022</u>		<u>2021</u>
Short-term borrowings	₩	818,261	₩	440,346

As at December 31, 2022 and 2021, the effects of a 100bp fluctuation of the interest rates on profit (loss) were as follows:

<i>(in thousands of Korean won)</i>		<u>2022</u>		<u>2021</u>	
		<u>10% increase</u>	<u>10% decrease</u>	<u>10% increase</u>	<u>10% decrease</u>
Net finance costs	₩	(8,183)	₩ 8,183	₩ (4,403)	₩ 4,403

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Since the Group operates financial deposits for the purpose of obtaining interest income at December 31, 2022 and 2021, the size of interest income may be affected by changes in the market interest rates applied when depositing financial instruments.

Capital management

The Board's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group's main objective is to maximize shareholder's profit and monitoring the level of dividends as a mean of capital management. Capital structure of the Group consists of net debts which is Debts and borrowings less cash and cash equivalents and equity.

As at December 31, 2022 and 2021, the Group's net debt-to-equity ratio as follows:

<i>(in thousands of Korean won)</i>	<u>2022</u>	<u>2021</u>
Net debt:		
Debts and borrowings	₩ 175,881,308	₩ 325,582,073
Less: Cash and cash equivalents	<u>(630,770,041)</u>	<u>(568,772,629)</u>
	(454,888,733)	(243,190,556)
Equity	4,124,954,123	3,870,846,883
Net debt-to-equity ratio	(11.03%)	(6.28%)

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37. Financial Commitments and Contingencies

Financial commitments to financial institutions as at December 31, 2022 and 2021, are as follows:

*(in thousands of Korean won, US dollars,
Chinese yuan, European euro, Russian ruble)*

Borrower	Lender	Type of commitment	Currency	2022	2021
Orion Holdings Corporation	Hana Bank	Bank overdraft	KRW	2,500,000	5,000,000
	DBS Bank	Credit loan	KRW	20,000,000	20,000,000
	Shinhan Bank	Credit loan	KRW	5,000,000	-
Orion Corporation	Kookmin Bank	Usance	USD	10,000,000	10,000,000
		Purchasing loan	KRW	20,000,000	20,000,000
	Shinhan Bank	Bank overdraft	KRW	5,000,000	5,000,000
		Usance	USD	5,900,000	5,900,000
		Collateralized loans on trade receivables	KRW	4,000,000	-
	NH bank	Purchasing loan	KRW	20,000,000	20,000,000
		Credit loan	KRW	30,000,000	-
	Hana Bank	Purchasing loan	KRW	30,000,000	30,000,000
	Mizuho Bank	Credit loan	KRW	20,000,000	20,000,000
	Hyundai Card	Group purchase card	KRW	12,000,000	12,000,000
Orion Food Co., Ltd.	Bank of China	Usance	CNY	60,000,000	60,000,000
		General loan	CNY	80,000,000	80,000,000
Orion Food (Shanghai) Co., Ltd.	Bank of China	Usance	CNY	55,000,000	55,000,000
Orion Food (Shen Yang) Co.,Ltd.	Hana Bank	Usance	EUR	1,000,000	1,000,000
Orion Food Guangzhou Co.,Ltd.	Hana Bank	Usance	EUR	2,000,000	2,000,000
Orion International Euro. LLC	Sumitomo Mitsui Rus Bank	Credit loan	RUB	500,000,000	500,000,000
	Hana Bank	Credit loan	RUB	600,000,000	-
Orion Food VINA Co., Ltd	Shinhan Bank	Usance	USD	5,000,000	5,000,000
Showbox Corp.	Hana Bank	Credit loan	KRW	7,000,000	3,000,000
			KRW	175,500,000	135,000,000
			USD	20,900,000	20,900,000
		Total	CNY	195,000,000	195,000,000
			EUR	3,000,000	3,000,000
			RUB	1,100,000,000	500,000,000

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The Group has been provided with guarantees by financial institutions for collecting receivables from local film distributors which are as follows:

(in thousands of Korean won)

Counterparty	Guarantor		2022	Classification
KIMSEU COMPANY CO.,LTD.	Hana Bank	₩	300,000	
Taeyeong Picture	Woori Bank		300,000	Performance guarantee
Dongbo Cinema Co.	Standard Chartered Bank		200,000	
Total		₩	800,000	

As at December 31, 2022, the Group has factoring agreements with Woori Bank, for trade receivables of Coupang Corp. The trade receivables provided by the Group in the factoring transaction which meet the requirements for asset derecognition, were derecognized because there is no recourse obligation for the above trade receivables in case of debtors' default and accordingly Woori Bank retains substantially all the risks and rewards.

As at December 31, 2022, guarantees of ₩ 608 million (2021: ₩ 2,183 million) are provided to the Group by Seoul Guarantee Insurance Company, etc. for the performance of contracts.

As at December 31, 2022 and 2021, the Group provides payment guarantee up to ₩ 12,000 million in relation to group purchased card of Hyundai Card to its customers.

Details of lawsuit pendings as at December 31, 2022, are summarized as follows.

(in thousands of Korean won)

Plaintiff	Defendant	Contents	Amounts ¹	Progress
Orion Holdings Corp.	Former executive and employees of related party	Compensation for damages	₩ 2,989,830	Third trial in progress
Orion Holdings Corp	National Health Insurance	Unfair gains	317,592	Second trial in progress
Orion Holdings Corp	National Health Insurance	Cancellation of insurance premium levy	13,666	First trial in progress
CJ Logistics Corporation	Orion Corp.	Unpaid transportation fees	363,336	First trial in progress
Orion Corp.	National Health Insurance	Return of unjust enrichment	543,519	Second trial in progress
Orion Corp.	National Health Insurance	Claim for cancellation of insurance premium levy	8,998	First trial in progress
Former executive and employees of related party	Orion Corp.	Compensation for damages	70,000	First trial in progress
Former executive and employees of related party	Orion Corp.	Claim for wages and others	79,195	First trial in progress
Former executive and employees of related party	Orion Corp.	Claim for wages and others	125,122	First trial in progress
Former executive and employees of related party	OFC	Claim for wages	1,013,811	Won second trial
Shanghai Heyin Network Technology Co., Ltd.	OFC	Claim for payment of trade payables	299,459	Waiting for second trial
Orion Food Co., Ltd	Shanghai Suning.com Business Management Development Co., Ltd.	Claim for payment of trade receivables	15,357	First trial in progress
Orion Food Co., Ltd	Nongshang Supermarket (Group) Co., Ltd.	Claim for payment of trade receivables	42,935	First trial in progress

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Orion International Euro LLC	Roznitsa K-1	Claim for payment of trade payables	85,784	First trial in progress
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¹ The amounts are translated to Korean won.

The outcome of the above lawsuits cannot be estimated, however, the Group expects that the outcome would not have any material impact on its financial statements.

As at Decemebr 31, 2022, the Group has entered into a mutual benefit agreement with Jeju Special Self-governing Province for development of the local economy in Jeju and promotion of general industrial area of lava seawater.

As at December 31, 2022 and 2021, the Group has entered into a joint investment agreement with Shandong Lukang Pharmaceutical Co., Ltd.

For the year ended December 31, 2022, the Group established Orion BioLogics Co.,Ltd. for the purpose of manufacturing and selling periodontitis treatments. The Group classified the entities as subsidiaries although the ownership is 60 % as the Company is considered to have a control over the entities. Also, to establish Orion BioLogics Co.,Ltd., HYSENSBIO CO., LTD., a party to the joint investment, paid ₩ 1,400 million (40% of acquired ownership) of capital stock, by offsetting first royalty recievables to be paid by Orion BioLogics Co.,Ltd. in a licence agreement separately concluded through contribution-in-kind and share payment receivables held by the joint venture. Details of joint investment agreement are as follows:

Type	Details
Milestone investment ¹	Parties to the contract pay the contract payments in 3 stages in accordance with the development index (milestone)
Restriction in transfer of shares	Parties to the contract cannot transfer shares of the target company beyond a certain level without prior written consent of the counterparty for 10 years after the establishment of the company.
Pre-emption right	If the parties intend to sell all or part of its shares to a third party during a period of restriction in transfer of shares, parties to the contract have a pre-emption right to purchase the shares.
Default Call Option	The right to purchase all or part of the shares issued by the joint venture held by the party at fault at 70% of the market price, if the party at fault among the parties to the contract violates an important obligation under the contract and fails to correct it within a certain period from the date of receiving the notice requesting correction.
Default Put Option	The right to sell all or part of the shares issued by the joint venture held by the termination party amount the parties to the contract to the party at fault at 130% of the market price.

¹ Milestone: condition of completing a clinital trial or arriving in a certain period of time

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38. Related Party Transactions

Related parties as at December 31, 2022, are as follows, excluding subsidiaries:

Relationship	Related Party
Associate	Capitalone Showbox-iMBC Contents Fund Delfi-Orion Pte Ltd.
Joint ventures	Orion Nonghyup Agri, inc. Shandong Lukang Biotechnology Development Co., Ltd.
Other	Orion Foundation, Major shareholders

Related parties as at December 31, 2021, are as follows, excluding subsidiaries:

Relationship	Related Party
Associate ¹	Capitalone Showbox-iMBC Contents Fund Delfi-Orion Pte Ltd.
Joint ventures ²	Orion Nonghyup Agri, inc. Shandong Lukang Biotechnology Development Co., Ltd.
Other	Orion Foundation, Major shareholders

¹ During 2021, the Group acquired shares of Capitalone Showbox-iMBC Contents Fund.

² During 2021, the Group acquired shares of Shandong Lukang Biotechnology Development Co., Ltd.

Significant transactions which occurred in the normal course of business with related parties for the years ended December 31, 2022 and 2021, are summarized as follows:

(in thousands of Korean won)

Related party	Transaction	2022	2021
Associate			
Capitalone Showbox-iMBC Contents Fund.	Settlement of film revenue(cost) ¹ ₩	19,224 ₩	17,610
Joint ventures			
Delfi-Orion Pte Ltd	Sales	2,943,551	2,004,287
Orion Nonghyup Agri, inc.	Sales	19,587	13,527
	Purchases	38,174,208	31,712,832
Others			
Orion Foundation	Sales	271,011	334,425
	Other expenses	950,000	1,150,000
Major shareholders	Sales	78,729	43,945

¹ The Group recognizes the settlement of revenue (expense) in film as cost of sales.

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Accounts receivable, payable balances with related parties as at December 31, 2022 and 2021, are as follows:

(in thousands of Korean won)

		2022							
Relationship	Related party	Receivables		Payables					
		Trade receivables	Other receivables	Trade payables	Withholdings	Accounts payable	Guarantee deposits	Other payables	
Associates	Capitalone Showbox-iMBC Contents Fund.	₩ -	₩ -	₩ -	₩ 2,307,642	₩ 2,361	₩ -	-	
Joint ventures	Delfi-Orion Pte Ltd	347,672	-	-	-	-	-	-	
	Orion Nonghyup Agri, inc.	-	1,176,652	8,368,576	-	9,539	-	-	
Others	Orion Foundation	2,682	622	-	-	-	396,000	-	
	Major shareholders	1,458	-	-	-	-	-	3,730,252	
		₩ 351,812	₩ 1,177,274	₩ 8,368,576	₩ 2,307,642	₩ 11,900	₩ 396,000	₩ 3,730,252	

(in thousands of Korean won)

		2021							
Relationship	Related party	Receivables		Payables					
		Trade receivables	Other receivables	Trade payables	Withholdings	Accounts payable	Guarantee deposits	Other payables	
Associates	Capitalone Showbox-iMBC Contents Fund.	₩ -	₩ -	₩ -	₩ 1,900,000	₩ 17,610	₩ -	-	
Joint ventures	Delfi-Orion Pte Ltd	83,781	-	-	-	-	-	-	
	Orion Nonghyup Agri, inc.	-	1,424,824	7,638,031	-	17,643	-	-	
Others	Orion Foundation	2,574	564	-	-	-	396,000	-	
	Major shareholders	1,050	-	-	-	-	-	3,548,971	
		₩ 87,405	₩ 1,425,388	₩ 7,638,031	₩ 1,900,000	₩ 35,253	₩ 396,000	₩ 3,548,971	

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

(in thousands of Korean won)

Relationship	Related party	Contents of Trade	2022	2021
Associate	Capitalone Showbox-iMBC Contents Fund.	Contribution in cash	₩ -	(2,500,000)
Joint venture	Shandong Luckang Biotechnology Development Co., Ltd.	Contribution in cash	(10,022,173)	(13,601,520)
Others	Major shareholders	Dividend paid	(21,911,306)	(13,907,686)

Details of key management personnel compensation for the years ended December 31, 2022 and 2021, are as follows:

(in thousands of Korean won)

	2022	2021
Short-term employee benefits	₩ 13,655,577	₩ 12,452,857
Post-employment benefits	3,140,855	3,016,723
Share-based payments	27,131	2,603,748
	₩ 16,823,563	₩ 18,073,328

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Key management consists of executive officers and auditors who have the authority and responsibility in the planning, directing and control of the Group's operations.

As at December 31, 2022 and 2021, the Group has entered into agreements with a major shareholder, regarding the delegation of voting rights of Orion corporation and restriction on disposal of shares of Orion corporation.

39. Cash Flows

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

(in thousands of Korean won)

	<u>2022</u>	<u>2021</u>
Reclassification from construction in progress to property, plant and equipment ₩	120,247,380 ₩	110,103,238
Reclassification from construction in progress to intangible assets	7,038,078	1,885,406
Reclassification from property, plant and equipment to investment properties	871,650	-
Reclassification from investment properties to property, plant, and equipment	17,872,783	4,388,646
Other payables regarding the acquisition of property, plant and equipment	10,411,774	(3,463,016)
Other payables regarding the acquisition of intangible assets	224,475	(44,729)
Reclassification of leasehold deposits regarding the disposal of investment properties	450,000	-
Reclassification from guarantee deposits to property, plant and equipment	18,410	-
Other payables regarding the pension benefit payments	1,061,149	(222,310)
Reclassification of sites for construction to non-current assets held for sale	-	23,549,235
Reclassification from prepayments to publication rights	44,688,968	18,599,173
Reclassification from long-term borrowings to short-term borrowings	69,911,356	159,910,337
Write-off of trade receivables and others	84,995	49,777
Increase of right-of-use assets from new lease contracts	(8,980,997)	(11,728,215)
Increase of lease liabilities from new lease contracts	8,864,839	11,727,944
Decrease in right-of-use assets from changes in lease agreement conditions	1,310,725	557,781
Decrease in lease liabilities from changes in lease agreement conditions	(4,524)	(605,668)
Reclassification from lease liabilities to current portion	5,562,691	6,144,304
Decrease in advances received in relation to non-current assets held for sale	(2,500,000)	-

Orion Holdings Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
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The reconciliation of the liabilities arising from cash flows from financing activities for the years ended December 31, 2022 and 2021, is as follows:

(in thousands of Korean won)	2022.1.1	Cash flows from financing activities	Non cash flow				2022.12.31
			Depreciation and others	Effects of changes in foreign exchange rates	Reclassification to current portion	Others	
Short-term borrowings	₩ 95,734,778	₩ 11,783,716	- ₩	(1,611,111) ₩	- ₩	- ₩	₩ 105,907,383
Current portion of long-term borrowings	159,956,353	(160,000,000)	106,216	-	69,911,356	-	69,973,925
Long-term borrowings	69,890,942	-	20,414	-	(69,911,356)	-	-
Current portion of leasehold deposits received	576,765	(63,000)	7,265	-	682,804	(261,357)	942,477
Leasehold deposits received	1,363,790	(100)	14,920	-	(682,804)	(197,527)	498,279
Current portion of lease liabilities	9,691,517	(10,900,234)	-	30,838	5,562,691	3,953,259	8,338,071
Lease liabilities	12,440,154	-	-	251,751	(5,562,691)	2,322,714	9,451,928
	₩ 349,654,299	₩ (159,179,618)	₩ 148,815	₩ (1,328,522)	₩ -	₩ 5,817,089	₩ 195,112,063

(in thousands of Korean won)	2021.1.1	Cash flows from financing activities	Non cash flow				2021.12.31
			Depreciation and others	Effects of changes in foreign exchange rates	Reclassification to current portion	Others	
Short-term borrowings	₩ 19,516,963	₩ 76,218,117	- ₩	(302) ₩	- ₩	- ₩	₩ 95,734,778
Current portion of long-term borrowings	60,000,000	(60,000,000)	46,016	-	159,910,337	-	159,956,353
Long-term borrowings	229,674,753	-	126,526	-	(159,910,337)	-	69,890,942
Current portion of leasehold deposits received	1,199,621	(563,500)	8,378	-	29,698	(97,432)	576,765
Leasehold deposits received	630,321	820,100	17,491	-	(29,698)	(74,424)	1,363,790
Current portion of lease liabilities	7,910,375	(9,815,360)	-	762,045	6,144,304	4,690,153	9,691,517
Lease liabilities	11,361,765	-	-	1,062,722	(6,144,304)	6,159,971	12,440,154
	₩ 330,293,798	₩ 6,659,357	₩ 198,411	₩ 1,824,465	₩ -	₩ 10,678,268	₩ 349,654,299

The Group is presenting net amount of cash flow caused by financial assets at fair value through profit or loss whose amount is big due to frequent transactions and maturity comes in a short period of time.

40. Events After the Reporting Period

On January 25, 2023, the Group acquired 622,000 shares equivalent to 1% of the shares of Orion Nonghyup Agri, inc, a joint venture, in accordance with the resolution of the Board of Directors on December 20, 2022. And the Group's ownership is 50%.

On January 20, 2023, the Group redeemed borrowings from DBS Bank of ₩ 20 billion and entered into an agreement with KB Securities Co.,Ltd. to issue CP of ₩ 21 billion to secure operating capital.

On March 7, 2023, the Group entered into an agreement with KB Securities Co.,Ltd. to issue CP of ₩ 22 billion and issued the CP on March 8, 2023. Also, on March 8, 2023, the Group fully redeemed the short-term borrowings of ₩ 58 billion.