

Orion Holdings Corporation and Subsidiaries

Consolidated Financial Statements

December 31, 2021 and 2020

Orion Holdings Corporation and Subsidiaries
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Independent Auditors' 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, 2021 and 2020, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

(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, 2021, is ₩ 874,350 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.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 3 to the consolidated financial statements of the Group. Note 3 to the consolidated financial statements describes uncertainty relating to the impact of Coronavirus disease 2019 (COVID-19) on the Group's productivity and ability to satisfy customer's orders.

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 Lee Seung Hee, Certified Public Accountant.

March 16, 2022

Seoul, Korea

This report is effective as of March 16, 2022, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

Orion Holdings Corporation and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2021 and 2020

<i>(in thousands of Korean won)</i>	Notes	2021	2020
Assets			
Property, plant and equipment	6	W 2,042,973,604	W 1,933,053,426
Intangible assets	7	429,179,713	460,302,103
Goodwill	8	874,350,163	874,327,688
Investments property	9	81,624,575	79,756,936
Right-of-use assets	10	106,134,627	96,942,271
Investments in associates and joint ventures	11	47,486,353	31,078,448
Financial assets at fair value through profit or loss	12,34	7,113,462	6,197,551
Financial assets at fair value through other comprehensive income	12,34	24,124,009	19,295,426
Long-term trade and other receivables	16,34,36	1,295,883	1,467,406
Long-term deposits	17,34,36	2,535,269	9,097,745
Other non-current assets	13	26,233,797	24,864,714
Deferred income tax assets	35	17,942,943	18,700,511
Total non-current assets		<u>3,660,994,399</u>	<u>3,555,084,225</u>
Non-current assets held for sale	15	23,549,235	-
Inventories	14	209,362,083	204,062,043
Trade and other receivables	16,34,36	201,157,281	169,050,165
Financial assets at fair value through profit or loss	12,34	73,639,848	7,006,400
Short-term deposits	17,34,36	138,101,844	77,968,290
Other current assets	13	82,646,744	97,272,986
Current income tax assets	35	3,564,276	377,592
Cash and cash equivalents	17,34,36	568,772,628	386,729,245
Total current assets		<u>1,277,244,706</u>	<u>942,466,721</u>
Total assets		<u>W 4,961,788,340</u>	<u>W 4,497,550,946</u>

Orion Holdings Corporation and Subsidiaries
Consolidated Statements of Financial Position
December 31, 2021 and 2020

	Notes	2021	2020
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	420,957,867	349,634,162
Reserves	21	163,038,892	153,116,523
Unappropriated retained earnings		242,449,213	192,613,299
Equity attributable to owners of the Parent		2,097,493,355	1,966,411,367
Non-controlling interest	4	1,773,353,529	1,528,298,538
Total equity		3,870,846,883	3,494,709,905
Liabilities			
Long-term debts	26,34,36	69,890,942	229,674,753
Long-term trade and other payables	24,34,36	2,798,978	2,521,042
Non-current lease liabilities	10	12,440,154	11,361,765
Net defined benefit liabilities	27	1,901,415	871,342
Deferred tax liabilities	35	361,385,680	318,963,722
Other non-current liabilities	28	1,480,303	1,256,805
Total non-current liabilities		449,897,471	564,649,429
Current portion of long-term debts	26,34,36	159,956,353	60,000,000
Short-term borrowings	26,34,36	95,734,778	19,516,963
Trade and other payables	24,34,36	285,951,633	276,435,392
Current lease liabilities	10	9,691,517	7,910,375
Current tax liabilities	35	36,515,444	31,353,878
Other current liabilities	25,28	53,194,261	42,975,004
Total current liabilities		641,043,986	438,191,612
Total liabilities		1,090,941,457	1,002,841,041
Total equity and liabilities		₩ 4,961,788,340	₩ 4,497,550,946

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, 2021 and 2020

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

	Notes	2021	2020
Revenue	29	₩ 2,415,059,149	₩ 2,280,487,378
Cost of sales	29,33	(1,445,964,162)	(1,317,085,603)
Gross profit		<u>969,094,987</u>	<u>963,401,775</u>
Selling expenses	30,33	(509,033,050)	(492,061,382)
General and administrative expenses	30,33	(144,364,538)	(162,711,758)
Operating profit		<u>315,697,399</u>	<u>308,628,635</u>
Net other income (expenses)	31	(159,596)	13,086,781
Net finance income	32,34	5,259,098	2,540,142
Share of profit (loss) of associates and joint ventures	11	(776,793)	21,196
Profit before income tax		<u>320,020,107</u>	<u>324,276,754</u>
Income tax expense	35	(94,691,767)	(105,744,875)
Profit for the year		<u>225,328,341</u>	<u>218,531,879</u>
Other comprehensive income (loss):			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translating foreign operations		201,308,916	(36,234,055)
Share of other comprehensive income of associates and joint ventures	11	1,029,675	32,260
Items that will not be reclassified to profit or loss			
Defined benefit plan actuarial loss	27,35	(3,798,379)	(182,432)
Loss on valuation of financial assets at fair value through other comprehensive income	12	(5,178,189)	(1,397,629)
Share of defined benefit plan actuarial gain (loss) of joint ventures		53,503	14,464
Income tax of other comprehensive income		961,512	37,020
Total comprehensive income for the year		<u>₩ 419,705,379</u>	<u>₩ 180,801,507</u>

Orion Holdings Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2021 and 2020

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

	Notes	2021	2020
Profit attributable to:			
Owners of the Parent	₩	85,985,013	₩ 77,512,476
Non-controlling interests		139,343,328	141,019,403
Profit for the year	₩	<u>225,328,341</u>	<u>₩ 218,531,879</u>
Total comprehensive income attributable to			
Owners of the Parent	₩	156,186,626	₩ 63,396,847
Non-controlling interests		263,518,753	117,404,660
Total comprehensive income for the year	₩	<u>419,705,379</u>	<u>₩ 180,801,507</u>
Earnings per share: (in Korean won)	22		
Basic earnings per share	₩	1,429	₩ 1,289
Diluted earnings per share		1,429	1,289

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, 2021 and 2020

<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, 2020	₩	31,322,711	₩	1,251,350,081	₩	(11,625,409)	₩	363,680,452	₩	145,806,014	₩	145,596,954	₩	1,411,494,643	₩	3,337,625,446
Comprehensive income:																
Profit for the year		-		-		-		-		-		77,512,476		141,019,403		218,531,879
Other comprehensive income:																
Loss on valuation of financial assets at fair value through other comprehensive income		-		-		-		(514,573)		-		-		(873,044)		(1,387,617)
Exchange differences on translating foreign operations		-		-		-		(13,567,937)		-		-		(22,666,118)		(36,234,055)
Share of other comprehensive income of associates and joint ventures		-		-		-		36,220		-		-		(3,960)		32,260
Share of retained earnings of joint ventures		-		-		-		-		-		5,405		9,059		14,464
Remeasurements of net defined benefit liability		-		-		-		-		-		(74,745)		(80,680)		(155,424)
Total comprehensive income for the year		-		-		-		(14,046,290)		-		77,443,137		117,404,660		180,801,507
Total transactions with owners of the Company, recognized directly in equity																
Share-based compensation expense		-		-		-		-		-		-		15,571,525		15,571,525
Dividends		-		-		-		-		-		(23,116,283)		(16,172,290)		(39,288,573)
Transfer to statutory reserve		-		-		-		-		5,360,452		(5,360,452)		-		-
Transfer to voluntary reserve		-		-		-		-		17,450,058		(17,450,058)		-		-
Transfer from voluntary reserve		-		-		-		-		(15,500,000)		15,500,000		-		-
Total transactions with owners of the Company, recognized directly in equity		-		-		-		-		7,310,509		(30,426,792)		(600,765)		(23,717,048)
Balance at December 31, 2020	₩	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

Orion Holdings Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
Years Ended December 31, 2021 and 2020

<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		-		-		-		72,394,908		-		-		128,914,008		201,308,916
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		-		-		-		71,313,867		-		84,872,758		263,518,753		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)		(43,679,713)
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		(35,036,844)		(18,463,762)		(43,568,400)
Balance at December 31, 2021	₩	31,322,711	₩	1,251,350,081	₩	(11,625,409)	₩	420,957,867	₩	163,038,892	₩	242,449,213	₩	1,773,353,529	₩	3,870,846,883

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, 2021 and 2020

(in thousands of Korean won)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Profit from continuing operations	₩ 225,328,341	₩ 218,531,879
Adjustments for:		
Retirement benefits	14,127,166	14,468,316
Depreciation of property, plant and equipment	132,823,082	126,617,814
Depreciation of investment property	409,789	391,411
Amortization	91,520,774	101,119,079
Depreciation of right-of-use assets	12,191,104	9,951,770
Share-based compensation expense	2,715,061	16,487,783
Impairment loss on intangible assets	-	440,718
Impairment loss on right-of-use assets	-	705,051
Impairment loss on prepayments	130,000	2,153,068
Bad debt expenses	96,404	170,706
Loss on sale of trade receivables	22,558	37,967
Loss on sale of property, plant and equipment	4,389,544	8,456,809
Loss on sale of intangible assets	48,363	26,065
Loss on sale of financial assets at fair value through profit or loss	-	106,881
Loss on valuation of financial assets at fair value through profit or loss	680,836	4,045
Bad debt expenses on other receivables	273,675	21,388
Foreign currency translation loss	370,661	419,310
Interest expense	9,038,654	9,019,145
Other expenses	841,791	1,460,206
Income tax expense	94,691,767	105,744,875
Share of profit (loss) of associates and joint ventures	776,793	(21,196)
Gain on sale of property, plant and equipment	(979,677)	(4,987,266)
Gain on sale of investment property	(771,378)	-
Gain on sale of intangible assets	-	(402,217)
Reversal of impairment loss on tangible assets	-	(785,000)
Reversal of impairment loss on intangible assets	(152,310)	(476,700)
Gain on sale of investment in associates	-	(1,901,340)
Foreign currency translation gain	(359,107)	(191,351)
Gain on sale of financial assets at fair value through profit or loss	(198,363)	(407,178)
Gain on valuation of financial assets at fair value through profit or loss	(161,105)	(308,370)
Interest income	(14,430,357)	(11,817,841)
Dividend income	(332,285)	(502,917)
Other income	(205,857)	(94,863)
	<u>347,557,581</u>	<u>375,906,166</u>

Orion Holdings Corporation and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2021 and 2020

<i>(in thousands of Korean won)</i>	2021	2020
Changes in:		
Trade receivables	₩ (16,900,806)	₩ 28,030,358
Other receivables	4,403,263	(5,305,044)
Inventories	(14,630,666)	(35,408,975)
Other current assets	1,482,737	(56,336,966)
Other non-current assets	(1,041,804)	(1,762,102)
Trade payables	3,911,414	15,052,685
Other payables	(23,295,005)	(16,606,177)
Other current liabilities	3,013,685	(11,950,779)
Plan assets	(1,760,471)	(7,818,881)
Payment of defined benefit obligations	(15,357,311)	(6,341,153)
Payments of other long-term employee benefits liabilities	(80,437)	-
	<u>(60,255,403)</u>	<u>(98,447,035)</u>
Interest received	13,624,620	11,339,097
Dividend received	332,285	521,317
Interest paid	(7,020,297)	(9,046,543)
Income tax paid	(73,070,763)	(78,501,607)
Net cash inflow from operating activities	₩ <u>446,496,363</u>	₩ <u>420,303,273</u>
Cash flows from investing activities		
Proceeds from sale of investment in associates	₩ -	₩ 1,927,291
Proceeds from sale of property, plant and equipment	3,555,995	7,213,269
Proceeds from sale of intangible assets	1,714,065	3,808,509
Proceeds from sale of investment properties	3,475,500	-
Proceeds from sale of non-current assets held for sale	2,500,000	-
Decrease in operation deposits	133,690	124,580
Decrease in rental deposits	1,209,087	1,186,505
Collection of short-term loans	5,347	1,236,671
Increase in financial assets at fair value through profit or loss	(224,091,217)	(152,418,242)
Decrease in financial assets at fair value through profit or loss	156,220,489	189,424,923
Increase in financial assets at fair value through other comprehensive income	(10,139,993)	-
Decrease in financial assets at fair value through other comprehensive income	158,529	-
Acquisition of property, plant and equipment	(142,700,607)	(164,327,947)
Acquisition of intangible assets	(4,757,808)	(6,335,030)
Acquisition of investment property	(44,702)	-
Acquisition of investments in associates and joint ventures	(16,101,520)	-
Increase in operation deposits	(93,400)	(128,690)
Increase in rental deposits	(1,256,047)	(712,830)
Net increase in deposits	(43,383,104)	(12,335,072)
Increase in cash due to business combination	-	1,408,665

Orion Holdings Corporation and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2021 and 2020

<i>(in thousands of Korean won)</i>	<u>2021</u>	<u>2020</u>
Net cash outflow from investing activities	₩ (273,595,695)	₩ (129,927,399)
Cash flows from financing activities		
Increase in deposits received	₩ 820,100	₩ -
Increase in short-term borrowings	532,761,398	452,505,737
Increase in debentures	-	69,753,780
Decrease in deposits received	(563,500)	(90,000)
Redemption of short-term borrowings	(456,543,281)	(439,977,037)
Redemption of current portion of long-term borrowings	(60,000,000)	(60,000)
Redemption of current portion of debentures	-	(120,000,000)
Dividends paid	(43,679,713)	(39,288,573)
Redemption of lease liabilities	(9,815,360)	(7,761,055)
Net cash outflow from financing activities	₩ (37,020,356)	₩ (84,917,148)
Effect of exchange rate fluctuations on cash and cash equivalents, and others	46,163,072	(9,048,551)
Net increase in cash and cash equivalents	182,043,383	196,410,175
Cash and cash equivalents at the beginning of year	386,729,245	190,319,070
Cash and cash equivalents at the end of year	₩ <u>568,772,628</u>	₩ <u>386,729,245</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, 2021 and 2020

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, 2021, 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, 2021, 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, 2021 and 2020, are as follows:

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.	Korea	Orion Holdings Corporation	100.00%	-	100.00%
SHOWBOX Corp.	Korea	Orion Holdings Corporation	57.50%	-	57.50%
Mega Mark Co., Ltd.	Korea	Orion Holdings Corporation	100.00%	-	100.00%
HighLand D&C Co., Ltd.	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.	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(Bei Tun) Agro Processing Co.,Ltd ²	China	Orion Food Co., Ltd.	-	-	-
Orion Consulting Co., Ltd. ³	China	Supreme Star Investment Limited	-	-	-

Orion Holdings Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

			2021		
			Percentage of ownership		
Name	Location	Immediate controlling party	The Company	Subsidiary	Total
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 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. ⁴	USA	Orion Corporation	-	100.00%	100.00%
			2020		
			Percentage of ownership		
Name	Location	Immediate controlling party	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.	Korea	Orion Holdings Corporation	100.00%	-	100.00%
SHOWBOX Corp.	Korea	Orion Holdings Corporation	57.50%	-	57.50%
Mega Mark Co., Ltd.	Korea	Orion Holdings Corporation	100.00%	-	100.00%
HighLand D&C Co., Ltd.	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.	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(Bei Tun) Agro Processing Co.,Ltd ²	China	Orion Food Co., Ltd.	-	100.00%	100.00%
Orion Consulting Co., Ltd. ³	China	Supreme Star Investment 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 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. ⁴	USA	Orion Corporation	-	-	-

Orion Holdings Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

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.

² In 2021, Orion(Bei Tun) Agro Processing Co.,Ltd went through liquidation.

³ In 2021, Orion Consulting Co., Ltd went through liquidation.

⁴ In 2021, Orion F&B US, Inc. was established.

Orion Holdings Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

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

(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)	
Misojin 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.	Processing the agricultural products	-	-	-	-	111	111	

Orion Holdings Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

(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.	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.

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

(In millions of Korean won)

Name	Main business	2020					
		Total assets	Total liabilities	Total equity	Sales	Profit (loss) for the year	Comprehensive income (loss)
Orion Holdings Corporation	Investment	₩ 1,926,894	₩ 43,333	₩ 1,883,561	₩ 26,052	₩ 13,482	₩ 13,505
Orion Corporation	Manufacturing and selling confectioneries	1,206,951	398,318	808,633	769,223	75,659	75,580
Mega Mark Co., Ltd.	Construction	27,334	398	26,936	-	(111)	(111)
RION Asset Development Co, Ltd.	Real estate	8,001	52,273	(44,272)	-	(2,023)	(2,023)
HighLand D&C Co., Ltd.	Developing and selling buildings for residence	6,661	39,410	(32,749)	-	(1,532)	(1,532)
MisoIn Co., Ltd.	Developing and supplying buildings for residence	10,651	75,233	(64,582)	-	(2,466)	(2,466)
SHOWBOX Corp.	Movie, broadcasting and performance	150,430	15,918	134,512	46,686	(2,612)	(3,082)
SHOWBOX Inc.	Planning and developing movie	765	4	761	147	(382)	(369)
PAN ORION Corp. Limited	Holding company	336,283	623	335,660	-	(228)	(1,580)

Orion Holdings Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

(In millions of Korean won)

Name	Main business	2020					
		Total assets	Total liabilities	Total equity	Sales	Profit (loss) for the year	Comprehensive income (loss)
Orion International Euro LLC	Manufacturing and selling confectioneries	79,246	9,116	70,130	89,040	13,873	13,873
Orion Food VINA Co., Ltd.	Manufacturing and selling confectioneries	325,030	48,004	277,026	291,989	56,645	56,645
Orion Nutritionals Private Ltd.	Selling confectioneries	20,499	677	19,822	348	(1,921)	(1,921)
Supreme Star Investment Limited	Investment Holding company	7,846	3,172	4,674	-	(713)	(713)
Orion Food Co., Ltd.	Manufacturing and selling confectionerie	688,817	211,014	477,803	1,095,335	108,420	108,420
Orion Food(Shanghai) Co., Ltd.	Manufacturing confectioneries	314,797	36,935	277,862	171,835	15,753	15,753
Orion Food Guangzhou Co., Ltd.	Manufacturing confectioneries	208,932	35,282	173,650	125,105	15,126	15,126
Orion Food (Shen Yang) Co., Ltd.	Manufacturing confectioneries	169,236	53,301	115,935	78,743	8,172	8,172
Orion(Bei Tun) Agro Processing Co., Ltd.	Processing the agricultural products	18,333	9	18,324	-	12,006	12,006
Orion Agro BeiTun Co. Ltd ¹	Harvesting and selling the agricultural products	-	-	-	-	391	391
Orion Agro Co., Ltd.	Manufacturing food and beverages	9,538	596	8,942	10,796	1,035	1,035
Orion Agro DuoLun Co., Ltd.	Processing the agricultural products	3,433	179	3,254	3,720	237	237
Orion Consulting Co., Ltd.	Consulting	3,928	1	3,927	-	1,907	1,907
Beijing mega media Co., Ltd ²	Consulting for making movie	-	-	-	-	(5)	(5)
LangFang Green Eco Packaging Co.,Ltd. ³	Manufacturing pulp and paper	27,153	5,198	21,955	25,364	3,360	3,360
Orion JeJu Yongam Soo Corp.	Beverage Business	127,726	60,714	67,012	7,963	(6,137)	(6,209)
Orion Investment Development Corp. ³	Investment	-	-	-	-	(4)	(4)
Beijing Zhongguan Megabox Cinema Co., Ltd. ⁴	Cinema operation	14,067	7,887	6,180	2,506	(846)	(846)
Total		₩ 5,692,551	₩ 1,097,595	₩ 4,594,956	₩ 2,744,852	₩ 307,086	₩ 305,149

¹ In 2020, Orion Agro BeiTun Co., Ltd. went through liquidation and the amount stated above presents financial information before liquidation.

Orion Holdings Corporation and Subsidiaries
Notes to the Consolidated Financial Statements
December 31, 2021 and 2020

² In 2020, LANGFANG IPAK Co., Ltd. changed its name into LangFang Green Eco Packaging Co.,Ltd.

³ In 2020, Orion Investment Development Corp. and Beijing mega media Co., Ltd went through liquidation and the amount stated above presents financial information before liquidation.

⁴ The financial information on Beijing Zhongguan Megabox Cinema Co., Ltd. presents the amounts after the Company gained control over the entity.

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

Orion Holdings Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

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)
- assets held for sale – measured at fair value less costs to sell, and
- defined benefit pension plans – plan assets measured at fair value

The preparation of 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, 2021.

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

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

Orion Holdings Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

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

The application of the practical expedient, a lessee may elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification, is extended to lease payments originally due on or before June 30, 2022. The Group has early adopted the amendment. The amendment does not have a significant impact on the financial statements.

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, 2021 reporting period and have not been early adopted by the Group.

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

The amendments update a reference of definition of assets and liabilities 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 clarifies that contingent assets should not be recognized at the acquisition date. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

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

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognize the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

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

The amendments clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts when assessing whether the contract is onerous. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

(d) Amendments to Korean IFRS 1001 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the expectations of management. Also, the settlement of liability includes the transfer of the entity's own equity instruments, however, it would be excluded if an option to settle them by the entity's own equity instruments if compound financial instruments is met the definition of equity instruments and recognized separately from the liability. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The 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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(e) New Standard: Korean IFRS 1117 Insurance Contract

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

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

The amendments to Korean IFRS 1001 define and require entities to disclose their material accounting policies. The IASB amended IFRS Practice Statement 2 Disclosure of Accounting Policies to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

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

(g) Korean IFRS 1008 Accounting policies, changes in accounting estimates and errors - Definition of Accounting Estimates

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

(h) Korean IFRS 1012 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments include an additional condition to the exemption to initial recognition of an asset or liability that a transaction does not give rise to equal taxable and deductible temporary differences at the time of the transaction. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted. The Group does not expect that these amendments have a significant impact on the financial statements.

(i) Annual improvements to Korean IFRS 2018-2020

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

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

Orion Holdings Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

December 31, 2021 and 2020

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.

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

(b) Associates

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

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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 transactions with financial institutions 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 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.

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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.

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

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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.

(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

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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 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.

2.9 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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2.10 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.

2.11 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.

2.12 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

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2.14 Investment Property

Investment property is property held to earn rentals or for capital appreciation or both. An investment property is measured initially at its cost. An investment property is measured after initial measurement at depreciated cost (less any accumulated impairment losses). After recognition as an asset, investment property is carried at cost less accumulated depreciation and impairment losses. The Group depreciates investment properties, except for land, using the straight-line method over their useful lives of 30 ~ 55 years.

2.15 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.

2.16 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.

2.17 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 and other payables', '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.

2.18 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.

2.19 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.

2.20 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

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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.

2.21 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

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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.

2.22 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 various offices, storage spaces, retail shops, equipment and cars. Lease contracts are typically made for fixed periods, but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for certain leases of real estate for which the Group is lessee, 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 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

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

(c) Variable lease payments

Variable lease payments include conditions that are linked to the usage of pallets, forklift trucks, etc. The contractual term that pays variable lease are used for a myriad of reasons following the frequent change of the number of usages. Such variable lease payments are recognized as profit or loss in periods where certain conditions cause variable lease payments.

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Some property leases contain variable payment terms that are linked to sales generated from a store. Variable payment terms are used for a variety of reasons, including minimizing the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognized in profit or loss in the period in which the condition that triggers those payments occurs.

(d) Extension and termination options

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

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 9, 2022, 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.

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

Significant accounting estimates and assumptions applied in the preparation of the financial statements can be adjusted depending on changes in the uncertainty from COVID-19. Also, the ultimate effect of COVID-19 to the 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.

(b) Income taxes

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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.

See Note 23 for the inputs and valuation models used.

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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, 2021 and 2020, is as follows.

Major consolidated subsidiaries are summarized as follows:

Subsidiary	Location	Non-controlling interest percentage	
		2021	2020
Orion Corp.	Korea	62.63%	62.63%
SHOWBOX Corp.	Korea	42.50%	42.50%

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

(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	-

(in thousands of Korean won)

Subsidiary	2020		
	Profit allocated to non-controlling interests	Cumulative non-controlling interests	Dividends paid to non-controlling interests
Orion Corp.	₩ 142,863,392	₩ 1,465,832,559	₩ 14,852,190
SHOWBOX Corp.	(1,106,305)	57,483,922	1,320,100

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Financial position and financial performance:

<i>(in thousands of Korean won)</i>		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

<i>(in thousands of Korean won)</i>		2020		
		Orion Corp.	SHOWBOX Corp.	
Current assets	₩	797,543,594	₩	105,475,920
Non-current assets		2,401,074,917		44,978,438
Current liabilities		345,503,462		13,185,740
Non-current liabilities		552,712,872		2,736,187
Revenue		2,229,819,934		46,799,889
Profit (loss) for the year		225,078,208		(2,628,586)
Comprehensive income (loss)		187,558,153		(3,085,262)

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

Cash flow:

<i>(in thousands of Korean won)</i>		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)

<i>(in thousands of Korean won)</i>		2020		
		Orion Corp.	SHOWBOX Corp.	
Cash flows from operating activities	₩	460,996,137	₩	(34,401,560)
Cash flows from investing activities		(163,179,779)		36,911,010
Cash flows from financing activities		(86,498,675)		(3,390,615)
Effect of exchange rate fluctuations on cash held		(8,857,532)		(20,910)
Net increase (decrease) in cash and cash equivalents		202,460,151		(902,075)

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, 2021 and 2020, are as follows:

(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)	(179,170,682)	(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.

(in thousands of Korean won)

	2020					Reportable Segment Total	Elimination	Consolidated Total
	Confectioneries	Entertainment	Construction	Holding	Others			
Total segment sales	₩ 2,661,497,701	₩ 49,338,835	₩ -	₩ 26,051,792	₩ 7,962,866	₩ 2,744,851,194	₩ (464,363,816)	₩ 2,280,487,378
Less: Inter segment sales	<u>(431,677,767)</u>	<u>(69,819)</u>	<u>-</u>	<u>(24,653,364)</u>	<u>(7,962,866)</u>	<u>(464,363,816)</u>	<u>464,363,816</u>	<u>-</u>
External sales	<u>2,229,819,934</u>	<u>49,269,016</u>	<u>-</u>	<u>1,398,428</u>	<u>-</u>	<u>2,280,487,378</u>	<u>-</u>	<u>2,280,487,378</u>
Depreciation ¹	(139,076,407)	(32,519,121)	-	(923,657)	(5,895,171)	(178,414,356)	(59,665,717)	(238,080,073)
Profit (loss) for the year	375,974,713	(2,996,334)	(333,318)	13,166,359	(4,854,522)	380,956,898	(72,328,263)	308,628,635

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, 2021 and 2020, as follows:

(in thousands of Korean won)

	2021							Consolidated Total
	Confectioneries	Entertainment	Construction	Holding	Others	Reportable Segment Total	Elimination	
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 joint ventures	61,669,445	2,504,167	-	10,483,957	-	74,657,569	(27,171,216)	47,486,353
Increase 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.

(in thousands of Korean won)

	2020							Consolidated Total
	Confectioneries	Entertainment	Construction	Holding	Others	Reportable Segment Total	Elimination	
Total assets	₩ 3,408,247,875	₩ 165,261,743	₩ 52,647,013	₩ 1,926,893,842	₩ 139,499,998	₩ 5,692,550,471	₩ (1,194,999,525)	₩ 4,497,550,946
Total liabilities	799,252,152	23,808,437	167,314,109	43,333,263	63,887,267	1,097,595,228	(94,754,187)	1,002,841,041
Investments in associates and joint ventures	31,656,116	-	-	-	-	31,656,116	(577,668)	31,078,448
Increase of non-current assets ¹	608,820	6,319,427	785,000	8,262	316,934	8,038,443	(57,250,436)	(49,211,993)

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, 2021 and 2020, is as follows:

<i>(in thousands of Korean won)</i>		<u>2021</u>		<u>2020</u>
Domestic	₩	841,130,175	₩	800,618,880
China		1,113,322,338		1,100,131,665
Other		<u>460,606,636</u>		<u>379,736,833</u>
Total	₩	<u>2,415,059,149</u>	₩	<u>2,280,487,378</u>

Information on regional non-current assets (after inter-company eliminations) for the years ended December 31, 2021 and 2020, is as follows:

<i>(in thousands of Korean won)</i>		<u>2021</u>		<u>2020</u>
Domestic	₩	1,500,651,696	₩	1,520,337,821
China		923,284,363		863,612,467
Other		<u>309,696,610</u>		<u>242,047,610</u>
Total	₩	<u>2,733,632,669</u>	₩	<u>2,625,997,898</u>

See Note 29 for the detailed information on revenues of the Group for the years ended December 31, 2021 and 2020.

There is no main customer who contributes more than 10% of the Group's revenues for the years ended December 31, 2021 and 2020.

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6. Property, Plant and Equipment

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)
Transfers	7,153	33,674,709	-	69,746,753	6,674,623	(110,103,238)	-
Transfer to investment properties	(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)
Disposal	-	950,916	25,999	18,180,438	10,076,119	-	29,233,472
Transfer to investment properties	-	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>-</u>	₩ <u>(96,060,570)</u>	₩ <u>(3,678,285)</u>	₩ <u>(309,935,891)</u>	₩ <u>(18,138,412)</u>	₩ <u>-</u>	₩ <u>(427,813,158)</u>
Book amount							
Balance at January 1, 2021	₩ 383,511,100	₩ 656,117,749	₩ 15,937,876	₩ 741,641,094	₩ 70,945,606	₩ 64,900,001	₩ 1,933,053,426
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.

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Changes in property, plant and equipment for the year ended December 31, 2020, 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, 2020	₩ 385,537,747	₩ 692,346,459	₩ 19,711,884	₩ 897,008,896	₩ 68,348,387	₩ 52,864,890	₩ 2,115,818,263
Additions	-	1,022,937	279,394	24,244,323	7,153,255	134,218,892	166,918,801
Disposals	(1,684,175)	(5,109,616)	(1,244,979)	(57,932,547)	(10,040,377)	(456,626)	(76,468,320)
Increase due to business combination	-	-	-	526,077	112,862	-	638,939
Transfers	-	35,164,112	45,996	73,793,574	13,168,245	(122,171,927)	-
Others	(342,472)	(4,283,196)	(814,751)	(18,564,634)	1,012,699	444,772	(22,547,582)
Balance at December 31, 2020	₩ <u>383,511,100</u>	₩ <u>719,140,696</u>	₩ <u>17,977,544</u>	₩ <u>919,075,689</u>	₩ <u>79,755,071</u>	₩ <u>64,900,001</u>	₩ <u>2,184,360,101</u>
Accumulated depreciation and impairment							
Balance at January 1, 2020	₩ -	₩ (45,203,838)	₩ (2,092,705)	₩ (144,188,659)	₩ (5,843,379)	₩ -	₩ (197,328,581)
Depreciation	-	(19,906,020)	(1,515,174)	(92,617,197)	(12,579,422)	-	(126,617,813)
Reversal of impairment loss	-	-	-	-	785,000	-	785,000
Disposals	-	1,342,055	1,242,909	53,776,338	9,423,626	-	65,784,928
Others	-	744,856	325,302	5,594,923	(595,290)	-	6,069,791
Balance at December 31, 2020	₩ <u>-</u>	₩ <u>(63,022,947)</u>	₩ <u>(2,039,668)</u>	₩ <u>(177,434,595)</u>	₩ <u>(8,809,465)</u>	₩ <u>-</u>	₩ <u>(251,306,675)</u>
Book amount							
Balance at January 1, 2020	₩ <u>385,537,747</u>	₩ <u>647,142,621</u>	₩ <u>17,619,179</u>	₩ <u>752,820,237</u>	₩ <u>62,505,008</u>	₩ <u>52,864,890</u>	₩ <u>1,918,489,682</u>
Balance at December 31, 2020	₩ <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>

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

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Borrowing costs of ₩ 110,460 thousand in relation to the completion of construction, were capitalized as part of the cost of qualifying assets for the year ended December 31, 2020. The capitalization rates were 2.40% for the year ended December 31, 2020.

As at December 31, 2021, the Group has entered into purchase agreements with respect to buildings and machinery, and the amount expected to be incurred in the future is ₩ 70,516 million (2020: ₩ 50,865million).

As at December 31, 2021, 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.

7. Intangible Assets

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

<i>(in thousands of Korean won)</i>	Industrial property rights	Publication rights	Rights to use facility	Other intangible assets	Brand value	Customer relationships value	Total
Acquisition Cost							
Balance at January 1, 2021	₩ 11,108,226	₩ 636,733,913	₩ 16,603,097	₩ 20,757,443	₩ 226,748,205	₩ 390,893,623	₩ 1,302,844,507
Additions	98,729	391,304	1,619,011	2,962,249	-	-	5,071,293
Disposals	(6,928)	-	(1,720,973)	(160,513)	-	-	(1,888,414)
Others ¹	344,824	18,944,679	115,511	1,953,115	18,598,298	39,366,726	79,323,153
Balance at December 31, 2021	₩ 11,544,851	₩ 656,069,896	₩ 16,616,646	₩ 25,512,294	₩ 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)

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Book amount														
Balance at January 1, 2021	₩	<u>6,510,465</u>	₩	<u>709,387</u>	₩	<u>15,996,699</u>	₩	<u>12,968,794</u>	₩	<u>158,723,744</u>	₩	<u>265,393,014</u>	₩	<u>460,302,103</u>
Balance at December 31, 2021	₩	<u>5,705,377</u>	₩	<u>812,243</u>	₩	<u>16,139,765</u>	₩	<u>13,300,166</u>	₩	<u>147,207,902</u>	₩	<u>246,014,260</u>	₩	<u>429,179,713</u>

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

Changes in intangible assets for the year ended December 31, 2020, are as follows:

<i>(in thousands of Korean won)</i>	Industrial property rights	Publication rights	Rights to use facility	Other intangible assets	Brand value	Customer relationships value	Total							
Acquisition Cost														
Balance at January 1, 2020	₩	10,269,803	₩	607,107,914	₩	15,472,038	₩	17,578,241	₩	229,102,750	₩	390,278,921	₩	1,269,809,667
Additions		765,990		-		1,921,014		3,345,991		-		-		6,032,995
Disposals		-		-		(797,658)		(11,605)		-		-		(809,263)
Increase due to business combination		-		-		-		10,263		-		-		10,263
Others ¹		<u>72,433</u>		<u>29,625,999</u>		<u>7,703</u>		<u>(165,447)</u>		<u>(2,354,545)</u>		<u>614,702</u>		<u>27,800,845</u>
Balance at December 31, 2020	₩	<u>11,108,226</u>	₩	<u>636,733,913</u>	₩	<u>16,603,097</u>	₩	<u>20,757,443</u>	₩	<u>226,748,205</u>	₩	<u>390,893,623</u>	₩	<u>1,302,844,507</u>
Accumulated amortization and impairment														
Balance at January 1, 2020	₩	(3,061,776)	₩	(605,731,065)	₩	(647,010)	₩	(4,804,886)	₩	(45,820,550)	₩	(83,882,056)	₩	(743,947,343)
Amortization		(1,531,564)		(30,293,461)		-		(3,029,828)		(23,259,141)		(43,005,085)		(101,119,079)
Impairment loss		-		-		(440,718)		-		-		-		(440,718)
Reversal of impairment loss		-		-		476,700		-		-		-		476,700
Disposals		-		-		-		7,894		-		-		7,894
Others ¹		<u>(4,421)</u>		-		<u>4,630</u>		<u>38,171</u>		<u>1,055,230</u>		<u>1,386,532</u>		<u>2,480,142</u>
Balance at December 31, 2020	₩	<u>(4,597,761)</u>	₩	<u>(636,024,526)</u>	₩	<u>(606,398)</u>	₩	<u>(7,788,649)</u>	₩	<u>(68,024,461)</u>	₩	<u>(125,500,609)</u>	₩	<u>(842,542,404)</u>

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Book amount							
Balance at January 1, 2020	₩ <u>7,208,027</u>	₩ <u>1,376,849</u>	₩ <u>14,825,028</u>	₩ <u>12,773,355</u>	₩ <u>183,282,200</u>	₩ <u>306,396,865</u>	₩ <u>525,862,324</u>
Balance at December 31, 2020	₩ <u>6,510,465</u>	₩ <u>709,387</u>	₩ <u>15,996,699</u>	₩ <u>12,968,794</u>	₩ <u>158,723,744</u>	₩ <u>265,393,014</u>	₩ <u>460,302,103</u>

¹ Others mainly include transfers from prepayments and fluctuation due to foreign currency translation of foreign operations during 2020.

As at December 31, 2021, 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 ₩ 494 million (2020: ₩ 1,726 million).

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8. Goodwill

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

<i>(in thousands of Korean won)</i>	<u>2021</u>	<u>2020</u>	<u>Acquisitor</u>	<u>Description</u>
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.	216,899	194,424	Supreme Star	Acquisition of Beijing Zhongguan Megabox Cinema Co., Ltd. from business combination
	<u>₩ 874,350,163</u>	<u>₩ 874,327,688</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 a key cash generating unit(group) of Orion Corporation and subsidiaries on the consolidated financial statement is measured based on the fair value less costs of disposal (net fair value). The fair value calculation is based on the share price at the date of the valuation, and costs of disposal are the incremental costs directly attributable to the disposal of the asset. Meanwhile, the calculation of the net fair value includes the control premium.

The key assumptions used for impairment tests for goodwill are as follows:

<i>(in Korean won)</i>	<u>2021</u>		
	<u>Share price</u>	<u>Management premium ¹</u>	<u>Costs of disposal²</u>
Orion Corporation and subsidiaries	₩ 117,500	28.8%	1%
<i>(in Korean won)</i>	<u>2020</u>		
	<u>Share price</u>	<u>Management premium ¹</u>	<u>Costs of disposal²</u>
Orion Corporation and subsidiaries	₩ 131,000	30.4%	1%

¹ It is calculated by comparing the transaction price with standard share price (the average of one month, one week, and the latest share price) based on the details of changes in the largest shareholder of listed companies in Korea, which was disclosed in the electronic disclosure system of the Financial Supervisory Service for one year before the evaluation date.

² The incremental costs directly attributable to the disposal of the asset include legal costs, stamp duties and similar transaction taxes, asset retirement costs and incremental costs directly related to the process of making the asset available for sale.

The Group expects that the carrying values of the CGUs may not exceed the recoverable amounts if the assumptions applied by the management in order to determine the recoverable amount of the CGUs change within the reasonably probable range.

The recoverable amount of the CGUs depends on the assumptions for the key variables used in the Group's goodwill impairment assessment. There is no impact on the impairment loss if the key assumptions, such as share prices, increase or decrease by 5%.

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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, 2021.

(in Korean won)	2021			
	Gross margin ¹	Sales growth rate ²	Permanent growth rate ³	Pre-tax discount rate ⁴
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: Average equity risk premium for the past five years was applied at the evaluation date

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 due to COVID-19.

9. Investment Property

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

(in thousands of Korean won)	Land		Buildings		Total
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
Disposal		(3,264,570)		(934,354)	(4,198,924)
Others ¹		-		771,412	771,412
Balance at December 31, 2021	₩	68,913,576	₩	17,163,023	₩ 86,076,599
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)
Disposal		1,011,764		483,039	1,494,803
Others ¹		-		(145,354)	(145,354)

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Balance at December 31, 2021	₩	<u>(249,161)</u>	₩	<u>(4,202,863)</u>	₩	<u>(4,452,024)</u>
Book amount						
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.

Changes in investment property for the year ended December 31, 2020, 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, 2020	₩	68,201,105	₩	16,818,224	₩	85,019,329
Addition		-		-		-
Reclassification from property, plant and equipment		-		-		-
Disposal		-		-		-
Others ¹		-		51,434		51,434
Balance at December 31, 2020	₩	<u>68,201,105</u>	₩	<u>16,869,658</u>	₩	<u>85,070,763</u>
Accumulated depreciation						
Balance at January 1, 2020	₩	(1,260,925)	₩	(3,650,826)	₩	(4,911,751)
Depreciation		-		(391,411)		(391,411)
Reclassification from property, plant and equipment		-		-		-
Disposal		-		-		-
Others ¹		-		(10,665)		(10,665)
Balance at December 31, 2020	₩	<u>(1,260,925)</u>	₩	<u>(4,052,902)</u>	₩	<u>(5,313,827)</u>
Book amount						
Balance at January 1, 2020	₩	<u>66,940,180</u>	₩	<u>13,167,398</u>	₩	<u>80,107,578</u>
Balance at December 31, 2020	₩	<u>66,940,180</u>	₩	<u>12,816,756</u>	₩	<u>79,756,936</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, 2021 and 2020, are as follows:

<i>(in thousands of Korean won)</i>		<u>2021</u>		<u>2020</u>
Rental income	₩	1,303,108	₩	1,321,700
Direct operating expense		1,471,637		1,311,490

The fair values of investment property as at December 31, 2021 and 2020, are as follows:

<i>(in thousands of Korean won)</i>		<u>2021</u>		<u>2020</u>
Land	₩	102,124,965	₩	83,293,313
Buildings		13,946,524		11,327,871
	₩	<u>116,071,489</u>	₩	<u>94,621,184</u>

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As at December 31, 2021, the Group has fire and other insurance coverage from Hyundai Marine & Fire Insurance Co., Ltd and others on the Group's investment properties against fire and others. The Group also maintains insurance policies covering directors' and officers' liability.

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

<i>(in thousands of Korean won)</i>	2021		2020	
Within one year	₩	1,588,323	₩	617,410
Later than one year but not later than five years		1,901,289		452,300
Total	₩	<u>3,489,612</u>	₩	<u>1,069,710</u>

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:

<i>(in thousands of Korean won)</i>	2021		2020	
Right-of-use assets				
Properties	₩	103,815,245	₩	95,053,702
Machinery		35,940		12,312
Vehicles		2,283,442		1,876,257
	₩	<u>106,134,627</u>	₩	<u>96,942,271</u>

<i>(in thousands of Korean won)</i>	2021		2020	
Lease liabilities				
Current	₩	9,691,517	₩	7,910,375
Non-current		12,440,154		11,361,765
	₩	<u>22,131,671</u>	₩	<u>19,272,140</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>	2021		2020	
Depreciation of right-of-use assets				
Properties	₩	11,003,856	₩	9,095,887
Machinery		13,252		1,050
Vehicles		1,173,995		854,833
	₩	<u>12,191,103</u>	₩	<u>9,951,770</u>
Interest expense relating to lease liabilities (recognized in finance cost)	₩	963,621	₩	591,957
Expense relating to short-term leases (recognized in cost of goods sold and selling and administrative expenses)		18,092,234		16,941,502
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)		632,867		509,205
Expense relating to variable lease payments not included in the measurement of lease liabilities (recognized in cost of goods sold and administrative expenses)		1,647,251		1,627,619

The total cash outflow for leases in 2021 was ₩ 31,151 million (2020: ₩ 27,431million).

Movements in carrying amounts of right-of-use assets for the years ended December 31, 2021 and 2020, are as follows:

<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.

<i>(In thousands of Korean won)</i>	2020							
	<u>Beginning balance</u>	<u>Increase</u>	<u>Effects of business combination</u>	<u>Decrease</u>	<u>Depreciation</u>	<u>Impairment¹</u>	<u>Others²</u>	<u>Ending balance</u>
Property	₩ 91,377,366	₩ 8,024,828	₩ 6,764,860	₩ (227,867)	₩ (9,095,887)	₩ (705,051)	₩ (1,084,547)	₩ 95,053,702
Machinery	-	-	13,554	-	(1,050)	-	(192)	12,312
Vehicles	<u>1,461,555</u>	<u>1,286,204</u>	-	<u>(6,795)</u>	<u>(854,833)</u>	-	<u>(9,874)</u>	<u>1,876,257</u>
	₩ <u>92,838,921</u>	₩ <u>9,311,032</u>	₩ <u>6,778,414</u>	₩ <u>(234,662)</u>	₩ <u>(9,951,770)</u>	₩ <u>(705,051)</u>	₩ <u>(1,094,613)</u>	₩ <u>96,942,271</u>

¹ Due to a fire in 2020, the Group recognized impairment loss on right-of-use assets of ₩ 705 million.

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² Fluctuations due to foreign currency translation of foreign operations are included in the others.

11. Investments in Associate and Joint ventures

Investments in associates and joint ventures as at December 31, 2021 and 2020, are summarized as follows:

(in thousands of Korean won)

		2021		2020	
Name		Percentage of ownership	Book value	Percentage of ownership	Book value
Joint venture	Shandong Luckang Biotechnology Development Co., Ltd. ^{1,2}	65.00%	₩ 13,327,043	-	₩ -
Associate	Capitalone Showbox-iMBC Contents Fund. ³	49.98%	2,504,167	-	-
Joint venture	Delfi-Orion Pte Ltd.	50.00%	791,336	50.00%	660,736
Joint venture	Orion Nonghyup Agri, inc. ⁴	49.00%	30,863,807	49.00%	30,417,712
			<u>₩ 47,486,353</u>		<u>₩ 31,078,448</u>

¹ In 2021, the Group acquired shares of Shandong Luckang Biotechnology Development Co., Ltd. for ₩ 13,602 million.

² 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.

³ In 2021, the Group acquired shares of Capitalone Showbox-iMBC Contents Fund.. for ₩ 2,500 million.

⁴ 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.

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, 2021.

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

(in thousands of Korean won)

Name	2021				
	Balance at beginning of year	Acquisition	Share of profit (loss) of associate and joint ventures	Other 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.	<u>30,417,712</u>	<u>-</u>	<u>392,592</u>	<u>53,503</u>	<u>30,863,807</u>
	₩ <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.

(in thousands of Korean won)

Name	2020				
	Balance at beginning of year	Share of profit (loss) of associate and joint ventures	Other ¹	Business combination	Balance at end of year
Beijing Zhongguan MEGABOX Cinema Co., Ltd.	₩ 3,997,747	₩ (596,206)	₩ 76,110	₩ (3,477,651)	-
Daehan distributor Corp.	-	-	-	-	-
Delfi-Orion Pte Ltd.	627,104	77,482	(43,850)	-	660,736
Orion Nonghyup Agri, inc.	<u>29,863,328</u>	<u>539,920</u>	<u>14,464</u>	<u>-</u>	<u>30,417,712</u>
	₩ <u>34,488,179</u>	₩ <u>21,196</u>	₩ <u>46,724</u>	₩ <u>(3,477,651)</u>	₩ <u>31,078,448</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, 2021 and 2020, is as follows:

(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

(in thousands of Korean won)

Name	2020					
	Assets	Liabilities	Equity	Revenue	Profit(loss) for the year	Total comprehensive income (loss)
Beijing Zhongguan MEGABOX Cinema Co., Ltd. ¹	₩ 15,732,951	₩ 8,612,524	₩ 7,120,427	₩ 705,795	₩ (1,216,746)	₩ (1,216,746)
Daehan distributor Corp. ²	6,727,074	20,488,740	(13,761,666)	-	(148,780)	(148,780)
Delfi-Orion Pte Ltd.	2,009,615	688,142	1,321,473	1,881,067	154,965	154,965
Orion Nonghyup Agri, inc.	71,206,732	10,177,090	61,029,642	36,139,632	615,198	644,125

¹ During 2020, Beijing Zhongguan Megabox Cinema Co., Ltd. was classified as a subsidiary and the amount stated above includes financial performance before reclassification.

¹ During 2020, Daehan distributor Corp. was disposed and the amount stated includes financial performance before disposal.

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

<i>(in thousands of Korean won)</i>		2021			
		Net assets	Percentage of ownership(%)	Group's share of net assets	Book amount
Shandong Luckang Biotechnology Development Co., Ltd.	₩	20,356,987	65.00	₩ 13,232,042	₩ 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

<i>(in thousands of Korean won)</i>		2020			
		Net assets	Percentage of ownership(%)	Group's share of net assets	Book amount
Delfi-Orion Pte Ltd.	₩	1,321,473	50.00	₩ 660,736	₩ 660,736
Orion Nonghyup Agri, inc.		61,029,642	49.00	29,904,525	30,417,712

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, 2021 and 2020.

12. Financial Assets

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

<i>(in thousands of Korean won)</i>	2021		2020	
Current				
Special purpose bonds	₩	73,639,848	₩	7,006,400
		<u>73,639,848</u>		<u>7,006,400</u>
Non-current				
Beneficiary certificates		6,959,988		6,045,186
Equity investments		153,474		152,365
		<u>7,113,462</u>		<u>6,197,551</u>
	₩	<u>80,753,310</u>	₩	<u>13,203,951</u>

Amounts recognized in profit or loss related to financial assets at fair value through profit or loss for the year ended December 31, 2021 and 2020, are as follows:

<i>(in thousands of Korean won)</i>	2021		2020	
Gain on valuation of financial assets at fair value through profit or loss	₩	161,105	₩	308,370
Gain on disposal of financial assets at fair value through profit or loss		198,363		407,178
Loss on valuation of financial assets at fair value through profit or loss		(680,836)		(4,045)
Loss on disposal of financial assets at fair value through profit or loss		-		(106,881)
Interest income		-		45,602

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₩ (321,368) ₩ 650,224

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

(in thousands of Korean won)

	2021		2020	
	Book amount	Fair value	Book amount	Fair value
Listed				
- Genomictree Inc. ¹	₩ 4,539,250	₩ 4,539,250	₩ -	₩ -
- Crown Haitai Holdings Corp.	52	52	₩ 53	₩ 53
- Crown Confectionery Co., Ltd.	73	73	71	71
- Lotte Holdings Corp.	508	508	600	600
- Lotte Confectionery Co., Ltd.	241	241	204	204
- Taokaenoi Food & Marketing Public Company Limited	<u>13,230,944</u>	<u>13,230,944</u>	<u>18,257,921</u>	<u>18,257,921</u>
	<u>17,771,068</u>	<u>17,771,068</u>	<u>18,258,849</u>	<u>18,258,849</u>
Unlisted				
- Quratis Inc.	4,999,992	4,999,992	-	-
- Daegu Football Club	3,000	3,000	3,000	3,000
- E-mart everyday	81	81	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 Retail	-	-	1,077	1,077
- ELAND PARK LIMITED	80	80	80	80
- Tong Yang leisure	1,311,440	1,311,440	993,990	993,990
- Howon	9,753	9,753	9,753	9,753
	<u>6,352,941</u>	<u>6,352,941</u>	<u>1,036,576</u>	<u>1,036,576</u>
	₩ <u>24,124,009</u> ₩	₩ <u>24,124,009</u> ₩	₩ <u>19,295,425</u> ₩	₩ <u>19,295,425</u> ₩

¹ Lock-up period of Genomictree Inc. is until August 23, 2022

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13. Other Assets

Other assets as at December 31, 2021 and 2020, are summarized as follows:

(in thousands of
Korean won)

	2021		2020	
	Current	Non-current	Current	Non-current
Prepayments	₩ 70,439,423	₩ 19,293,282	₩ 88,466,791	₩ 18,742,896
Prepaid expenses	5,198,528	5,094,534	4,980,632	4,362,082
Others	7,008,793	1,845,981	3,825,562	1,759,736
	<u>₩ 82,646,744</u>	<u>₩ 26,233,797</u>	<u>₩ 97,272,985</u>	<u>₩ 24,864,714</u>

14. Inventories

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

(in thousands of Korean won)

	2021		
	Amount before write-down	Provision for write-down	Book amount
Merchandise	₩ 36,504,279	₩ (1,002,158)	₩ 35,502,121
Finished goods	55,570,010	(71,600)	55,498,410
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
Sites for construction ¹	-	-	-
	<u>₩ 210,435,841</u>	<u>₩ (1,073,758)</u>	<u>₩ 209,362,083</u>

(in thousands of Korean won)

	2020		
	Amount before write-down	Provision for write-down	Book amount
Merchandise	₩ 32,280,348	₩ (710,849)	₩ 31,569,499
Finished goods	46,855,095	(32,954)	46,822,141
Work-in-progress	15,512,461	(6,787,227)	8,725,234
Raw materials	69,143,193	-	69,143,193
Agricultural Products	1,953,130	-	1,953,130
Raw materials-in-transit	22,299,611	-	22,299,611
Sites for construction ¹	45,768,501	(22,219,266)	23,549,235
	<u>₩ 233,812,339</u>	<u>₩ (29,750,296)</u>	<u>₩ 204,062,043</u>

¹ In 2021, sites for construction was transferred to non-current assets held for sale.

The amount of inventories recognized as an expense and included as a part of cost of sales during the year is ₩ 991,803 million (2020: ₩ 891,961 million).

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15. Non-current Assets Held for Sale

During 2021, 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.

Non-current assets held for sale as at December 31, 2021 and 2020, are as follows:

<i>(in thousands of Korean won)</i>	<u>2021</u>	<u>2020</u>
Sites for construction and others	₩ 23,549,235	₩ -

16. Trade and Other Receivables

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

<i>(in thousands of Korean won)</i>	<u>2021</u>		<u>2020</u>	
	<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
Trade receivables ¹	₩ 187,162,840	₩ 354,296	₩ 179,517,280	₩ 894,133
Less: loss allowance ¹	(1,302,150)	-	(24,218,807)	-
Other receivables	11,944,581	-	10,605,744	-
Less: loss allowance	(1,143,087)	-	(1,044,996)	-
Accrued income	3,064,055	3,077	2,054,649	15,024
Guarantee deposits	1,431,042	938,510	1,872,965	558,249
Loans ¹	257,982	-	885,655	-
Less: loss allowance ¹	(257,982)	-	(622,325)	-
	<u>₩ 201,157,281</u>	<u>₩ 1,295,883</u>	<u>₩ 169,050,165</u>	<u>₩ 1,467,406</u>

¹ Certain amounts were transferred to non-current assets held for sale (trade receivables: ₩ 22,918 million and its loss allowance: ₩ 22,918 million, loans: ₩ 622 million, and its loss allowance ₩ 622 million).

Trade and other receivables 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 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.

17. Cash and Cash Equivalents, and Restricted Deposits

Cash and cash equivalents as at December 31, 2021 and 2020, are summarized as follows:

<i>(in thousands of Korean won)</i>	<u>2021</u>	<u>2020</u>
Cash on hand	₩ 39,505	₩ 45,367
Demand deposits	568,733,124	386,683,878
Total	<u>₩ 568,772,629</u>	<u>₩ 386,729,245</u>

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Deposits which are restricted in use as at December 31, 2021 and 2020, are summarized as follows:

<i>(in thousands of Korean won)</i>	<u>2021</u>		<u>2020</u>	
Long-term deposits	₩	6,000	₩	4,000
		49,357		132,970
Short-term deposits		5,000,000		-
Total	₩	<u>5,055,357</u>	₩	<u>136,970</u>

18. Capital Stock and Capital Surplus

Details of capital stock as at December 31, 2021 and 2020, are as follows:

<i>(in thousands of Korean won, except number of shares)</i>	<u>2021</u>		<u>2020</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, 2021 and 2020, are as follows:

<i>(in thousands of won, except number of shares)</i>	<u>2021</u>			<u>2020</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, 2021, no preferred stocks have been issued.

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 contribute or are able to contribute to the establishment, management, or technological innovation 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, 2021, no convertible bonds or bonds with stock warrants have been issued.

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19. Treasury Shares

The Group has 2,488,769 treasury shares as at December 31, 2021 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, 2021 and 2020, are as follows:

<i>(in thousands of Korean won)</i>	<u>2021</u>	<u>2020</u>
Changes from equity transactions	₩ 43,976,187	₩ 43,976,187
Gains on sale of treasury stock	312,098,858	312,098,858
Changes in fair value of financial assets at fair value through other comprehensive income	(2,367,247)	(448,110)
Exchange differences on translating foreign operations	66,878,736	(5,516,172)
Share of other comprehensive income of associates	1,171,916	333,820
Others	(800,583)	(810,421)
	<u>₩ 420,957,867</u>	<u>₩ 349,634,162</u>

21. Reserves

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

<i>(in thousands of Korean won)</i>	<u>2021</u>	<u>2020</u>
Legal reserve	₩ 100,289,178	₩ 95,003,463
Voluntary reserve	62,749,714	58,113,060
	<u>₩ 163,038,892</u>	<u>₩ 153,116,523</u>

22. Earnings per Share

(a) Basic earnings per share

<i>(in Korean won, except share information)</i>	<u>2021</u>	<u>2020</u>
Profit for the year from continuing operations attributable to owners of the Parent Company	₩ 85,985,012,798	₩ 77,512,476,206
Weighted-average number of ordinary shares	60,156,653	60,156,653
Basic earnings per share from continuing operations	<u>₩ 1,429</u>	<u>₩ 1,289</u>

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Weighted average number of ordinary shares

<i>(in shares)</i>	2021	2020
The number of ordinary shares issued at January 1	62,645,422	62,645,422
Treasury shares	(2,488,769)	(2,488,769)
Weighted average number of ordinary shares	60,156,653	60,156,653

(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, 2021 and 2020, there are no dilutive potential ordinary shares, and basic earnings per share of 2021 and 2020 are identical to diluted earnings per share of 2021 and 2020.

23. Share-based Payments

The terms and conditions of grants as at December 31, 2021 and 2020, 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, 2021, are as follows:

<i>(in Korean won, except number of shares)</i>	Share-based	Cash-based
Arrangement		
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.

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2) Showbox Corp.

(in Korean won, except number of shares)

Arrangement	Showbox Corp.	Showbox Corp.	Showbox Corp.
Granted date	2018.4.1	2019.4.1	2021.4.1
The first grant quantity	106,000	195,000	186,000
Exercise quantity	-	-	-
Cancel quantity	(30,000)	(25,000)	(9,500)
Number of shares at the end of the year	76,000	170,000	176,500
Available at the end of the year	-	-	-
Exercise price	₩ 5,785	₩ 3,316	₩ 3,819
Date of maturity	2028.3.31	2026.3.31	2027.3.31
Vesting conditions	3 years' service	3 years' service	3 years' service

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.

(in Korean won)

	2021	
	Share-based	Cash-based
Date of grant	2020.10.19	2020.10.19
	HKD 0.59, HKD 0.64, HKD 1.39	HKD 0.54
Fair value at grant date		
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

(in Korean won)

	2020	
	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 0.54
Risk-free interest rate	3.22%	3.13%
Applied volatility	32.8%	29.7%
Model used	Binomial option price model	Binomial option price model

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2) Showbox Corp.

<i>(in Korean won)</i>	<u>Inputs</u>		
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%	50.78%
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, 2021 amount to ₩ 2,715 million (2020: ₩ 16,488 million)

24. Trade and Other Payables

Trade and other payables as at December 31, 2021 and 2020, are summarized as follows:

<i>(in thousands of Korean won)</i>	<u>2021</u>		<u>2020</u>	
	<u>Current</u>	<u>Non-current</u>	<u>Current</u>	<u>Non-current</u>
Trade payables	₩ 118,639,591	₩ 522,441	₩ 103,344,469	₩ 575,715
Other payables	82,375,539	782,804	103,716,222	873,521
Withholdings	18,867,120	129,943	12,539,214	441,484
Accrued expenses	65,492,309	-	55,635,555	-
Deposits received	576,765	1,363,790	1,199,621	630,322
Others	309	-	311	-
	<u>₩ 285,951,633</u>	<u>₩ 2,798,978</u>	<u>₩ 276,435,392</u>	<u>₩ 2,521,042</u>

25. Assets and Liabilities related to Contracts with Customers

Details of liabilities related to contracts with customers as at December 31, 2021 and 2020, are as follows:

<i>(in thousands of Korean won)</i>	<u>2021</u>		<u>2020</u>	
Contract liabilities ¹	₩	50,879,511	₩	39,974,132

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 ₩ 38,259 million.

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26. Borrowings and Debentures

Borrowings and debentures as at December 31, 2021 and 2020, are summarized as follows:

<i>(in thousands of Korean won)</i>	2021		2020	
	Current	Non-current	Current	Non-current
Long-term borrowings				
Debentures	₩ 160,000,000	₩ 70,000,000	₩ -	₩ 230,000,000
Less: discount	(43,647)	(109,058)	-	(325,247)
Long-term debts	-	-	60,000,000	-
	<u>159,956,353</u>	<u>69,890,942</u>	<u>60,000,000</u>	<u>229,674,753</u>
Short-term borrowings				
Short-term borrowings in Korean won	95,294,432	-	18,735,370	-
Short-term borrowings in foreign currency	440,346	-	781,593	-
	<u>95,734,778</u>	<u>-</u>	<u>19,516,963</u>	<u>-</u>
	<u>₩ 255,691,131</u>	<u>₩ 69,890,942</u>	<u>₩ 79,516,963</u>	<u>₩ 229,674,753</u>

Terms and conditions of debentures as at December 31, 2021 and 2020, are as follows:

<i>(in thousands of Korean won)</i>	Maturity	Interest rate	2021	2020
101th	2022-03-02	2.24%	60,000,000	60,000,000
102th	2022-05-29	2.37%	50,000,000	50,000,000
103th-2	2022-11-06	2.87%	50,000,000	50,000,000
104th	2023-04-23	1.8%	70,000,000	70,000,000
			<u>230,000,000</u>	<u>230,000,000</u>
Less: current portion of debentures			(160,000,000)	-
			<u>₩ 70,000,000</u>	<u>₩ 230,000,000</u>

Terms and conditions of long-term debts as at December 31, 2021 and 2020 are as follows:

<i>(in thousands of Korean won)</i>	Maturity	Interest rate	Currency	2021	2020
Kookmin Bank	-	-	-	₩ -	₩ 60,000,000
Less: current portion				-	(60,000,000)
				<u>₩ -</u>	<u>₩ -</u>

Short-term borrowings as at December 31, 2021 and 2020 are as follows:

<i>(in thousands of Korean won)</i>	Contents	Interest rate	2021	2020
Kookmin Bank	Usance	Libor 3M+0.3%	34,024	67,456
			₩ (USD 28,700)	₩ (USD 62,000)
	Bills bought	Libor 1M+1 %	406,322	98,547
			(USD 342,743)	(USD 90,576)
Shinhan Bank	Usance	-	-	615,590
				(EUR 460,000)
Hyundai Card	Purchasing card	1.44%	1,294,432	1,735,370
KB Securities	Commercial paper	2.31%	34,000,000	17,000,000
KB Securities	Commercial	1.15%	60,000,000	-

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₩ 95,734,778 ₩ 19,516,963

The following assets are pledged as collateral for the Group's trade and other payables, short-term borrowings, long-term debts and debentures as at December 31, 2021 and 2020:

(in thousands of Korean won)

Asset	Lender	Type of borrowings	Borrowing amount	2021	
				Book amount	Collateralized amount
-	-	-	-	-	-

(in thousands of Korean won)

Asset	Lender	Type of borrowings	Borrowing amount	2020	
				Book amount	Collateralized amount
Land and buildings	Kookmin Bank	Facility loan	₩ 60,000,000	₩ 52,763,996	₩ 72,000,000

Book amount and fair value of borrowings as at December 31, 2021 and 2020, are as follows:

(in thousands of Korean won)

	2021		2020	
	Book amount	Fair value	Book amount	Fair value
Short-term borrowings	₩ 255,691,131	₩ 255,691,131	₩ 79,516,963	₩ 79,516,963
Long-term borrowings	₩ 69,890,942	₩ 69,996,899	₩ 229,674,753	₩ 230,007,652
	₩ <u>325,582,073</u>	₩ <u>325,688,030</u>	₩ <u>309,191,716</u>	₩ <u>309,524,615</u>

The fair values of short-term borrowings are equal to their book amounts as the impact of discounting is not significant. The fair values of long-term liabilities are based on discounted cash outflows at the weighted average borrowing rates of 2.23% for long-term borrowings (2020 : 2.64%).

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, 2021 and 2020, are as follows:

(in thousands of Korean won)

	2021		2020	
Contributions to defined contribution plans	₩	1,193,498	₩	1,201,996
Expenses related to post-employment defined benefit plans		<u>14,127,166</u>		<u>14,468,316</u>
	₩	<u>15,320,664</u>	₩	<u>15,670,312</u>

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Changes in net defined benefit liability for the years ended December 31, 2021 and 2020, are as follows:

	<i>(in thousands of Korean won)</i>				Net defined benefit liability (asset)	
	Defined benefit obligation		Fair value of plan assets		2021	2020
	2021	2020	2021	2020	2021	2020
Balance at January 1	₩ 106,258,891	₩ 97,538,324	₩ (105,387,549)	₩ (95,654,503)	₩ 871,342	₩ 1,883,821
Included in profit or loss:						
Current service costs	13,624,638	14,427,695	-	-	13,624,638	14,427,695
Interest costs (income)	2,145,000	1,783,807	(1,642,472)	(1,743,187)	502,528	40,621
	<u>15,769,638</u>	<u>16,211,502</u>	<u>(1,642,472)</u>	<u>(1,743,187)</u>	<u>14,127,166</u>	<u>14,468,316</u>
Included in other comprehensive income:						
Remeasurements loss (gain)						
- Actuarial loss (gain) arising from:						
Experience adjustment	3,069,847	(1,976,009)	-	-	3,069,847	(1,976,009)
Demographic assumptions	5,767,120	(525,430)	-	-	5,767,120	(525,430)
Financial assumptions	(4,956,638)	2,830,095	-	-	(4,956,638)	2,830,095
- Return on plan assets excluding interest income	-	-	(81,950)	(146,224)	(81,950)	(146,224)
	<u>3,880,329</u>	<u>328,656</u>	<u>(81,950)</u>	<u>(146,224)</u>	<u>3,798,379</u>	<u>182,432</u>
Others:						
Contributions paid by the employer	-	-	(17,085,870)	(14,122,247)	(17,085,870)	(14,122,247)
Transfer from affiliated companies	367,372	44,943	(1,971,698)	(44,943)	(1,604,326)	-
Transfer to affiliated companies	(204,967)	(24,492)	2,034,785	20,188	1,829,818	(4,304)
Benefits paid	(16,244,238)	(7,645,139)	16,209,144	6,303,366	(35,094)	(1,341,773)
Exchange difference	1	(194,903)	(1)	-	-	(194,903)
	<u>(16,081,832)</u>	<u>(7,819,591)</u>	<u>(813,640)</u>	<u>(7,843,636)</u>	<u>(16,895,472)</u>	<u>(15,663,227)</u>
Balance at December 31	₩ <u>109,827,026</u>	₩ <u>106,258,891</u>	₩ <u>(107,925,611)</u>	₩ <u>(105,387,549)</u>	₩ <u>1,901,415</u>	₩ <u>871,342</u>

The components of plan assets as at December 31, 2021 and 2020, are as follows:

<i>(in thousands of Korean won)</i>	2021	2020
Debt securities	₩ 17,681,479	₩ 100,588,925
Others	<u>90,244,132</u>	<u>4,798,624</u>
	₩ <u>107,925,611</u>	₩ <u>105,387,549</u>

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

	<u>2021</u>	<u>2020</u>
Discount rate	2.37% ~ 3.06%	1.63%~2.55%
Future salary growth	4.38% ~ 7.58%	4.35%~6.88%

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:

(in thousands of Korean won)

	<u>2021</u>	
	<u>1% increase</u>	<u>1% decrease</u>
Discount rate	₩ (6,757,820)	₩ 7,714,760
Future salary growth	7,543,819	(6,837,512)

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 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 3.007 ~ 10.90 years as at December 31, 2021 (2020: 3.254 ~ 10.84 years).

The expected maturity analysis of undiscounted pension benefits as at December 31, 2021, 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	₩ 10,114,962	₩ 11,576,986	₩ 62,042,541	₩ 181,885,292	₩ 265,619,781

Expected contributions to post-employment benefit plans for the year ending December 31, 2022, are ₩ 13,538 million.

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28. Other Liabilities

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

<i>(in thousands of Korean won)</i>	2021		2020	
	Current	Non-current	Current	Non-current
Advances received ¹	₩ 50,879,511	₩ -	₩ 39,974,132	₩ -
Unearned revenue	1,703	51,463	9,798	30,126
Provision for warranty	1,937,839	-	2,863,526	-
Others	375,208	1,428,840	127,548	1,226,679
	<u>₩ 53,194,261</u>	<u>₩ 1,480,303</u>	<u>₩ 42,975,004</u>	<u>₩ 1,256,805</u>

¹ All of advances received are contract liabilities recognized from revenue from contracts with customers as at December 31, 2021 and 2020.

29. Sales and Cost of Sales

Sales and cost of sales for the years ended December 31, 2021 and 2020, are as follows:

The amounts recognized as revenue for the years ended December 31, 2021 and 2020, are as follows:

<i>(in thousands of Korean won)</i>	2021		2020	
Revenue from contracts with customers	₩	2,413,756,041	₩	2,279,165,678
Revenue from other sources		1,303,108		1,321,700
Total revenue	₩	<u>2,415,059,149</u>	₩	<u>2,280,487,378</u>

Details of revenue from contracts with customers for the years ended December 31, 2021 and 2020, are as follows:

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

<i>(in thousands of Korean won)</i>	2020			
	Sale of goods	Royalty	Other	Total
Recognized at a point in time	₩ 2,242,781,019	₩ -	₩ 3,938,821	₩ 2,246,719,840
Recognized over time	-	111,105	32,334,733	32,445,838
	<u>₩ 2,242,781,019</u>	<u>₩ 111,105</u>	<u>₩ 36,273,554</u>	<u>₩ 2,279,165,678</u>

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Details of cost of sales for the years ended December 31, 2021 and 2020, are as follows.

<i>(in thousands of Korean won)</i>	<u>2021</u>		<u>2020</u>	
Sales of goods	₩	1,396,924,391	₩	1,234,782,485
Service costs and others		49,039,771		82,303,119
	₩	<u>1,445,964,162</u>	₩	<u>1,317,085,604</u>

30. Selling Expenses and General and Administrative Expenses

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

<i>(in thousands of Korean won)</i>	<u>2021</u>		<u>2020</u>	
Salaries	₩	156,525,227	₩	154,055,189
Retirement benefits		4,893,341		5,199,212
Employee welfare		33,446,578		25,342,817
Travel expenses		5,204,052		4,681,866
Taxes and dues		17,973,740		16,226,861
Rental expenses		13,081,460		9,555,644
Depreciation		8,699,763		7,777,302
Amortization		1,598,168		1,822,405
Advertising expenses		31,178,636		32,956,825
Ordinary development expense		931,017		1,138,091
Freight expenses		75,805,459		71,915,708
Commissions		57,462,713		58,940,831
Promotion		7,946,319		10,488,109
Bad debt expenses		96,404		170,706
Depreciation and amortization relating to business combination ¹		68,437,948		66,856,571
Depreciation of right-of-use assets		4,050,465		3,045,625
Others		21,701,760		21,887,620
	₩	<u>509,033,050</u>	₩	<u>492,061,382</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.

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

<i>(in thousands of Korean won)</i>		<u>2021</u>		<u>2020</u>
Salaries	₩	60,319,291	₩	67,348,836
Retirement benefits		7,927,378		7,970,459
Employee welfare		11,498,221		10,538,231
Share-based payments		2,715,061		15,997,483
Travel expenses		1,070,598		1,283,471
Taxes and dues		3,147,194		3,052,295
Rental expenses		4,324,247		4,904,631
Depreciation		6,985,062		7,525,456
Amortization		2,928,742		2,805,110
Commissions		28,146,839		25,846,440
Depreciation of right-of-use assets		5,808,534		5,736,530
Others		9,493,371		9,702,816
	₩	<u>144,364,538</u>	₩	<u>162,711,758</u>

31. Other Income and Other Expenses

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

<i>(in thousands of Korean won)</i>		<u>2021</u>		<u>2020</u>
Other income				
Foreign currency transaction gain	₩	1,126,125	₩	777,911
Foreign currency translation gain		30,825		5,310
Gain on sale of property, plant and equipment		979,677		4,987,266
Gain on sale of intangible assets		-		402,217
Gain on sale of investment properties		771,378		-
Reversal of impairment loss on property, plant and equipment		-		785,000
Reversal of impairment loss on intangible assets		152,310		476,700
Gain on disposal of investment in associates		-		1,901,340
Insurance income ¹		-		13,164,595
Others		6,047,466		9,814,234
		<u>9,107,780</u>		<u>32,314,573</u>
Other expenses				
Foreign currency transaction loss		(191,752)		(570,197)
Foreign currency translation loss		(334,031)		(76,176)
Loss on sale of property, plant and equipment		(4,389,544)		(8,456,809)
Loss on sale of intangible assets		(48,363)		(26,065)
Impairment loss on intangible assets		-		(440,718)
Impairment loss on right-of-use assets		-		(705,051)
Donation		(2,718,082)		(1,178,219)
Loss on sale of trade receivables		(22,558)		(37,967)

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<i>(in thousands of Korean won)</i>	<u>2021</u>	<u>2020</u>
Impairment loss on prepayments	(130,000)	(2,153,068)
Others	(1,433,046)	(5,583,523)
	<u>(9,267,376)</u>	<u>(19,227,793)</u>
Net other income (expenses)	₩ <u>(159,596)</u>	₩ <u>13,086,780</u>

¹ Insurance income is the insurance benefit received from insurance company regarding the fire incident in Orion(Bei Tun)Agro Processing Co., Ltd., a subsidiary.

32. Finance Income and Costs

Details of finance income and costs for the years ended December 31, 2021 and 2020, are as follows:

<i>(in thousands of Korean won)</i>	<u>2021</u>	<u>2020</u>
Finance income		
Interest income	₩ 14,430,357	₩ 11,817,842
Foreign currency transaction gain	1,261,734	1,733,276
Foreign currency translation gain	328,283	186,041
Gain on valuation of financial assets at fair value through profit or loss	161,105	308,370
Gain on disposal of financial assets at fair value through profit or loss	198,363	407,178
	<u>16,379,842</u>	<u>14,452,707</u>
Finance cost		
Interest expense	(9,038,654)	(9,019,144)
Foreign currency transaction loss	(1,364,624)	(2,439,360)
Foreign currency translation loss	(36,630)	(343,135)
Loss on valuation of financial assets at fair value through profit or loss	(680,836)	(4,045)
Loss on disposal of available-for-sale financial assets	-	(106,881)
	<u>(11,120,744)</u>	<u>(11,912,565)</u>
Net finance income	₩ <u>5,259,098</u>	₩ <u>2,540,142</u>

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33. Expenses By Nature

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

(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>

(in thousands of Korean won)

	2020		
	Cost of sales	Selling, general and administrative expense	Total
Raw materials used	₩ 786,523,580	₩ -	₩ 786,523,580
Purchasing merchandise	115,331,830	-	115,331,830
Changes in inventories	(9,893,996)	-	(9,893,996)
Employee benefits expense	82,381,048	250,571,180	332,952,228
Depreciation and amortization	141,341,459	86,786,844	228,128,303
Depreciation of right-of-use assets	1,169,615	8,782,155	9,951,770
Service fees	39,690,471	84,787,271	124,477,742
Advertising expenses	-	32,956,825	32,956,825
Freight and custody	1,198,668	71,915,708	73,114,376
Others	159,342,929	118,973,157	278,316,086
	<u>₩ 1,317,085,604</u>	<u>₩ 654,773,140</u>	<u>₩ 1,971,858,744</u>

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34. Financial Instruments by Categories

Finance income and cost by categories for the years ended December 31, 2021 and 2020, are as follows:

<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>

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

<i>(in thousands of Korean won)</i>	2020				
	Finance income	Finance cost	Net income	Other compre- hensive income	Total compre- hensive income
Financial assets					
Financial assets at amortized cost	₩ 13,446,605	₩ -	₩ 13,446,605	₩ -	₩ 13,446,605
Financial assets at fair value through profit or loss	761,150	(110,925)	650,225	-	650,225
Financial assets at fair value through other comprehensive income ¹	-	-	-	(1,397,629)	(1,397,629)
	<u>14,207,755</u>	<u>(110,925)</u>	<u>14,096,830</u>	<u>(1,397,629)</u>	<u>12,699,201</u>
Financial liabilities					
Financial liabilities measured at amortized cost	244,952	(11,209,683)	(10,964,731)	-	(10,964,731)
Lease liabilities	-	(591,957)	(591,957)	-	(591,957)
	<u>244,952</u>	<u>(11,801,640)</u>	<u>(11,556,688)</u>	<u>-</u>	<u>(11,556,688)</u>
	<u>₩ 14,452,707</u>	<u>₩ (11,912,565)</u>	<u>₩ 2,540,142</u>	<u>₩ (1,397,629)</u>	<u>₩ 1,142,513</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, 2021 and 2020, are summarized as follows:

<i>(in thousands of Korean won)</i>	2021		2020	
	Book Value	Fair value	Book Value	Fair value
Financial assets				
Financial assets at amortized cost	₩ 911,763,479	₩ 911,763,479	₩ 644,213,424	₩ 644,213,424
Financial assets at fair value through profit or loss	80,753,311	80,753,311	13,203,951	13,203,951
Financial assets at fair value through other comprehensive income	24,124,009	24,124,009	19,295,426	19,295,426
	<u>₩ 1,016,640,799</u>	<u>₩ 1,016,640,799</u>	<u>₩ 676,712,801</u>	<u>₩ 676,712,801</u>
Financial liabilities				
Financial liabilities measured at amortized cost	₩ 582,386,548	₩ 582,492,504	₩ 564,723,795	₩ 565,056,695
Lease liabilities ¹	22,131,671	22,131,671	19,272,140	19,272,140
	<u>₩ 604,518,219</u>	<u>₩ 604,624,175</u>	<u>₩ 583,995,935</u>	<u>₩ 584,328,835</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)

The fair value measurements classified by fair value hierarchy as at December 31, 2021 and 2020, are as follows:

<i>(in thousands of Korean won)</i>	Level 1	Level 2	Level 3	Total
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
December 31, 2020				
Financial assets at fair value through profit or loss	₩ -	₩ 12,066,546	₩ 1,137,405	₩ 13,203,951

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<i>(in thousands of Korean won)</i>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through other comprehensive income	18,258,849	-	1,036,576	19,295,425

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, 2021 and 2020, are as follows:

<i>(in thousands of Korean won)</i>	<u>Fair value</u>	<u>Level</u>	<u>Valuation method</u>	<u>Inputs</u>
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
2020				
Financial assets at fair value through profit or loss				
Corporate bonds	₩ 12,066,546	2	DCF model	Discount rate
Investments	1,137,405	3	Asset approach	Net asset value
Financial assets at fair value through other comprehensive income	43,514	3	Cost method ¹	-
Unlisted equity securities	879,299	3	Discounted cash flow method	Weighted average cost of capital
			Similar companies comparison method	PSR, PBR

35. Income Taxes

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

<i>(in thousands of Korean won)</i>	<u>2021</u>	<u>2020</u>
Current income tax expense	₩ 60,809,716	₩ 85,321,883
Adjustment for prior periods	(10,258,987)	122,917
Origination and reversal of temporary differences	43,179,526	20,263,055
Total income tax effect	<u>93,730,255</u>	<u>105,707,855</u>
Income taxes related to items recognized outside profit or loss	961,512	37,020
Total income tax expense	<u>₩ 94,691,767</u>	<u>₩ 105,744,875</u>

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Origination and reversal of temporary differences for the years ended December 31, 2021 and 2020, are as follows:

<i>(in thousands of Korean won)</i>	<u>2021</u>	<u>2020</u>
Deferred tax liabilities net, year-end	₩ (343,442,737)	₩ (300,263,211)
(-)Deferred tax liabilities net, beginning	<u>(300,263,211)</u>	<u>(280,000,156)</u>
Origination and reversal of temporary differences	₩ <u>(43,179,526)</u>	₩ <u>(20,263,055)</u>

Income taxes related to items recognized outside profit or loss for the years ended December 31, 2021 and 2020, are as follows:

<i>(in thousands of Korean won)</i>	<u>2021</u>	<u>2020</u>
Remeasurements of the defined benefit liability	₩ 928,246	₩ 27,008
Gain on valuation of financial assets at fair value through other comprehensive income	<u>33,266</u>	<u>10,012</u>
Income tax expense recognized other than in profit or loss	₩ <u>961,512</u>	₩ <u>37,020</u>

Reconciliation between profit before income tax and income tax expense for the years ended December 31, 2021 and 2020, follows:

<i>(in thousands of Korean won)</i>	<u>2021</u>	<u>2020</u>
Profit before income tax	₩ 320,469,278	₩ 324,276,754
Income tax using the Group's statutory tax rate	78,906,454	79,392,380
Adjustments:		
Non-deductible expense (revenue)	(1,368,791)	1,581,841
Tax credits	(1,836,867)	(3,533,814)
Adjustments for prior periods	(10,258,987)	122,917
Tax on promotion of investment and mutual cooperation	3,092,756	4,874,120
Tax effects of profit or loss and others of subsidiaries	25,082,053	19,936,919
Others	<u>1,075,149</u>	<u>3,370,512</u>
Income tax expense	₩ <u>94,691,767</u>	₩ <u>105,744,875</u>
Effective tax rate	<u>29.55%</u>	<u>32.61%</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, 2021 and 2020, are as follows:

(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)	(2,650,907)	-	(72,737,290)
Others	8,078,820	(27,462,096)	37,106	(19,346,170)
	<u>₩ (300,263,211)</u>	<u>₩ (44,144,878)</u>	<u>₩ 965,352</u>	<u>₩ (343,442,737)</u>

(in thousands of Korean won)

	2020			
	Beginning balance	Profit or loss	Directly reflected in capital	Ending balance
Bad debt expense	₩ 818,017	₩ (297,103)	₩ -	₩ 520,914
Provision for warranty	690,573	(124,523)	-	566,050
Accumulated depreciation	(82,522,872)	(9,617,615)	-	(92,140,487)
Defined benefit liability	11,104	(30,577)	27,008	7,535
Land	(44,319,572)	47,597	-	(44,271,975)
Increase in the value of buildings and machinery	12,450,265	(2,103,746)	-	10,346,519
Prepaid expenses	(9,019,832)	(468,848)	-	(9,488,680)
Identifiable intangible assets	(119,486,910)	15,691,386	-	(103,795,524)
Investments in subsidiaries	(49,171,038)	(20,915,345)	-	(70,086,383)
Others	10,550,109	(2,481,301)	10,012	8,078,820
	<u>₩ (280,000,156)</u>	<u>₩ (20,300,075)</u>	<u>₩ 37,020</u>	<u>₩ (300,263,211)</u>

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The amount of deductible temporary differences for which deferred tax assets are not recognized as at December 31, 2021 and 2020, are as follows:

<i>(in thousands of Korean won)</i>		<u>2021</u>		<u>2020</u>
Investments in subsidiaries	₩	162,329,032	₩	162,329,031
Allowance for doubtful accounts		105,623,457		105,356,433
Others		34,090,567		35,756,750
Tax loss carryforwards		48,738,664		47,503,324

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, 2021, are as follows:

<i>(in thousands of Korean won)</i>		<u>Tax loss</u>	<u>Expiration year</u>
Year of incurrence			
2012	₩	6,101,256	2022
2013		3,454,768	2023
2014		3,229,028	2024
2015		4,395,051	2025
2016		3,058,755	2026
2017		4,073,866	2027
2018		4,459,937	2028
2019		6,006,736	2029
2020		7,606,124	2030
2020		6,353,143	2031
	₩	<u>48,738,664</u>	

The amounts of taxable temporary differences for which no deferred tax liabilities are recognized as at December 31, 2021 and 2020, are as follows:

<i>(in thousands of Korean won)</i>		<u>2021</u>		<u>2020</u>
Investments in subsidiaries	₩	(414,825,985)	₩	(414,825,985)
Others		(16,046,653)		(16,084,729)

As at December 31, 2021 and 2020, 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, 2021 and 2020, is as follows:

<i>(in thousands of Korean won)</i>	2021	2020
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	₩ 60,854,786	₩ 60,767,922
Deferred tax asset to be recovered within 12 months	1,082,511	9,019,868
	<u>61,937,297</u>	<u>69,787,790</u>
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	(380,646,271)	(369,934,983)
Deferred tax liability to be recovered within 12 months	(24,733,763)	(116,018)
	<u>(405,380,034)</u>	<u>(370,051,001)</u>
Deferred tax assets (liabilities), net	<u>₩ (343,442,737)</u>	<u>₩ (300,263,211)</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, 2021 and 2020, is as follows:

<i>(in thousands of Korean won)</i>		<u>2021</u>		<u>2020</u>
Short-term and long-term deposits	₩	140,637,113	₩	87,066,036
Trade and other receivables		202,453,165		170,517,571
Cash equivalents ¹		568,772,629		386,729,245
	₩	<u>911,862,907</u>	₩	<u>644,312,852</u>

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

As at December 31, 2021 and 2020, 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, 2021, 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, 2021 and 2020, 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 120 days past due</u>		<u>Bad debts¹</u>		<u>Total</u>
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
December 31, 2020:												
Expected loss rate		0.02%		0.05%		0.12%		72.64%		81.12%		13.42%
Gross carrying amount	₩	132,237,996	₩	14,450,530	₩	605,541	₩	31,598,082	₩	1,519,264	₩	180,411,413
Loss allowance provision		23,884		7,637		713		22,954,143		1,232,430		24,218,807

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, 2021 and 2020, are as follows:

<i>(in thousands of Korean won)</i>	<u>2021</u>	<u>2020</u>
Beginning balance	₩ 24,218,807	₩ 24,264,808
Increase (decrease) in loss allowance recognized in profit or loss during the year	21,494	(25,806)
Receivables written off during the year as uncollectible	(25,387)	(15,807)
Others	(22,912,764)	(4,388)
Ending balance	<u>₩ 1,302,150</u>	<u>₩ 24,218,807</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 receivables

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

<i>(in thousands of Korean won)</i>	<u>2021</u>	<u>2020</u>
Beginning balance	₩ 3,820,389	₩ 1,822,481
Increase in loss allowance recognized in profit or loss during the year	478,585	2,370,967
Receivables written off during the year as uncollectible	(60,628)	(368,082)
Others	(614,761)	(4,977)
Ending balance	<u>₩ 3,623,585</u>	<u>₩ 3,820,389</u>

As at December 31, 2021 and 2020, 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, 2021 and 2020, 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>	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	₩	-
Trades and other payables	256,804,475	256,884,803	252,866,658	1,345,424	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>₩ 604,518,219</u>	<u>₩ 612,471,690</u>	<u>₩ 464,714,027</u>	<u>₩ 56,402,749</u>	<u>₩ 79,040,369</u>	<u>₩</u>	<u>12,314,545</u>

<i>(in thousands of Korean won)</i>	2020						
	Book Value	Contractual cash flow	Within 6 months	6-12 months	1-2 years	Over 2 years	
Debentures and borrowings	₩ 309,191,716	₩ 319,284,723	₩ 82,417,823	₩ 2,613,600	₩ 163,624,350	₩	70,628,950
Trades and other payables	255,532,080	255,597,293	252,323,071	981,316	791,595		1,501,311
Lease liabilities	19,272,140	21,290,670	4,239,461	3,774,119	5,914,920		7,362,170
	<u>₩ 583,995,936</u>	<u>₩ 596,172,686</u>	<u>₩ 338,980,355</u>	<u>₩ 7,369,035</u>	<u>₩ 170,330,865</u>	<u>₩</u>	<u>79,492,431</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	CNY	HKD	MMK
December 31, 2021						
Cash and cash equivalents	₩ 3,736,619	₩ 45,757	₩ -	₩ 2,116,182	₩ 239	₩ 481
Trade and other receivables	8,409,038	1,881,581	532,071	1,323,187	-	-
Trade and other payables	(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>

<i>(in thousands of Korean won)</i>	USD	JPY	EUR	CNY	HKD	MMK
December 31, 2020						
Cash and cash equivalents	₩ 4,625,513	₩ 12,031	₩ 1	₩ 1,670	₩ -	₩ -
Trade and other receivables	4,636,614	1,091,141	-	1,616,782	-	-
Trade and other payables	(5,015,718)	(129,138)	(1,210,677)	(21,015)	-	-
Borrowings	(166,003)	-	(615,590)	-	-	-
	<u>₩ 4,080,406</u>	<u>₩ 974,034</u>	<u>₩ (1,826,266)</u>	<u>₩ 1,597,437</u>	<u>₩ -</u>	<u>₩ -</u>

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As at December 31, 2021 and 2020, 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>	2021		2020	
	10% strengthening	10% weakening	10% strengthening	10% weakening
USD ₩	(320,864) ₩	320,864 ₩	408,041 ₩	(408,041) ₩
JPY	164,160	(164,160)	97,403	(97,403)
EUR	(129,342)	129,342	(182,627)	182,627
CNY	343,937	(343,937)	159,744	(159,744)
HKD	24	(24)	-	-
MMK	(28)	28		
₩	<u>57,887</u>	<u>(57,887)</u>	<u>482,561</u>	<u>(482,561)</u>

Interest rate risk

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

<i>(in thousands of Korean won)</i>	2021		2020	
Short-term borrowings	₩	95,734,778 ₩	₩	781,593
Long-term debts		-		60,000,000
	₩	<u>95,734,778</u>	₩	<u>60,781,593</u>

As at December 31, 2021 and 2020, the effects of a 100bp fluctuation of the interest rates on profit (loss) were as follows:

<i>(in thousands of Korean won)</i>	2021		2020	
	10% increase	10% decrease	10% increase	10% decrease
Net finance costs	₩ (95,735) ₩	95,735 ₩	₩ (60,782) ₩	60,782

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

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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, 2021 and 2020, the Group's net debt-to-equity ratio as follows:

<i>(in thousands of Korean won)</i>	<u>2021</u>	<u>2020</u>
Net debt:		
Debts and borrowings	₩ 325,582,073	₩ 309,191,716
Less: Cash and cash equivalents	<u>(568,772,629)</u>	<u>(386,729,245)</u>
	(243,190,556)	(77,537,529)
Equity	3,870,846,883	3,494,709,905
Net debt-to-equity ratio	(6.28%)	(2.22%)

37. Financial Commitments and Contingencies

Financial commitments to financial institutions as at December 31, 2021 and 2020, are as follows:

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

<u>Borrower</u>	<u>Lender</u>	<u>Type of commitment</u>	<u>Currency</u>	<u>2021</u>	<u>2020</u>
Orion Holdings Corporation	KEB Hana Bank	Bank overdraft	KRW	5,000,000	5,000,000
	DBS Bank	Credit loan	KRW	20,000,000	20,000,000
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
	NH bank	Purchasing loan	KRW	20,000,000	-
	Hana Bank	Purchasing loan	KRW	30,000,000	30,000,000
	Muzuho 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
	Korea Development Bank	Usance	USD	-	5,000,000
		Usance	EUR	-	2,000,000
Orion Food (Shanghai) Co., Ltd.	Industrial and Commercial bank of China	General loan	CNY	-	140,000,000
		Bank of China	General loan	CNY	-
		Usance	CNY	55,000,000	40,000,000
Orion Food (Shen Yang) Co.,Ltd.	Hana Bank	Usance	EUR	1,000,000	1,000,000

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

<u>Borrower</u>	<u>Lender</u>	<u>Type of commitment</u>	<u>Currency</u>	<u>2021</u>	<u>2020</u>
Orion Food Guangzhou Co.,Ltd.	Hana Bank	Usance	EUR	2,000,000	2,000,000
Orioin International Euro. LLC	Sumitomo Mitsui Rus Bank	Credit loan	RUB	500,000,000	500,000,000
Orion Food VINA Co., Ltd	Techcombank	Usance	VND	-	120,000,000,000
	Shinhan Bank	Usance	USD	5,000,000	5,000,000
Orion JeJu Yongam Soo Corp.	Kookmin Bank	Facility loan	KRW	-	60,000,000
Showbox Corp.	Hana Bank	Credit loan	KRW	3,000,000	3,000,000
			KRW	135,000,000	175,000,000
			USD	20,900,000	25,900,000
		Total	CNY	195,000,000	335,000,000
			EUR	3,000,000	5,000,000
			RUB	500,000,000	500,000,000
			VND	-	120,000,000,000

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)

<u>Counterparty</u>	<u>Guarantor</u>	<u>2021</u>	<u>2020</u>	<u>Classification</u>
Seoul Young Baesa	Hana Bank	₩ 300,000	₩ 300,000	Performance guarantee
Taegyeong Picture	Woori Bank	300,000	300,000	
Dongbo Cinema	Standard Chartered Bank	200,000	200,000	
Home and Shopping Co.,Ltd	Seoul Guarantee Insurance	-	100,000	Performance guarantee
Total		₩ 800,000	₩ 900,000	

As at December 31, 2021, 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, 2021, guarantees of ₩ 2,183 million (2020: ₩ 2,328 million) are provided to the Group by Seoul Guarantee Insurance Company, etc. for the performance of contracts.

As at December 31, 2021, the Group has entered into a purchase agreement and others with PARSONS Pvt., Ltd.

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The construction business registration of Mega Mark Co., Ltd., a subsidiary, was cancelled on July 11, 2016, for a reason of nonfulfillment of declaring registration details; therefore, the entity is not allowed to enter into a new construction contract from the date of registration cancellation.

Details of lawsuit pendings as at December 31, 2021, are summarized as follows.

(in thousands of Korean won)

<u>Plaintiff</u>	<u>Defendant</u>	<u>Contents</u>	<u>Amounts</u> ¹	<u>Progress</u>
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	First trial in progress
CJ Logistics Coporation	Orion Corp.	Unpaid transportation fees	363,336	First trial in progress
MBF	Orion Corp.	Claim of payments for deduction of capital	249,184	Trial in the Supreme Court not determined
Orion Corp.	National Health Insurance	Return of unjust enrichment	543,519	First trial in progress
Orion Corp.	Personal	Transfer of land and others	2,928	First trial in progress
Former executive and employees of related party	Orion Food Co., Ltd.	Claim for wages	179,766	Second trial in progress
Orion Food Co., Ltd	Gyeongyang Incandescent Island Trading Co., Ltd.	Claim for returns	187,057	Requested for arbitration
Orion International Euro LLC	Sugar House	Return of unjust enrichment	579	First trial in progress

¹ The amounts are translated to Korean won.

As at Decemebr 31, 2021, 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 Decemebr 31, 2021, Orion Holdings Corporation, the ultimate parent company, and Orion Food Co., Ltd., a subsidiary, have entered into a joint investment agreement with Shandong Lukang Biotechnology Development Co., Ltd.

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38. Related Party Transactions

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

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.

Related parties as at December 31, 2020, are as follows, excluding subsidiaries:

Relationship	Related Party
Associate ¹	-
Joint ventures	Delfi-Orion Pte Ltd. Orion Nonghyup Agri, inc.
Other	Orion Foundation

¹ During 2020, Beijing Zhongguan Megabox Cinema Co., Ltd. was classified as a subsidiary, and Daehan distributor Corp. was disposed.

Significant transactions which occurred in the normal course of business with related parties for the years ended December 31, 2021 and 2020, are summarized as follows:

(in thousands of Korean won)

Related party	Transaction	2021	2020
Associate			
Capitalone Showbox-iMBC Contents Fund.	Settlement of film revenue(cost) ¹ ₩	17,610 ₩	-
Joint ventures			
Delfi-Orion Pte Ltd	Sales	2,004,287	1,404,393
Orion Nonghyup Agri, inc.	Sales	13,527	4,267
	Purchases	31,712,832	29,258,213
Others			
Orion Foundation	Sales	334,425	373,575
	Other expenses	1,150,000	-
Major shareholders	Sales	43,945	48,784

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, 2021 and 2020, are as follows:

(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

(in thousands of Korean won)

		2020					
Relationship	Related party	Receivables		Payables			
		Trade receivables	Other receivables	Trade payables	Deposit received	Guarantee deposits	Other payables
Joint ventures	Delfi-Orion Pte Ltd	₩ 333,645	₩ -	₩ -	₩ -	₩ -	-
	Orion Nonghyup Agri, inc.	-	891,577	5,873,937	49,505	-	-
Others	Orion Foundation	2,161	526	-	-	396,000	-
	Major shareholders	1,050	-	-	-	-	552,476
		₩ 336,856	₩ 892,103	₩ 5,873,937	₩ 49,505	₩ 396,000	₩ 552,476

Details of fund transactions with related parties for the years ended December 31, 2021 and 2020, are as follows:

(in thousands of Korean won)

Relationship	Related party	Contents of Trade	2021	2020
Associate	Capitalone Showbox-iMBC Contents Fund.	Contribution in cash	₩ (2,500,000)	₩ -
Joint venture	Shandong Luckang Biotechnology Development Co., Ltd.	Contribution in cash	(13,601,520)	-
Others	Major shareholders	Dividend paid	(13,907,686)	(11,530,127)

Details of key management personnel compensation for the years ended December 31, 2021 and 2020, are as follows:

(in thousands of Korean won)

	2021	2020
Short-term employee benefits	₩ 12,452,857	₩ 18,822,083
Post-employment benefits	3,016,723	3,502,219
Share-based payments	2,603,748	3,471,002
	₩ 18,073,328	₩ 25,795,304

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.

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As at December 31, 2021 and 2020, the Group has entered into agreements with a major shareholder, regarding the exercise of voting rights of Orion corporation.

39. Cash Flows

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

(in thousands of Korean won)

	<u>2021</u>	<u>2020</u>
Reclassification from construction in progress to property, plant and equipment ₩	110,103,238 ₩	122,171,927
Reclassification from construction in progress to intangible assets	1,885,406	2,771,648
Other payables regarding the acquisition of property, plant and equipment	(3,463,016)	2,590,854
Other payables regarding the acquisition of intangible assets	(44,729)	(302,035)
Other payables regarding the pension benefit payments	(222,310)	1,341,773
Other receivables regarding dividend income	-	18,400
Reclassification from investment properties to property, plant, and equipment	4,388,646	-
Reclassification of sites for construction to non-current assets held for sale	23,549,235	-
Reclassification from prepaid expenses to current portion	600,454	1,793,816
Reclassification from prepayments to publication rights	18,599,173	29,626,067
Reclassification from long-term receivables to short-term receivables	-	10,103
Reclassification from long-term rental deposits to short-term rental deposits	430,000	210,000
Reclassification from long-term leasehold deposits to short-term leasehold deposits	29,698	578,921
Reclassification from long-term borrowings to short-term borrowings	159,910,337	60,000,000
Reclassification from long-term prepayments to short-term prepayments	-	2,690,000
Write-off of trade receivables and others	49,777	383,889
Increase of right-of-use assets from new lease contracts	(11,728,215)	(9,311,032)
Increase of lease liabilities from new lease contracts	11,727,944	9,301,128
Decrease in right-of-use assets from changes in lease agreement conditions	557,781	234,662
Decrease in lease liabilities from changes in lease agreement conditions	(605,668)	(240,815)
Reclassification from lease liabilities to current portion	6,144,304	3,565,509

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The reconciliation of the liabilities arising from cash flows from financing activities for the years ended December 31, 2021 and 2020, is as follows:

<i>(in thousands of Korean won)</i>	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
	₩ <u>330,293,798</u>	₩ <u>6,659,357</u>	₩ <u>198,411</u>	₩ <u>1,824,465</u>	₩ <u>-</u>	₩ <u>10,678,268</u>	₩ <u>349,654,299</u>

<i>(in thousands of Korean won)</i>	2020.1.1	Cash flows from financing activities	Non cash flow				2020.12.31
			Depreciation and others	Effects of changes in foreign exchange rates	Reclassification to current portion	Others	
Short-term borrowings	₩ 6,980,144	₩ 12,528,700	-	₩ 8,119	-	-	₩ 19,516,963
Current portion of long-term borrowings	120,005,916	(120,060,000)	54,084	-	60,000,000	-	60,000,000
Long-term borrowings	219,776,995	69,753,780	143,978	-	(60,000,000)	-	229,674,753
Current portion of leasehold deposits received	420,969	(40,000)	5,981	-	578,921	233,750	1,199,621
Leasehold deposits received	1,078,167	(50,000)	182,501	-	(578,921)	(1,426)	630,321
Current portion of lease liabilities	5,771,722	(7,761,055)	-	(294,553)	3,565,509	6,628,752	7,910,375
Lease liabilities	6,396,868	-	-	(814,529)	(3,565,509)	9,344,935	11,361,765
	₩ <u>360,430,781</u>	₩ <u>(45,628,575)</u>	₩ <u>386,544</u>	₩ <u>(1,100,963)</u>	₩ <u>-</u>	₩ <u>16,206,011</u>	₩ <u>330,293,798</u>

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.

Orion Holdings Corporation and Subsidiaries
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40. Business Combination

On July 6, 2020, Supreme Star Investment Limited, a subsidiary, acquired 41.0% of additional shares of Beijing Zhongguan Megabox Cinema Co., Ltd. which is in cinema operation business. This is an increase in share responding to the abolition of limits on ownership right on cinema entities in China. After the additional acquisition, the Group's interest in Beijing Zhongguan Megabox Cinema Co., Ltd. changed to 90%. If Beijing Zhongguan Megabox Cinema Co., Ltd. was in consolidation from January 1, 2020, revenue would have been increased by ₩ 722 million and net profit would have been decreased by ₩ 510 million on the consolidated statement of other comprehensive income.

(in thousands of Korean won)

	Amount
Consideration	
Cash	₩ 3,104,778
Investment in associates (existing interest)	3,501,175
Total consideration transferred	<u>₩ 6,605,953</u>
Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	₩ 4,513,443
Trade and other receivables	730,772
Inventories	102,173
Other current assets	2,858,282
Property and equipment	638,940
Right-of-use assets	6,778,414
Intangible assets	10,263
Other non-current assets	100,664
Trade and other payables	(1,352,654)
Lease liabilities	(6,714,956)
Other liabilities	(544,914)
Other financial liabilities	(712,043)
Fair value of identifiable net assets	<u>6,408,384</u>
Goodwill	197,569
	<u>₩ 6,605,953</u>

41 . Events After the Reporting Period

The Group entered into an extension contract for borrowings amounting to 58,000 million during March 2022.